



# SOCIO-ECONOMIC IMPACT ASSESSMENT OF THE COVID-19 OUTBREAK IN ARMENIAN COMMUNITIES

ARMENIA 2020



UNDP was the lead organizer and funder of this Assessment, in its role as the technical lead for Socio-Economic Recovery from COVID-19 Pandemic, and as part of the UN's overall response led by the UN Resident Coordinator.



The COVID-19 Socio-Economic Impact Assessment (SEIA) Report was produced in partnership with UNFPA, UN Women, UNAIDS, and the Asian Development Bank, and the generous technical support and inputs from other UN agencies and international financial institutions.

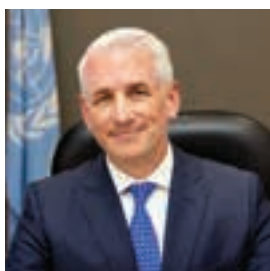
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## LIST OF ACRONYMS

<b>CSO</b>	Civil Society Organizations
<b>HEI</b>	Higher Education Institutions
<b>IE</b>	Individual Entrepreneurs
<b>IFI</b>	International Finance Institutions
<b>IOM</b>	International Organization for Migration
<b>LA</b>	Local Administration
<b>RG</b>	Regional Governments
<b>RGA</b>	Rapid Gender Analysis
<b>SEIA</b>	Social and Economic Impact Assessment
<b>SME</b>	Small and Medium Sized Enterprises
<b>SRC</b>	State Revenue Committee
<b>SSA</b>	Social Support Agency
<b>SC</b>	Statistical Committee
<b>UNA</b>	UN Agencies
<b>UNAIDS</b>	Joint United Nations Programme on HIV and AIDS
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children’s Fund
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNFPA</b>	United Nations Population Fund
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women
<b>MEWGC</b>	Making Every Women and Girl Count Global Programme
<b>WHO</b>	World Health Organization

## FOREWORD



**Shombi Sharp**

UN Resident  
Coordinator  
in Armenia



**Dmitry Mariyasin**

UNDP Resident  
Representative  
in Armenia

The COVID-19 pandemic is far more than a health crisis, it is also a humanitarian and development crisis that threatens to leave deep social and economic scars in the years to come, particularly for the most vulnerable and marginalized groups in society. The pandemic has moved like a wave, affecting the systems and peoples across the globe least able to cope. Armenia has been no exception, requiring urgent actions from Government, civil society, businesses and the international community to cope with the unfolding crisis beyond the health sector, to mitigate the potentially devastating impact it may have on the economy, social service provision and communities.

The United Nations, together with our partners, have supported the Government of Armenia since the outset of the pandemic with the objective to:

1. Ensure that essential health services are maintained during the crisis, and help improve health systems by developing necessary capabilities and capacities;
2. Help people cope with the adversity of the crisis through improved access to social protection, education and other essential services, including for survivors of gender-based violence;
3. Protect jobs and vulnerable workers in both formal and informal sectors, support small and medium-sized enterprises in hard-hit sectors, and help create new job opportunities for women and men in line with Armenia's comparative advantages;
4. Help guide the necessary surge in fiscal and financial stimulus to make the macroeconomic framework work for the most vulnerable and foster sustainable development and strengthen multilateral and regional responses; and
5. Promote social cohesion and build trust through social dialogue and political engagement and invest in community-led and gender-responsive resilience and response systems.

Our support continues to be inclusive and multi-sectoral, aiming to mitigate impact and accelerate gains across all Sustainable Development Goals (SDGs) in the post-COVID-19 context.

Assessing the socio-economic impacts of the COVID-19 crisis is nonetheless fundamental to tailor responses that are integrated, evidence-based, risk-informed and address current as well as emerging vulnerabilities and inequalities. To this end, under the overall leadership of the UN Resident Coordinator, the UN Country Team, with UNDP's lead, conducted a rapid Social and Economic Impact Assessment of the COVID-19 outbreak in Armenian communities between May and July 2020. We hope that the findings and suggested recommendations presented herein will help the Government of Armenia, development partners, IFIs, the private sector, civil society organizations and other stakeholders to design and carry out evidence-based, risk-informed and gender-responsive recovery initiatives both at national and local levels.

The socio-economic impact assessment was designed and carried out as a collaborative effort with generous technical support and inputs from all UN agencies, the Government of Armenia, regional and local administrations, and international financial institutions. The assessment was funded via the UNDP Rapid Response Facility, with additional support from UNFPA, UNAIDS, UN Women, and the Asian Development Bank.

We also express also our gratitude to UNDP Crisis Bureau and the UNDP Socio-Economic Impact Assessment Experts' Team for their instrumental and invaluable contribution in all stages of the report drafting process.

While we focus on dealing with the current COVID-19 crisis and its impact, it is also vital that we make full use of lessons learned from this pandemic. First and foremost, we must look ahead and consider ways to both prevent such a crisis again and, at the same time, build a greener and a more resilient society and economy. In the longer term, this will help Armenia in “building forward better” to prevent, respond to and recover from such crises along a sustainable, prosperous and people-centered development pathway.

**Shombi Sharp**

UN Resident Coordinator  
in Armenia



**Dmitry Mariyasin**

UNDP Resident  
Representative in Armenia



## FOREWORD



**Tigran Khachatryan**

RA Minister of Economy

Today, the global community is facing the consequences of the COVID-19 pandemic, which pose significant challenges for every country's governance, socio-economic, health, education and other systems. Since the outbreak of the coronavirus, the Government of Armenia has not only taken operative measures to prevent the spread of the disease, but also developed 24 anti-crisis measures to mitigate the economic and social consequences caused by the pandemic.

In order to assess the effectiveness of the policies and programmes implemented by the Government, international and local organizations operating in Armenia, as well as the situation in the communities, the impact assessment of the pandemic was essential, especially at regional and community levels.

In this regard, the COVID-19 Socio-Economic Impact Assessment was very important and timely, with joint efforts from several agencies of the United Nations, led by the United Nations Development Programme (UNDP). It was unprecedented in its volume, considering the situation in the country and the short deadlines, with more than 7200 respondents from private companies, farmers, households, public service providers and other entities.

The results of this assessment and the recommendations arising from it came at the right time to support the Government of Armenia in developing a programme of measures to respond to and recover from the COVID-19 pandemic and associated socio-economic impacts. The systemic approach of the study is particularly welcome given the organic interconnectedness of the programme and its long-term impact.

As a result of the joint and consistent efforts of the United Nations Country Team in Armenia, the research group and all the experts involved, a report was formulated combining the advanced international experience with the Armenian realities. The results of this large-scale study will be used by Governments and state agencies at national, regional and community levels to develop new strategic plans and programmes. It will also be useful for investors and international development organizations operating in Armenia for generating new ideas and promoting investments in the country.

The Government of Armenia appreciates the efficient work of the United Nations in Armenia, the Asian Development Bank, other international financial organizations, the UNDP Crisis Bureau, sectoral experts, participating Armenian regions and communities and all the other stakeholders and institutions that supported the process. We give high importance to the deepening of further cooperation, for which new opportunities are created for implementation of anti-crisis and post-crisis programmes to increase resilience and sustainable economic development in Armenia.

**Tigran Khachatryan**

RA Minister of Economy

A handwritten signature in blue ink, appearing to read 'M. Khachatryan', written over a light blue background.



# Executive summary



On 31 December 2019, the Government of China reported a cluster of pneumonia cases of unknown cause in Wuhan, the capital of Hubei. Since then, the coronavirus disease now known as COVID-19 has spread worldwide at an exponential rate and was labelled a pandemic by the World Health Organisation on 11 March 2020. In Armenia, the first imported COVID-19 case was registered on 1 March 2020 and local transmission has been registered since 11 March 2020. Every region (marz) of Armenia has been affected, and the country holds one of the highest positions in the region for infected persons per 100,000 people.

The COVID-19 pandemic is far more than a health crisis; it has created unprecedented global socio-economic challenges. While the long-term impact remains uncertain, it is clear that it will exacerbate existing vulnerabilities and threaten the achievement of the Sustainable Development Goals by 2030. It is not clear when the pandemic will be over in Armenia and what consequences it will have. Nobody can predict when and if the coronavirus will disappear in the future. As such, it is vitally important to develop capacities in the country to embrace such uncertainties, to assume that the coronavirus will be with us indefinitely and prepare for the “new normal”. The goals now are to strengthen the resilience of the country and its communities to be able to live with these uncertainties, minimize the socio-economic impacts of the compounded COVID-19 crisis and be better prepared for a response to future pandemics, disasters and other shocks.

To ensure an effective and targeted response and recovery from the pandemic, UNDP, as the technical lead for the UN’s socio-economic response in Armenia under the leadership of the UN Resident Coordinator, initiated a nationwide Social and Economic Impact Assessment (SEIA) focusing on the socio-economic impact of the crisis on communities. The SEIA was done in partnership with UNFPA, UNAIDS, UN Women, and the Asian Development Bank and the generous technical support and inputs from other UN agencies, and IFIs. Launched in May 2020, the assessment was designed as a multidimensional multi-sector study looking at the impacts of COVID-19 on: a) small and medium-sized enterprises (SMEs) and self-employed farmers operating in the communities, b) livelihoods/sources of income and the well-being of community members and c) systems of delivery and demand for basic services in communities. The findings of SME and household nationwide surveys were triangulated with insights from regional and community stakeholders and representatives of

civil society. In total about 7,500 people in the 10 marzes of Armenia and the capital of Yerevan took part in the SEIA process.

The SEIA revealed that the COVID-19 pandemic is affecting the social and economic dimensions of community life in Armenia at the core. The health crisis shocks and imposed restrictions resulted in business disruption, income loss and income insecurity for households as well as the deterioration of health and social well-being of the people. While the impact of the pandemic varies across regions and communities, systemic issues and their effects will impact lives and livelihoods in Armenia for years to come. The nature and magnitude of the impact is partly conditioned by systemic deficiencies in governance structures, weaknesses in the overall economic architecture as well as pre-existing vulnerabilities and inequalities.

The decision for the overall scope of the SEIA was to focus on what would be the “human face” of the crisis—the impact that COVID-19 has and how people and their communities feel about it. This report presents key findings of the assessment and suggests a multifaceted set of recommendations for the design and implementation of efficient responses and recovery measures at national and local levels. The recommendations are designed for the Government of Armenia, regional and community leaders and international development partners. The recommendations are presented across four of the UN’s five pillars of policy interventions: (i) health protection, (ii) social protection, (iii) support the economy and (v) community resilience. The fourth pillar, macroeconomic sustainability, was not extensively part of the surveys comprising this assessment, and only general observations are presented. Jointly, the recommendations outline steps to strengthen Armenia’s health, social and economic systems to address the immediate and mid-term challenges of the COVID-19 crisis, build resilience of Armenian communities and create a strong base for risk-informed sustainable development strategies towards the “new normal”.

## SEIA RESULTS AT A GLANCE

The SEIA revealed interlinked factors contributing to the systemic impact of COVID-19 on the health, economy and social life of people in Armenian communities. The findings of the multidimensional impact assessment were discussed and triangulated with stakeholders in all regions (marzes) of Armenia and Yerevan. Based on the results of the assess-

ment and inputs from the regional stakeholders and seasoned experts involved in the SEIA, a set of targeted recommendations and suggestions was produced. The recommendations follow the five pillars of the UN framework for the socio-economic response to COVID-19 and are listed below.

### Recommendations to combat the negative impact of COVID-19 in Armenia

UN Covid-19 Response Pillars	SEIA Recommendations
1. "Health First"	1. Develop a national strategy for crisis preparedness and management of the health care system
	2. Develop a "health care system human resource reserve" policy and/or plan
	3. Accelerate progress towards universal health insurance
	4. Strengthen the role and build capacities of family doctors and local mental health service providers and improve access to information
	5. Focus on the mental health of younger generations
	6. Consider decentralization in the health care system to ensure agility and access to immediate medical assistance and continuous quality health care services, including during periods of mobility/travel restrictions or in communities with limited access.
2. Protecting People	7. Consider social service provision redesign in view of COVID-19 to ensure accessible, safe and high-quality social service delivery
	8. Establish effective communication and information sharing processes for the country's social protection system
	9. Elevate the role of young people in the economic and social recovery and development of the country
	10. Ensure continued access to quality learning for all children by bridging the digital divide and exploring new learning tools and models
	11. Explore avenues towards universal access to child care facilities as part of the recovery plan from COVID-19
	12. Ensure support to parents (and teachers) when preparing for education at home.
3. Economic Response and Recovery	13. Adopt gender-responsive flexible work arrangements and telecommuting practices to ensure better work-life balance
	14. Revitalize economic life in communities through public work schemes
	15. Promote Public-Private Partnerships (PPP) and co-investments
	16. Green the economy as a part of recovery packages
	17. Undertake gender impact assessment of COVID-19 on the SME sector
	18. Provide vocational training and job placement support to labour emigrants
	19. Activate platforms for Public-Private Policy Dialogue
	20. Promote the production and consumption of local products and services
	21. Help SMEs confront liquidity risks with softened tax and solvency regulations
	22. Develop a tax compliance strategy and appropriate tools for implementing it
	23. Support distressed companies and encouraging a "second chance"
24. Provide support to business adoption to the "new normal"	
25. Design gender-responsive support schemes for SMEs and entrepreneurs, especially in sectors harder hit by the COVID-19 crisis, with specific considerations for the unique needs and opportunities of women and men.	
26. Invest in strengthening digital supply chains	
27. Revisit the industrial strategy towards building resilient local clusters	
4. Macroeconomic Response and Multilateral Cooperation <sup>1</sup>	All the economic and social policy measures are associated with increased public expenditure, whereas the uncontrolled deterioration of economic activity translates into an undesirable decline in budget revenues. A holistic approach should be necessarily adopted in designing the set of policy interventions by paying particular attention to the interplay between the macro level and microlevel policies.

<sup>1</sup> Macroeconomic issues were not closely analysed in this assessment, hence only general observations are provided.

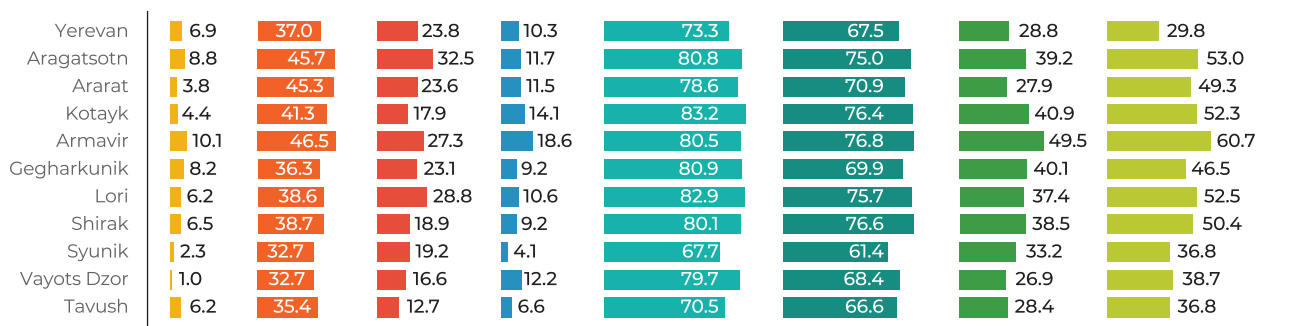
5. Social Cohesion and Community Resilience	28. Develop and implement a crisis communication strategy for the government
	29. Ensure agile participatory and inclusive mechanisms for multi-stakeholder policy dialogue at all phases of crisis response
	30. Ensure reliable, safe, accessible and affordable transportation in and between communities
	31. Support the transitions towards resource efficiency and green energy sources for households and communities
	32. Ensure a reliable water supply, particularly during crises
	33. Invest in the modernization of sewerage systems and efficient solid waste management
	34. Ensure reliable and efficient ambulance services in the communities
	35. Rethink the role and functions of the police during the crisis
	36. Expand information channels on the prevention of domestic violence and available mechanisms to apply for help
	37. Strengthening emergency social support services

### Impact of COVID-19 on Armenia's marzes and communities

Armenia's marzes and communities were seriously hit by the spread of COVID-19 across the country and growing economic difficulties imposed by the

pandemic. The situation differs from region to region and community type.

#### Social Impact Indicators by Marz, % of respondents



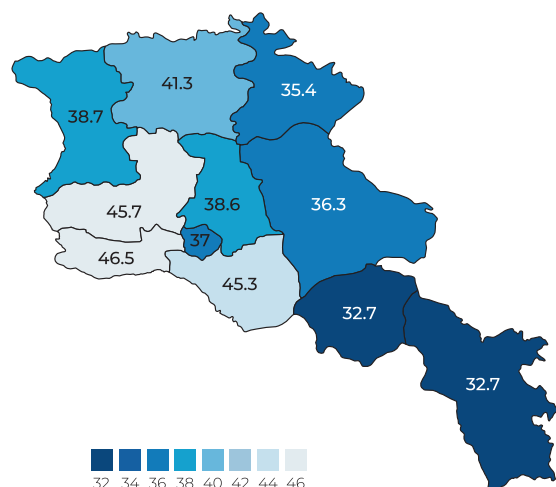
COVID-19 has impacted the health status of people nationwide. However, it has had a much stronger negative impact on the psychological and emotional health of people. This finding was particularly noticeable for Ararat, Armavir and Aragatsotn and in rural and urban clusters of communities. Information on COVID-19's impact, coupled with worsened transportation and the low level of social support

- Physical illness
- Psychological /Mental/ Emotional health was affected (e.g. stress, anxiety, etc.)
- Difficulties in accessing health services/assistance
- Since the spread of COVID-19 I lost my job
- Would be difficult to keep up with basic (food, hygiene expenses products, etc.)
- Would be difficult to pay for utilities
- Will have to stop seeking health services/assistance
- Will have to transform to alternative heating means

services in these marzes and community clusters, contributed to the worsened mental and emotional health of people.

#### Psychological/Mental/Emotional health was affected (e.g. stress, anxiety, etc.), % of respondents

There are several contributing factors to the worsened overall health of people, including emotional, psychological and mental health. The first is access to necessary health, psychological and social support services. According to the results of the SEIA, health facilities and social assistance services are not easily accessible to people in the communities of Aragatsotn, Armavir, Kotayk and Ararat. People in rural community clusters suffer more.



*Social Impact Indicators by Community Cluster (%)*

Yerevan	6.9	37.0	23.8	10.3	73.3	67.5	28.8	29.8
Urban	6.7	45.1	20.5	11.2	81.8	75.1	39.5	39.9
Consol. mixed	4.8	35.3	17.6	6.1	70.8	66.0	32.3	43.1
Consol. rural	5.3	32.7	23.0	7.8	81.9	73.8	35.5	48.3
Rural	6.0	44.5	30.1	18.5	80.7	73.5	37.2	57.4

- Physical illness
- Psychological /Mental/ Emotional health was affected (e.g. stress, anxiety, etc.)
- Difficulties in accessing health services/assistance
- Since the spread of COVID-19 I lost my job
- Would be difficult to keep up with basic (food, hygiene expenses products, etc.)
- Would be difficult to pay for utilities
- Will have to stop seeking health services/assistance
- Will have to transform to alternative heating means

Another contributing factor to the overall health status of people was lost jobs and incomes as a result of the lockdown and decline in economic activities in the marzes. On average, more than 10% of respondents of the household survey mentioned they had lost a job during the pandemic. This figure is relatively higher in Armavir, Lori and Vayots Dzor.

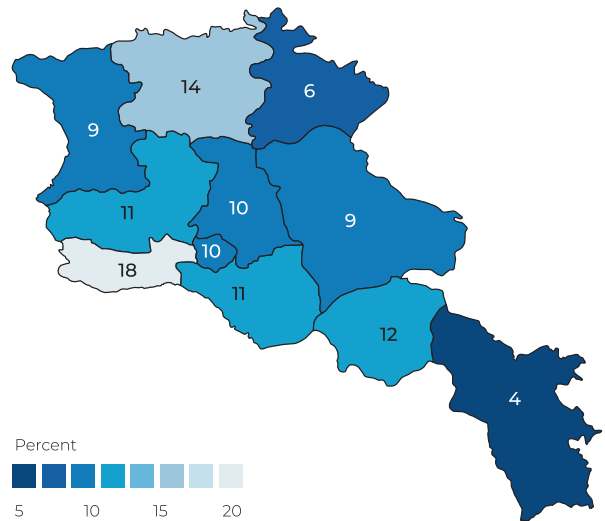
The highest rate is registered in rural non-consolidated communities. Whilst the loss in job opportunities in urban areas is strongly correlated with the negative economic impact on SMEs, workers in rural areas are more impacted by the lack of opportunity to seek employment abroad, i.e. outgoing labour migration.

*Jobs Lost since the Spread of COVID-19, % of respondents*

When it comes to the impact on SMEs, great differences across regions and communities are noted. Urban areas, and particularly Yerevan, are the hardest hit. More staff and remuneration reductions have been reported in these areas, mostly to deal with the liquidity issues caused by the demand shock. In particular, Yerevan, Vayots Dzor and Tavush have witnessed higher staff and remuneration reductions.

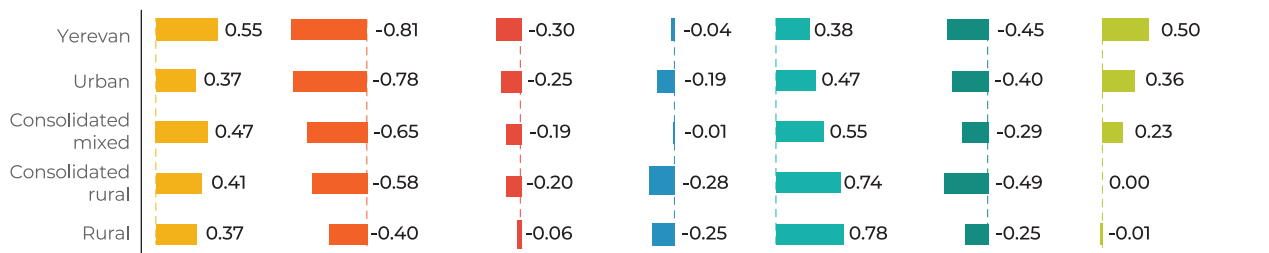
Although businesses in Yerevan and consolidated mixed communities show more evidence of resilience to the COVID-19 crisis, the reported expected recovery time is longer in urban areas than rural areas. Such differences are explained by the structure and dynamics of the respective regional economies. For example, in communities where agriculture is the dominating sector, the economic impact of COVID-19 crisis is milder. However, homogeneity in the local economic structures has also created challenges for communities, especially in cases where the economy is built around the strongly affected sectors, such as tourism and trade.

Ararat, Syunik and Kotayk have the most optimis-



tic expectations on the upcoming economic developments in the country, while Aragatsotn, Vayots Dzor and Armavir are more pessimistic. Despite the strong negative impact on SMEs located in Yerevan, business survival expectations tend to be the highest there. The picture is different in Shirak; although the expectations on economic development are pessimistic, the business survival expectations are relatively optimistic.

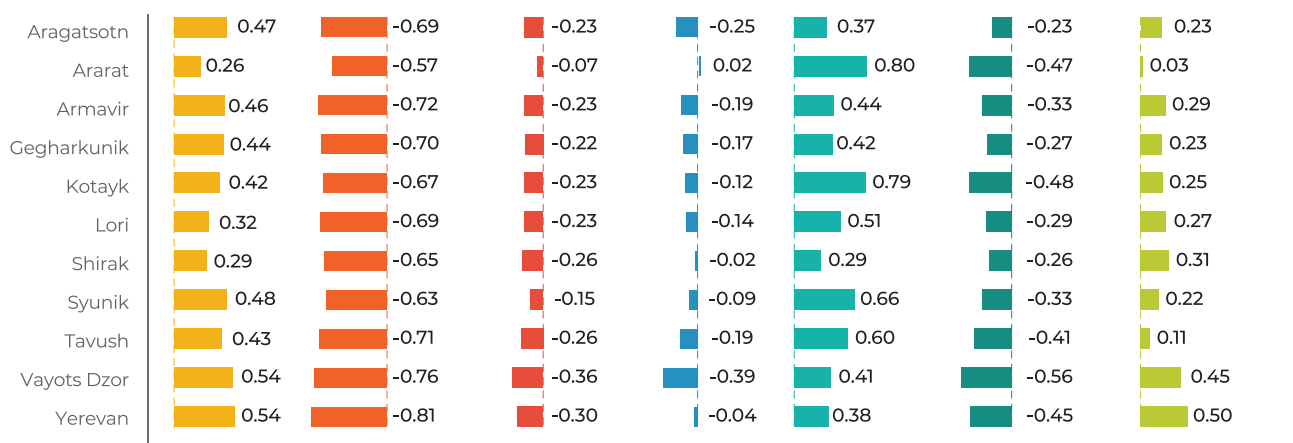
### SME Impact Indicators by Community Cluster



Note: The numbers for each indicator presents the position of the community type between -1 and +1. -1 shows the most negative or pessimistic position, while +1 shows the most positive or optimistic. The indicators are calculated based on the average results of the survey. Blue bars show the positive direction, and the red ones depict the negative direction.

- Pre-Covid Business Development Dynamics
- Magnitude of Impact of Covid-19
- Staff and/or remuneration reduction
- Expected Business Survival
- Expected Recovery Time
- Expectations on Economic Development
- Awareness & Accessibility of State Support

### SME Impact Indicators by Region



Note: The numbers for each indicator presents the position of the community type between -1 and +1. -1 shows the most negative or pessimistic position, while +1 – the most positive or optimistic. The indicators are calculated based on the average results of the survey. Blue bars show the positive direction, the red ones the negative direction.

- Pre-Covid Business Development Dynamics
- Magnitude of Impact of Covid-19
- Staff and/or remuneration reduction
- Expected Business Survival
- Expected Recovery Time
- Expectations on Economic Development
- Awareness & Accessibility of State Support

Pessimistic expectations of SMEs about the future are noted in all marzes, especially difficulties in keeping up with basic expenses, including food and hygiene, if the pandemic continues. Lori, Kotayk, Shirak and Gegharkunik report the highest levels of concern, which could be explained by the

relatively high number of labour migrants in these regions.

The details of the findings and recommendations are provided in the respective parts of the SEIA Report.



# Introduction

## “ Background

On 31 December 2019, the Government of the People's Republic of China reported a cluster of cases of pneumonia of unknown cause in Wuhan, the capital of the province of Hubei. Since then, the coronavirus disease now known as COVID-19 has spread worldwide at an exponential rate and was labelled a pandemic by the World Health Organisation on 11 March 2020. In Armenia, the first imported COVID-19 case was registered on 1 March 2020 and local transmission has been registered since 11 March 2020. All regions of Armenia are currently affected and the number of new COVID-19 cases continues to rise.

The Government of Armenia has taken decisive steps to contain and suppress the COVID-19 pandemic, declaring a state of emergency on 16 March, followed by a full lockdown between 24 March and 14 May. All land borders have been closed and all but a handful of flights have ceased. The pandemic is putting pressure on the healthcare system as well as the availability and quality of social services—both in urban and rural areas. However, the COVID-19 pandemic is far more than a health crisis; it has created an unprecedented global socio-economic crisis. While the long-term impact remains uncertain, it is clear that it will exacerbate existing vulnerabilities that threaten the achievement of the Sustainable Development Goals by 2030.

When the SEIA was conducted, the Government of Armenia has approved 22 assistance programs in the social and economic spheres to support vulnerable people and hard-hit businesses to combat the consequences of the COVID-19 crisis<sup>2</sup>.

Assessing the impacts of the COVID-19 crisis on societies, economies and vulnerable groups is essential to inform and tailor the responses of governments and partners so that they may recover and ensure that no one is left behind.

To this end, UNDP, as the technical lead for the UN's socio-economic response in Armenia under the leadership of the UN Resident Coordinator, initiated a rapid nationwide Social and Economic Impact Assessment (SEIA) focusing on the socio-economic impact of the crisis on communities. The assessment was performed as a follow-up to a request extended through the Ministry of Economy in partnership with UNFPA, UN Women, UNAIDS, the Asian Development Bank and the generous technical support from other UN agencies and IFIs. Close collaboration was ensured with the Government of Armenia. Several ministries were actively engaged in the process, and the Ministry of Territorial Administration mobilized the regional and local authorities to take an active role.

The assessment provides micro-level insights into the full scope of the COVID-19 pandemic in Armenia, having studied the macroeconomic analysis of the International Monetary Fund and International Financing Institutions (IFIs) as well as analysis provided by the Government of Armenia and specialised UN agencies. The report outlines the social and economic dimensions of the pandemic at the community level and provides recommendations that will help the Government respond more effectively. Partner agencies

included the Commandant's office and the Deputy Prime Minister's office, line ministries and other government agencies, with the participation of regional and community authorities from the Ministries of Health, Education, Economy, Labour and Social Affairs and Territorial Administration and Infrastructure.

## SEIA objectives and approach

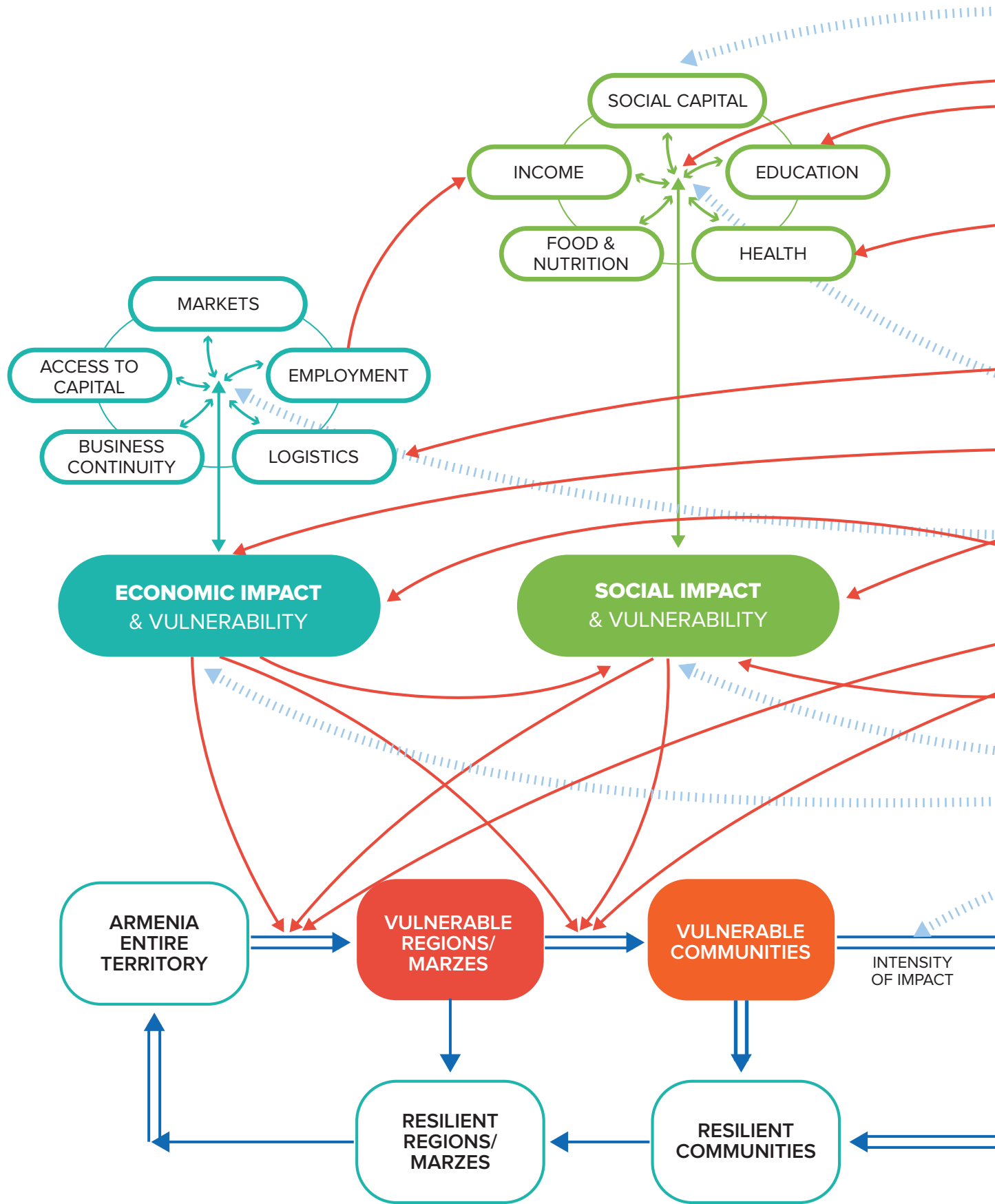
The rapid SEIA is designed as a multidimensional multi-sector study that examines the socio-economic impacts on Armenian communities due to the spread of COVID-19. It sets out to present socio-economic trends in communities and marzes (regions) across Armenia, which will help implement evidence-based responses to ongoing and emerging issues. Systems thinking, i.e. a holistic approach to analysis, is applied, focusing on interconnections and mutual influences of a variety of socio-economic factors on communities. This approach made it possible to identify relevant chains of impact in the COVID-19 context and identify key leverage points that will help the country address shortcomings in the system as a whole as well as in its constituent parts.

Particularly, the SEIA aims to assess interlinked dimensions of the socio-economic impacts of the COVID-19 crisis in Armenia on small and medium-sized enterprises (SMEs) and self-employed farmers operating in communities, sources of income as well as the well-being of community members and systems of delivery and demand for basic services in communities.

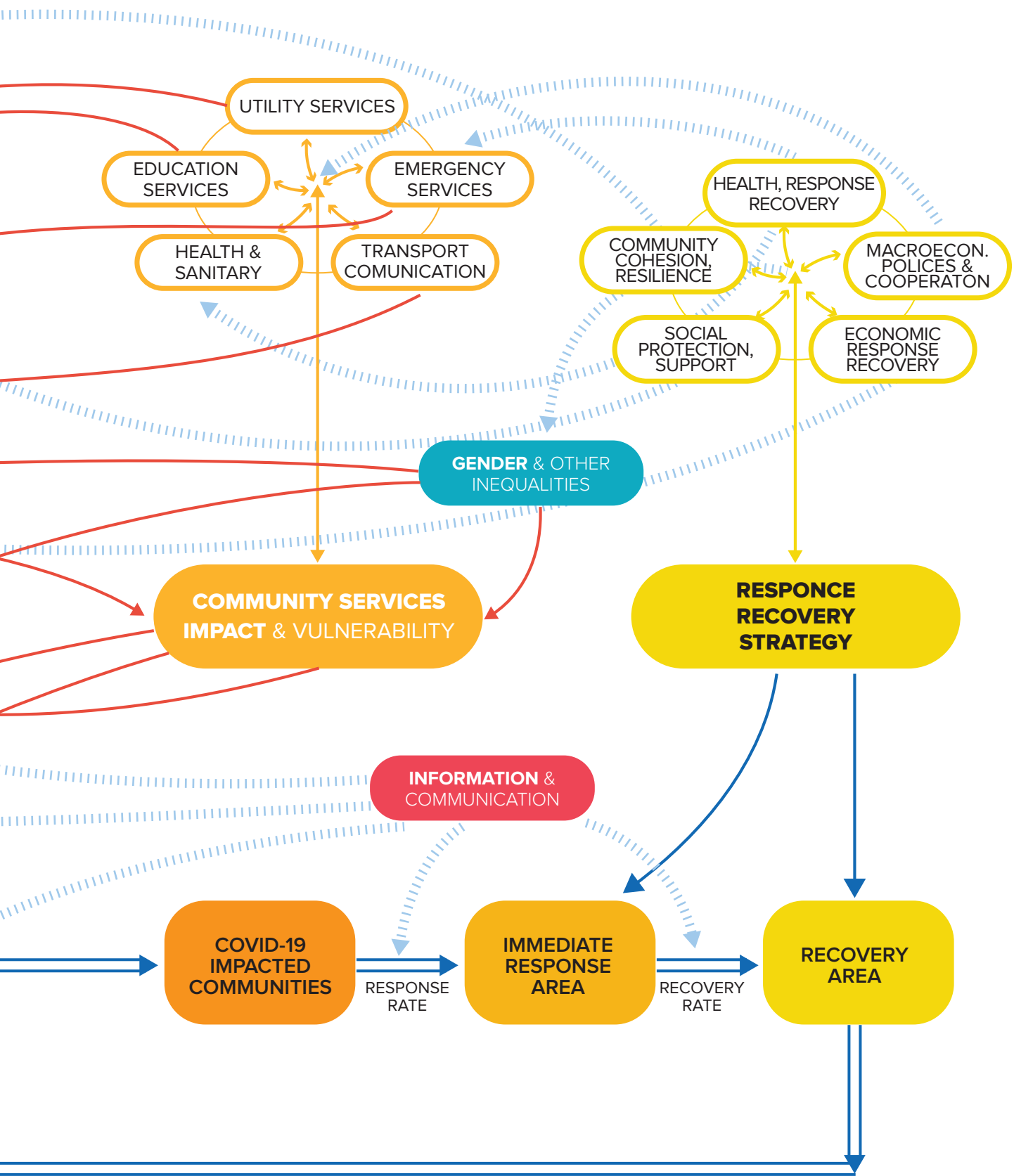
The SEIA System Map below presents an overview of the approach to the assessment, including identified systemic vulnerabilities in communities stemming from social and economic factors and access to and provision of essential services. The assessment also analyses the accessibility of COVID-19 related government support measures. According to the principle of Leaving No One Behind, the SEIA examines whether or not the Armenian government's socio-economic response measures are reaching communities and identifies barriers limiting their reach or effectiveness. The assessment also pays special attention to gender differences and other inequalities related to the severity of the impact on vulnerable and marginalized populations.

2 <http://gov.am>

Fig 1. System Map of the SEIA







- ⋯ shows a potentially positive impact on the vulnerability (positive trend)
- shows negative impact on vulnerability factors (negative trends)
- development of the situation (status) of community/region/country.

**Fig 2.** “UN Framework for the Immediate Socio-Economic Response to COVID-19



The SEIA, building on the systems thinking approach and the UN’s framework for an immediate socio-economic response to the COVID-19 crisis<sup>3</sup>, suggests a combination of recommendations across five key pillars which will help Armenia to better respond and recover from this crisis and to accelerate the continued implementation of the Sustainable Development Goals (SDGs).

## Methodology

The SEIA was designed as a rapid assessment exercise to reflect the changes happening in Armenian

communities during the spread of COVID-19. Given the unusual circumstances, the SEIA team adapted traditional research methods and tools to enable remote data gathering and engagement of stakeholders. The SEIA utilized information from a variety of ongoing studies and contributed to the knowledge of the situation in the country and communities. In particular, intending to develop effective and efficient response measures in the continued crisis.

A qualitative and quantitative research methodology was applied based on primary and secondary data analysis. For primary data collection at the house-

<sup>3</sup> <https://unsdg.un.org/sites/default/files/2020-04/UN-framework-for-the-immediate-socio-economic-response-to-COVID-19.pdf>

hold level, the Rapid Gender Assessment (RGA)<sup>4</sup>, an assessment tool developed by the UN Women “Making Every Woman and Girl Count” Global Program, was used to assess the impact of the coronavirus pandemic on challenges, such as economic empowerment and vulnerability, faced by women and men. For business data collection, a specific assessment tool was used developed by EV Consulting. The tool revealed aspects of the current crisis in the Armenian SME sector, building on insights from other countries about the COVID-19 outbreak and other pandemics or disasters. Primary data was collected from households, SMEs and farmers through phone interviews. All questionnaires were prepared using the online KoBo Toolbox<sup>5</sup> with interviewers or respondents inputting responses directly into the application.

In addition to these two surveys, a participatory assessment of the quality of 20 essential services provided at the community level was conducted during the SEIA. For essential service provision, information was collected through virtual regional meetings and online survey tools developed for each respective region. The initial findings and recommendations of the SEIA were discussed and validated during the second round of regional meetings. This participatory process helped to align the SEIA recommendations with the priorities of the communities and engage local leaders in developing practical recommendations to address identified priority issues.

Qualitative research was used to enrich this assessment with gender analysis of the impact of COVID-19 on the socio-economic situation in Armenia. The research included a desk review of international and national documents, statistical and research data for context analysis, a focus group with gender focal points of UN agencies to identify international and national mechanisms in addressing the COVID-19 crisis and in-depth interviews with up to 20 representatives of Civil Society Organizations and foundations working in different spheres of women’s affairs and rights<sup>6</sup>.

In addition to primary data sources, a comprehensive review of secondary sources was conducted. Priority was given to publications, COVID-19 impact

assessments (micro, meso and macro), and data provided by the Armenian Ministries, the National Statistical Committee, the State Revenue Committee, Local Administration and Regional Governments, UN Agencies and International Finance Institutions.

The SEIA focused on five clusters of communities that were chosen based on the current administrative division of the country. The clusters included rural communities (non-consolidated), urban communities (non-consolidated), consolidated communities within the rural centre, consolidated communities within the urban centre and Yerevan, the capital city.

In total, over 7,200 individuals provided responses to the SEIA. Respondents represented 3,000 households (600 households per community cluster), 1,537 SMEs, 515 farmers (from 58 communities across all 10 marzes and Yerevan), 2,150 representatives from local authorities and service providers, 150 persons in focused group discussions and over 2,000 people through the online survey on essential services throughout the regions of Armenia.

The SEIA was conducted in two stages. During the first stage, the methodology was developed and tested in two pilot communities. During the second stage, the SEIA was conducted nationwide. To strengthen the participatory approach of the SEIA and build capacity for local replication, and to scale up the assessment, employees from local municipalities were trained on phone interview methodology and data collection tools. The SEIA created a solid database of information on socio-economic developments in the regions of Armenia. This database is open for future development and elaboration. The further use of the database and assessment tools developed during the SEIA will increase the analytical capacities of the relevant ministries and regional governments both for impact assessment and for planning future strategies and actions.

The details of the SEIA methodology, sampling approach and limitations are presented in **Annex 1**.

4 The Impact of COVID-19 on Women’s and Men’s Lives and Livelihoods in Europe and Central Asia. Preliminary Results of Rapid Gender Assessment – UN Women, 2020

5 <https://www.kobotoolbox.org/>

6 The selection of CSOs was based on areas of involvement (gender-based violence, women’s sexual and reproductive health, women’s economic and political empowerment, women in community development, women with disabilities, elimination of women in poverty); geography (targeting both capital and regions of Armenia) and representation of specific groups (women with disabilities, women subjected to domestic violence, women in difficult life circumstances, entrepreneur women, etc.)



# Part 1.

**KEY SOCIO-ECONOMIC  
DEVELOPMENT TRENDS IN  
ARMENIA PRIOR TO THE  
COVID-19 OUTBREAK**

The overall trend in Armenia's economic development before the COVID-19 pandemic has been positive, with a high economic growth rate, a steady increase in exports, decreasing unemployment and increasing GDP per capita in most marzes.

Armenia recorded high economic growth and demonstrated sound macroeconomic stability from 2017 to 2019. Due to the restructuring of the economy, the industry's share in GDP increased slightly during the last three years. Nominal monthly wages were uniform across most marzes, with Syunik and Yerevan reporting higher nominal wages. While historically the unemployment for women has been higher than for men, in recent years, shrinking differences are seen in unemployment rates by gender. Education services in all regions were functioning well before COVID-19. Telecommunication infrastructure is well developed in all regions.

However, there are lingering systemic risks related to the pattern and sources of economic growth, which can amplify the impact of COVID-19 and in that sense be an impediment to economic stability and future growth of the country. Consumption-based economic growth, high level of consumer credits, the high concentration of low-skilled employees in low productive sectors and significant levels of labour migration and remittances increase the economy's vulnerability to external shocks and intensify the socio-economic magnitude of the economic crisis caused by COVID-19.

Existing challenges in the provision of essential services in the marzes increased the vulnerability

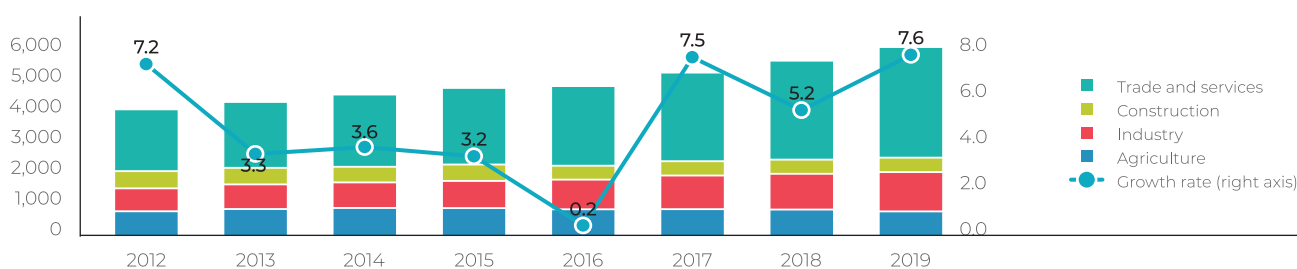
of Armenian communities to the crisis ignited by the spread of COVID-19. Quality and accessibility to health, sanitary and social services has been inconsistent across marzes and Yerevan. Water supply and sewerage are known for being a challenge, and the quality of transport services is undesirable. The provision of emergency services varies between regions of Armenia. Poverty dynamics vary across the marzes and urban and rural areas. An accelerated ageing population creates challenges for the development of the country.

Some of the more relevant parameters to be considered in the context of the COVID-19 crisis impact and subsequent socio-economic recovery measures, are further analysed below:

### **Armenia recorded high economic growth and demonstrated sound macroeconomic stability from 2017 to 2019.**

Armenia is an upper-middle-income country, with a GDP per capita of US\$4,604. The economy demonstrated high growth between 2017 and 2019 after a shallow economic performance from 2013 to 2016. The industry and service sector contributed largely to GDP growth, which peaked in 2019, reaching 7.6% (see Figure 1.1). The share of construction and agricultural sectors in GDP decreased smoothly over the last eight years, reaching 6.2% and 11.6% in 2019, respectively. Trade and services, arts, entertainment and recreation, wholesale and retail trade, financial, and insurance activities contributed the most to the growth.

**Figure 1.1.** GDP by sectors, current prices in billion AMD, real growth rate (year-on-year change, %)



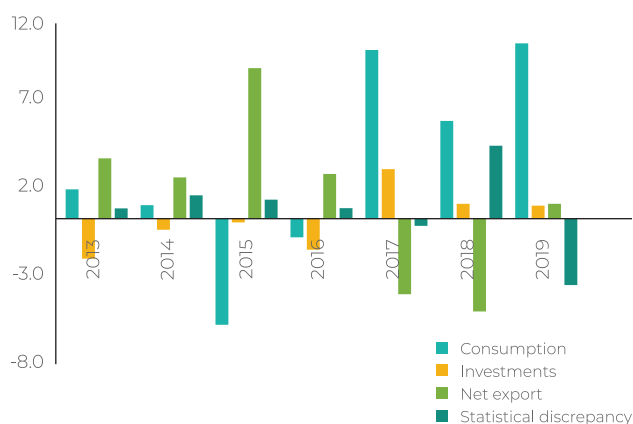
Source: Statistical Committee of the Republic of Armenia

### **There has been improvement in the economic structure, while consumption-led growth prevailed from 2016 to 2019.**

Due to the restructuring of the economy, the industry's share in GDP increased slightly during the last

three years. However the steady economic growth rates were mainly led by consumption, with private consumption accounting for most of it.<sup>7</sup> Consumption has been leading the non-tradable sector of the economy in growth generation since 2017. This kind of growth makes the economy less resilient to shocks and crisis.

<sup>7</sup> Database of the Statistical Committee of the Republic of Armenia.

**Figure 1.2.** Contributions of Demand-side components to real GDP growth

Source: Statistical Committee of the Republic of Armenia

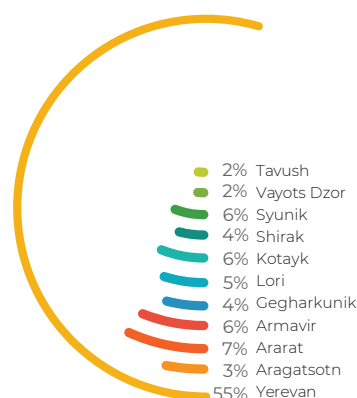
### **The sharp decrease in gross capital formation and the low level of Foreign Direct Investments (FDI) poses a challenge for future growth perspectives.**

The inflow of FDIs<sup>8</sup> into Armenia peaked in 2008, reaching more than \$943 million. Since 2009 it has had a decreasing trend, fluctuating at around \$254 million during the last three years.

The real growth of gross capital formation<sup>9</sup> was negative from 2009 to 2016 falling to -8.7%. However, it grew by 15.4% in 2017 and 26.8% in 2018, but declined again in 2019 by 5.2%. Gross capital formation remains lower by almost half the amount in 2008. Gross capital formation, combined with the low level and stagnation in FDI inflows, jeopardize future growth perspectives.

### **Uneven distribution of value creation in Yerevan and marzes.**

According to 2017 data from the Statistical Committee of the Republic of Armenia, more than half of the country's gross output was provided by Yerevan, followed by Ararat. Tavush and Vayots Dzor provide the lowest contributions to the country's value creation.<sup>10</sup>

**Figure 1.3.** GDP structure by marz, % of total, 2017

Source: Statistical Committee of the Republic of Armenia

Yerevan is the leader in GDP per capita, which exceeds the national average by 50.8%. During 2017 this indicator reached the national average in Vayots Dzor and Syunik largely due to mining sector developments. Tavush, Shirak and Gegharkunik are the least developed marzes with the lowest value creation per capita. This indicates an enormous variation in economic development throughout Armenia.

### **Poverty dynamics vary across the marzes and urban and rural areas.**

The positive economic dynamics of the last decade have contributed to the rise in the standard of living in Armenia. Per capita Gross National Income reached \$4,230 in 2018, raising the country to the Upper Middle-Income category.<sup>11</sup> However, uneven distribution of wealth left 23.5% of the population living below the poverty line in 2018,<sup>12</sup> with large differences across the marzes, communities and rural and urban areas in terms of the proportion of poor and extremely poor<sup>13</sup>. These discrepancies across the country create regional poverty disparities in communities and regions. The most vulnerable marz is Shirak, where more than 40% of households were living below the poverty line from 2008 to 2018.

### **Household income in both rural and urban areas remains unchanged, with paid jobs being the main source of income for the population as a whole.**

8 Database of the Central Bank of the Republic of Armenia.

9 Database of the Statistical Committee of the Republic of Armenia.

10 Marzes of the Republic of Armenia and Yerevan in figures, 2019, Statistical Committee of the Republic of Armenia.

11 World Bank national accounts data and OECD national accounts data files.

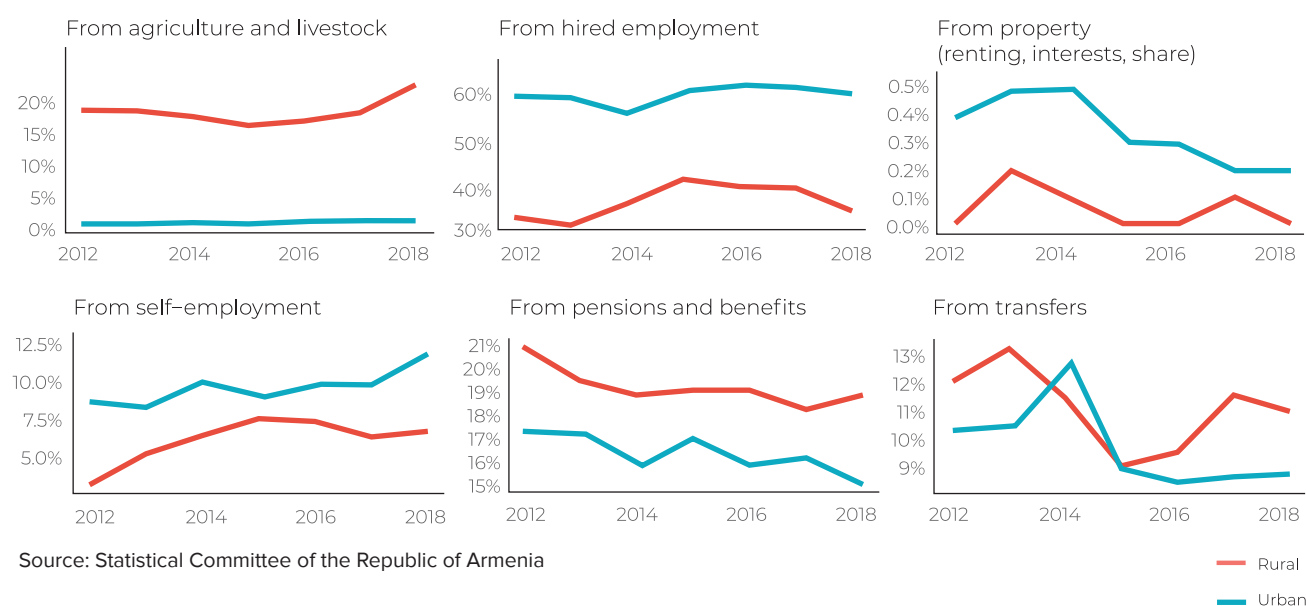
12 Statistical Committee of the Republic of Armenia, "Social Snapshot and Poverty in Armenia", 2019.

13 Statistical Committee of the Republic of Armenia, "Armenia – Poverty Snapshot Over 2008-2018", 2019. Accessed at: [https://www.armstat.am/file/article/poverty\\_2019\\_english\\_2.pdf](https://www.armstat.am/file/article/poverty_2019_english_2.pdf)

The composition of household income differs between rural and urban areas (Yerevan and regional towns). Historically the **most important source of income** for both rural and urban communities has been income from **paid jobs** (on average 40% and

60%, respectively). Compared to 2012 the variation in the share of income from paid jobs in 2018 was almost zero in urban areas, whereas in rural areas, after reaching the maximum value in 2015 (around 42%), it decreased to 36% in 2018.

**Fig. 1.4.** Structure of household income by rural/urban areas



The **second major component of income** for the rural population is **agriculture and livestock development**, which shows an upward trend since 2015, increasing from 15% to 22% in 2018. **Pensions and social benefits** are the **next important source of income** in rural areas which hovered at 19% from 2014 to 2018. In urban areas, the share of pensions and social benefits in the income structure of households was 3% lower compared with rural areas and has been declining since 2012. The share of income from **self-employment** in urban areas **increased to about 12.5% in 2018** compared to about 9.5% in 2012. In rural communities, the share of income from self-employment stabilized at 7.5% from 2017 to 2018 after a noticeable increase from 2012 to 2015. The SEIA shows income's strong influence on overall poverty and vulnerability of people living in different community clusters.

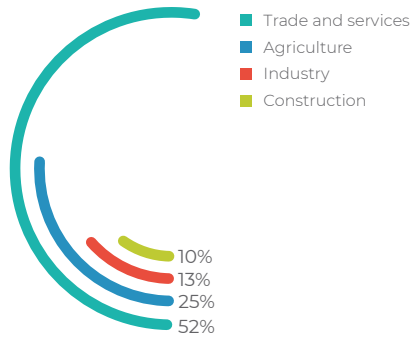
**The largest share of employment is concentrated in low productive and labour-intensive sectors.**

The trade and services and agriculture sectors provide more than 75% of the employment opportunities in Armenia. The labour force participation rate grew by 0.7% to reach 57.7% in 2019. The corresponding rate for women was 47.8%, with the highest concentration<sup>14</sup> of women workers in the agricultural (28.3%), education (18.7%) and trade (11.5%) sectors. The lowest share of women employees is in mining, construction and real estate sectors (0.1-0.2%).<sup>15</sup> The largest share of employment is concentrated in low productive sectors, while manufacturing, which notes the highest rate of productivity (6.5 million AMD per employee), provides only 9.9% of employment (see Figures 1.1.5 and 1.1.6). On the other hand, the largest part of employment is concentrated in SMEs (68%), while their productivity measured by annual value added per employee is 6.65 million AMD against the much higher productivity of large companies—9.56 million AMD per employee. Moreover, the average salary in large companies is 63% higher than in SMEs.

<sup>14</sup> Share in total women workers.

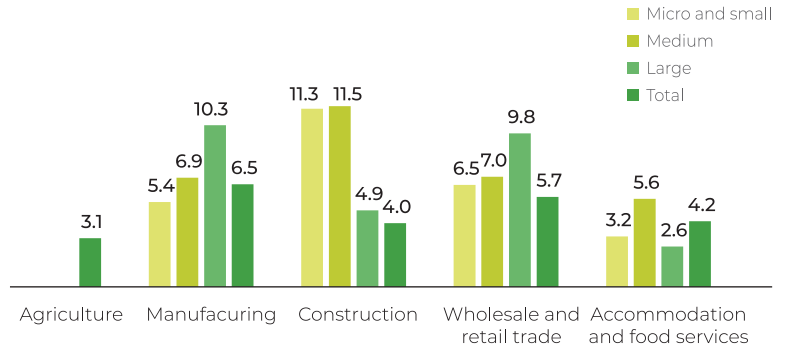
<sup>15</sup> Statistical Committee of the Republic of Armenia.

**Figure 1.5.** Employment by sectors, % of total, 2019



Source: Statistical Committee of the Republic of Armenia

**Figure 1.6.** Productivity by sectors and business size, Value added per employee, in million AMD, 2018

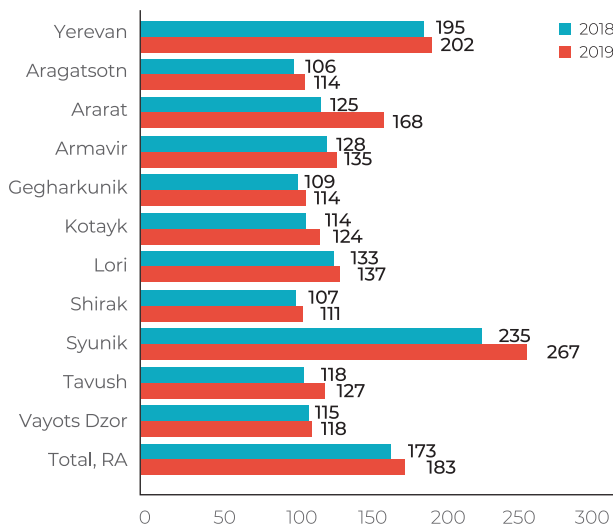


Source: Statistical Committee of the Republic of Armenia

**The national unemployment rate is high, with large regional differences.**

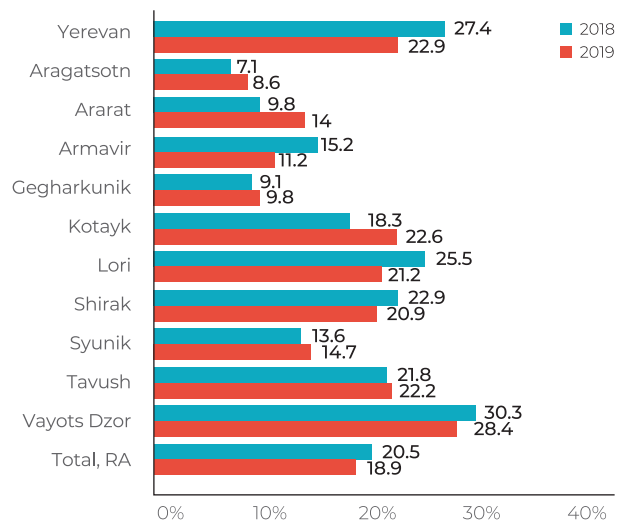
Armenia reported an unemployment rate of 18.9% in 2019, down from 20.5% in 2018. In 2019 the highest unemployment rates were registered in Tavush, Yerevan and Lori at 28.4%, 22.9%, and 22.6%, respectively. The unemployment rate in Yerevan in 2018 decreased significantly from 27.4% whereas the rate increased from 18.3% in Lori. Kotayk, Armaravir and Shirak showed substantial reductions in unemployment rates whereas Ararat reported a significantly higher rate.

**Figure 1.7.** National Monthly Wage, 1000 AMD



Source: Statistical Committee of the Republic of Armenia

**Figure 1.8.** Unemployment Rate, %



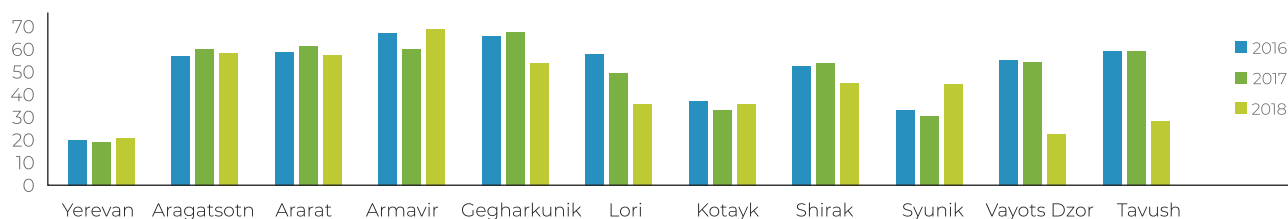
Source: Statistical Committee of the Republic of Armenia

There are significant levels of informal employment in Armenia, with higher levels estimated in the marzes. Armenia has a high level of informal employment<sup>16</sup> which limits workers' access to a social safety net. According to official statistics,<sup>17</sup> informally employed people comprise more than 21% of total employment in Yerevan and on average more than 45% of employment in marzes. A very high level of informal employment in the agricultural sector at 97.5% can explain this. Informal employment is at 20.8% in non-agricultural sectors. The distribution between men and women in informal employment is almost even.

16 Informal employment includes: (i) employees holding informal jobs (including paid domestic workers: e.g. gardeners, nursery staff, housemaids, watchmen, drivers, etc.), (ii) employers and own-account workers having informal sector enterprises, (iii) all contributing (unpaid) family workers, (iv) members of informal production cooperatives and (v) self-employed / own-account workers who produced goods or services (e.g. do-it-yourself construction of own dwellings) exclusively for use by their household if considered employed.

17 Statistical Committee of the Republic of Armenia, "Marzes of the Republic of Armenia and Yerevan in figures", 2019.



**Figure 1.9.** Informal employment by regions, % of employment, 2016-18

Source: Statistical Committee of the Republic of Armenia

### ***The share of labour migration was significant in Armenia before COVID-19.***

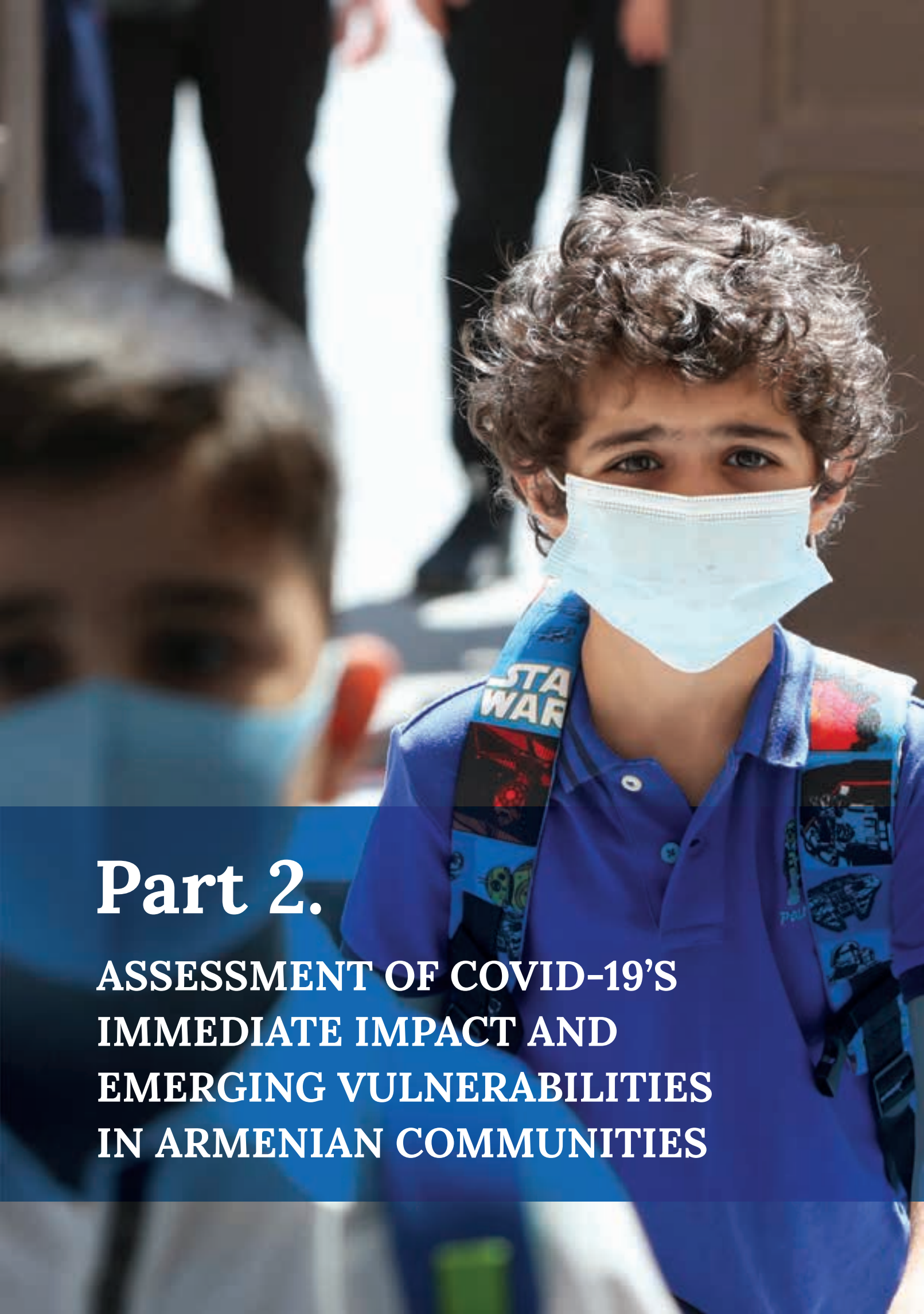
Armenia has a high labour migration rate (most migrant workers are men), and remittances played significantly in the Armenian economy, constituting over 11% of GDP.<sup>18</sup> The economic situation worldwide, especially in the Russian Federation (which is the country of destination for 89.8% of Armenian migrants workers<sup>19</sup>) heavily affects Armenian migrants and the volume of remittances, which has a direct effect on the incomes of families living in rural areas.

Official statistics<sup>20</sup> confirm that almost 250,000 people in Armenia rely on remittances sent by family members working abroad, and income from circular or seasonal migration frequently forms a livelihood strategy. Around 98% of remittances are spent on routine consumption expenses.

18 Statistical Committee of the Republic of Armenia; The Central Bank of Armenia.

19 ILCS (2019) database.

20 Statistical Committee of the Republic of Armenia.



## Part 2.

**ASSESSMENT OF COVID-19'S  
IMMEDIATE IMPACT AND  
EMERGING VULNERABILITIES  
IN ARMENIAN COMMUNITIES**

## 2.1. Immediate Impact of the COVID-19 Crisis on the Local Economy

### 2.1.1 Effects of COVID-19 on Armenia’s Economic System: Shocks and Impact Areas

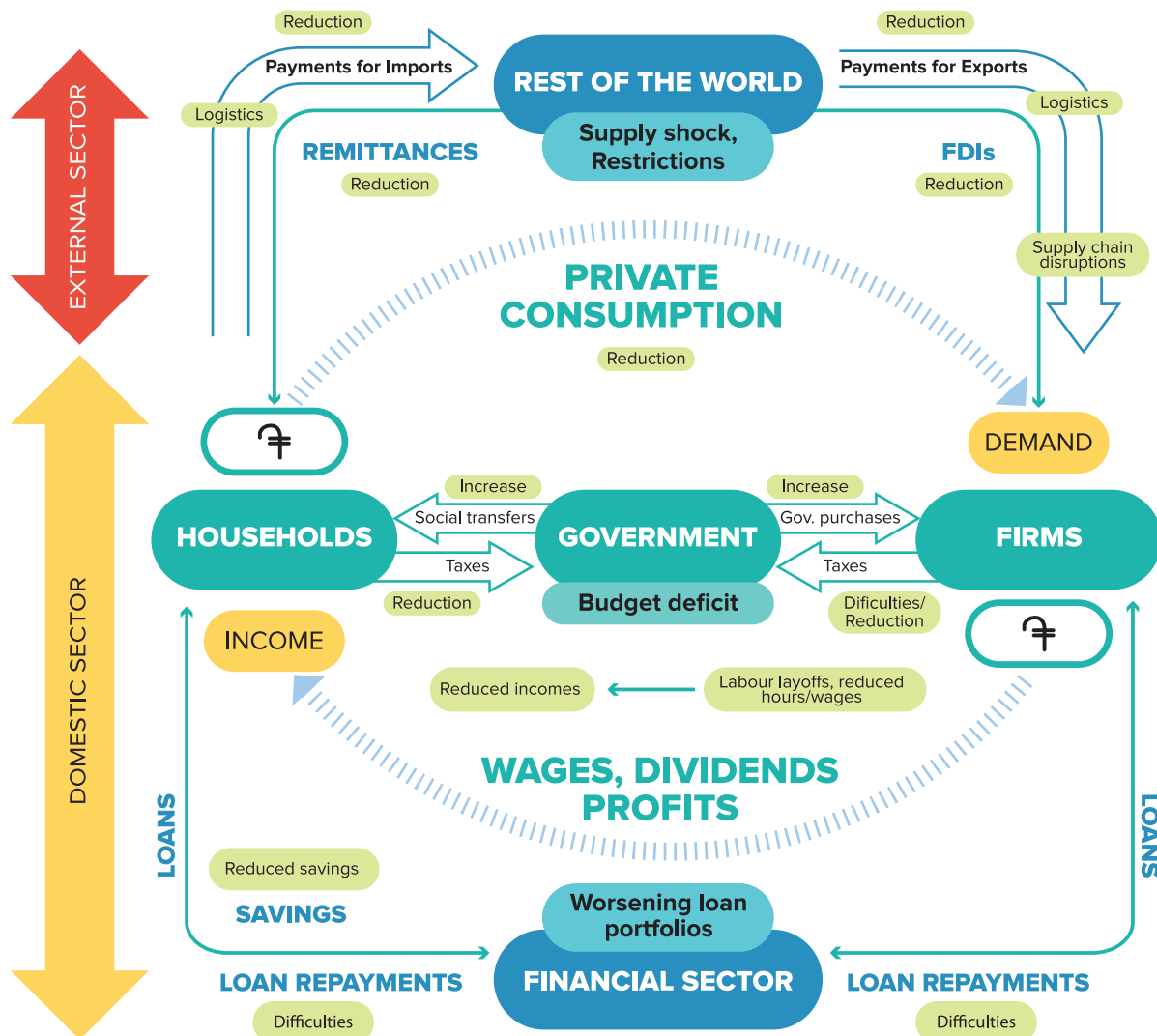
The global COVID-19 pandemic reached Armenia in March 2020 when the first cases of COVID-19

were reported. The Government of Armenia introduced containment and mitigation measures, including a lockdown. These actions had an immediate impact on most businesses in the country, forcing them to cease their operations completely or cut activities in scope or scale. This led to a supply shock, which ultimately created changes in aggregate demand.

Figure 2.1 depicts the impact of the COVID-19 crisis on revenue circulation in the economy.

*Armenia’s economy experiences multiple and multilayer shocks*

**Figure 2.1.** The immediate impact of COVID-19 on the revenue circulation in Armenia



The supply shock limited consumer buying options resulting in decreasing sales. The lockdown created liquidity problems for companies, forcing them to implement measures such as labour layoffs, reduced working hours, reduced wages or a

combination of these (see section 3.1.3.2). These actions reduced the disposable income of the population. Continued containment measures can lead to more income reductions for households, which may cause a more dramatic contraction of consumer ex-

penditures. However, Armenia's lockdown period was rather brief, which may shorten the long-term negative economic consequences of the crisis. The reduction of remittances from migrant workers and the restrictions on international tourism in Armenia is nonetheless ongoing and will continue to impact consumption patterns in the country. According to IMF estimates for Armenia, the projected final consumption expenditure contribution to GDP growth has decreased in 2020 from 3.3% to 1.2%.

The reduced turnover of companies and decreases in personal income are causing an overall decline in tax income for the Government of Armenia whilst public expenditure have increased significantly and rapidly due to the introduction of support measures to households and businesses. In the long run, this will lead to a high budget deficit and rising external debt.

The financial difficulties that households and firms face will lead to problems in loan repayments and reductions in savings. In the long term, the loan/GDP ratio of 52.1%<sup>21</sup> can lead to a worsening of loan portfolios (risk of a dramatic increase of non-performing loans) and the deterioration of financial stability in the country. The external supply shock and movement restrictions between countries all over the world directly affect the international trade of goods and services and movement of labour migrants. According to the IMF, the global crisis may also cause a near 60% reduction in the inflow of personal remittances and FDIs.<sup>22</sup>

*A vicious circle may be formed where businesses reduce wages because of financial difficulties and consumers lose purchasing power leading to a demand shock that will further deteriorate the financial situation of companies. In the mid- to long term this situation can worsen the financial and macroeconomic stability in the country, driving the economy to an unprecedented depression.*

**Containment and other mitigating measures to buffer the COVID-19 crisis have reversed the high-growth trend in the economy.**

The COVID-19 crisis has disrupted Armenia's eco-

nomical growth. This disruption will come mostly from negative changes in inventory and lower levels in final consumption expenditures.

From January to May, output dropped in all sectors except mining. The largest drop has been recorded in the construction sector where the output halved in April compared to the same period in 2019 (see the details of the sectoral impact of COVID-19 in Annex 2).

The urgent need exists for economic sectors to take immediate action in response to the new economic situation. Armenia has launched more than 20 state assistance programmes for immediate socio-economic support (see section 3.4.2) including some changes in tax legislation (e.g. deferral of profit tax prepayments effective from the second quarter of 2020).

The WHO warns about a possible second wave of COVID-19 outbreaks in the autumn that may last from 18 to 24 months.<sup>23</sup> This raises questions about the targeting, timing and effectiveness of government support. To continue to mitigate the socio-economic consequences of the crisis and improve the chances of a strong recovery, the government will thus need to identify and support the most vulnerable as well as high impact sectors in order to protect businesses and workers. The SEIA findings aim to provide insights and policy recommendations that will support these efforts.

## 2.1.2 Specifics of COVID-19's Impact on Armenian SMEs

### “ KEY FINDING 1:

*As a result of the COVID-19 crisis, SMEs in Armenia experienced immediate strong shocks, the magnitude of which depending on the fields of operations. Women-led SMEs were hit harder.*

The SEIA revealed that almost half of the registered SMEs in Armenia were working in sectors hit harder by the crisis. Interestingly enough, the majority of women-led SMEs were operating in the very sectors impacted by the lockdown restrictions.

<sup>21</sup> Database of the Central Bank of the Republic of Armenia.

<sup>22</sup> Second Review Under Armenia's Stand-By Arrangement and Augments Access to Address the Impact of COVID-19, IMF, 19 May, 2020.

<sup>23</sup> Center for Infectious Disease Research and Policy, "COVID-19: The CIDRAP Viewpoint", 30 April 2020. Accessed at: <https://www.cidrap.umn.edu/covid-19/covid-19-cidrap-viewpoint>

## “ KEY FINDING 2:

In the short-term, SMEs in rural communities showed more resilience against turnover shocks.

The average negative impact on turnover among the respondents was much higher for urban businesses compared to rural ones.

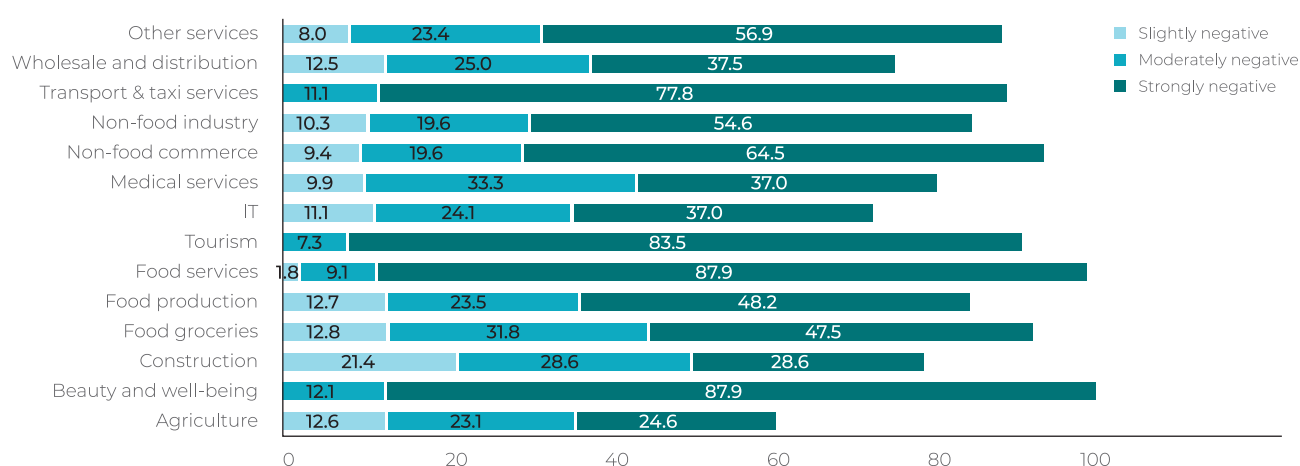
### Observations

The economic crisis due to the spread of COVID-19 considerably hit Armenian SMEs, which employ the most people. More than 82% of the SME survey's 2,052 respondents indicated that they were negatively impacted by the crisis. However, the impact is not evenly distributed. The analysis shows a statistically significant relationship between the magnitude of impact among businesses and their essential characteristics.

in the tourism sector, indirectly contributing to 14.1% of GDP. Thus, the COVID-19 crisis may not only bring a considerable economic decline in the sector but also result in increased social vulnerability for individuals and families relying on income generated directly or indirectly by the tourism sector. Businesses in trade and non-food manufacturing sectors, which comprise more than 40% of the registered businesses in Armenia, are also among the hardest hit.

Agriculture has been relatively less affected. Around 40% of the respondent agricultural businesses remained non-affected or were positively impacted by the crisis. Moreover, the share of respondents from agricultural businesses that reported a strong negative impact is the lowest. This can be explained by the seasonal nature of the Armenian agricultural sector. The survey captured only the immediate impact of the crisis on agriculture, which may worsen during the harvesting and sale

**Figure 2.2** The magnitude of COVID-19's impact on SMEs by activity field, % in sectoral total



Source: SEIA business survey  
Pearson  $\chi^2(84) = 633.07$  Pr = 0.000

The most negatively impacted businesses in the Armenian economy operate in tourism, food service, transport and beauty services. The high magnitude of the impact is conditioned by restricted local and international mobility, disruptions in supply chains and lockdown measures. Although the share of registered SMEs in these sectors is not significant,<sup>24</sup> the negative impact on these sectors, particularly the tourism sector, may have a broader detrimental social and economic impact in the long term. According to WTTC,<sup>25</sup> in 2019 there were 36,900 permanently employed and 137,000 generally employed people

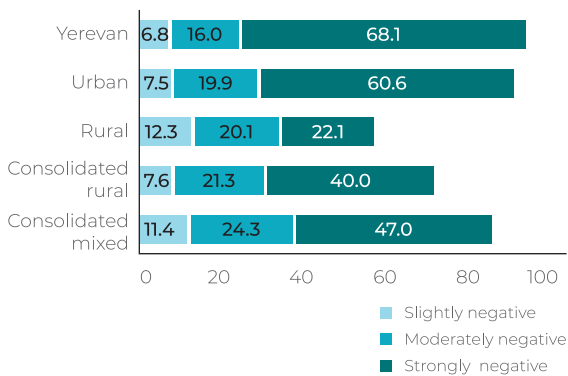
of produce. Besides, the impact on agriculture may be through indirect channels. The return of seasonal work migrants will lower income levels in the rural areas where most agricultural activities are concentrated. This may lead to hurdles for servicing credits resulting in the trade-off between loan repayments and investments in agriculture and eventual decreases in agricultural output in the coming years. Given the considerable share of agriculture in the Armenian economy (11.6% of GDP in 2019), even a slight impact on businesses might cause a significant decline in the overall economy.

<sup>24</sup> Two percent of registered businesses work in tourism and four percent in food services.

<sup>25</sup> World Travel and Tourism Council, "Armenia, 2019 Annual Research: Key Highlights". Accessed at: <https://www.wttc.org/economic-impact/country-analysis/country-data/>

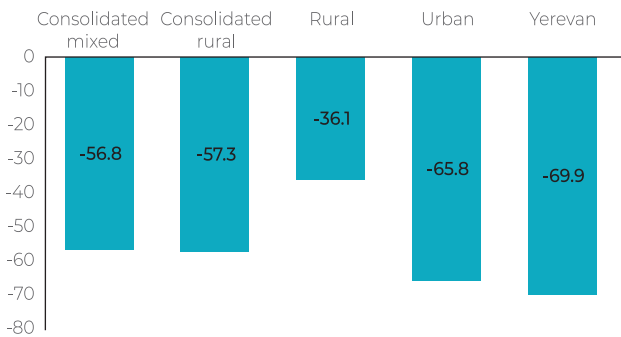
The average negative impact on turnover among the SME respondents from Yerevan (~70%) and other urban areas (~65%) was much higher than in consolidated communities (~57%) and rural communities (~36%). This can partly be explained by the fact that the service sector, which experienced relatively higher turnover loss since the spread of the pandemic, is more concentrated in urban areas, particularly in Yerevan.

**Figure 2.3** The magnitude of COVID-19’s impact on SMEs by community type, % in community total



Source: SEIA business survey  
 Pearson chi2(28) = 222.3 Pr = 0.000

**Figure 2.4** The average negative impact on turnover, % in community total



Source: SEIA business survey

The findings among SME respondents reveal that relatively smaller companies measured by their annual revenue level and the number of employees suffered more than medium-sized enterprises. In addition to business size, we noted a correlation between age and resilience, with the youngest businesses (operating for up to one year) experiencing a stronger negative impact than older, established businesses (see Annex 3, Figure A3.1 and A3.2).

Women-led and men-led businesses in Armenian

communities are also affected differently,<sup>26</sup> with the former group reporting an impact more severe during the initial phases of the crisis. A possible reason is that more women-led businesses operate in hard-hit sectors such as hospitality, beauty and well-being services. Additionally, 75% of the women-led businesses participating in the survey are small-scale with a turnover of less than 24 million AMD. This segment suffered more severely than businesses with a higher annual turnover.

On the other hand, women involved in the agriculture business were reportedly less impacted by the crisis than men. Sixty percent of female farmers reported no effects from the crisis compared to 35% of male farmers. Although the hypothesis testing shows that the relationship between the gender of respondents and impact magnitude is not statistically significant, such a large difference needs further investigation. Differences in impact on men-led and women-led businesses by sector and region are presented in Annex 3, Figure A3.3 and A3.4).

The qualitative research findings point to the fact that COVID-19 harder hit social enterprises run by CSOs supporting home-based non-registered businesses where vulnerable groups of women are engaged (single parents, women with disabilities, women subjected to domestic violence, etc.).

### 2.1.3 Regional outlook of COVID-19’s immediate economic impact

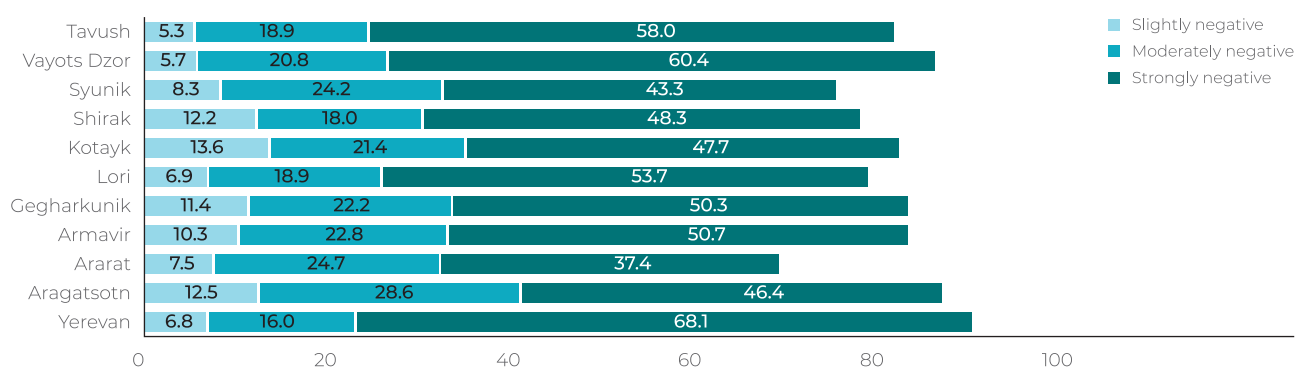
**KEY FINDING 3:**  
 The higher the share of the trade sector in the regional economies, the higher the negative impact of the crisis.

The magnitude of the negative impact was higher in the regions with a larger share of trade.

26 The analysis included only the respondents that provided their names.

**Observation**

**Figure 2.5** The magnitude of COVID-19's impact on respondents by marz, % in regional total



Source: SEIA business survey

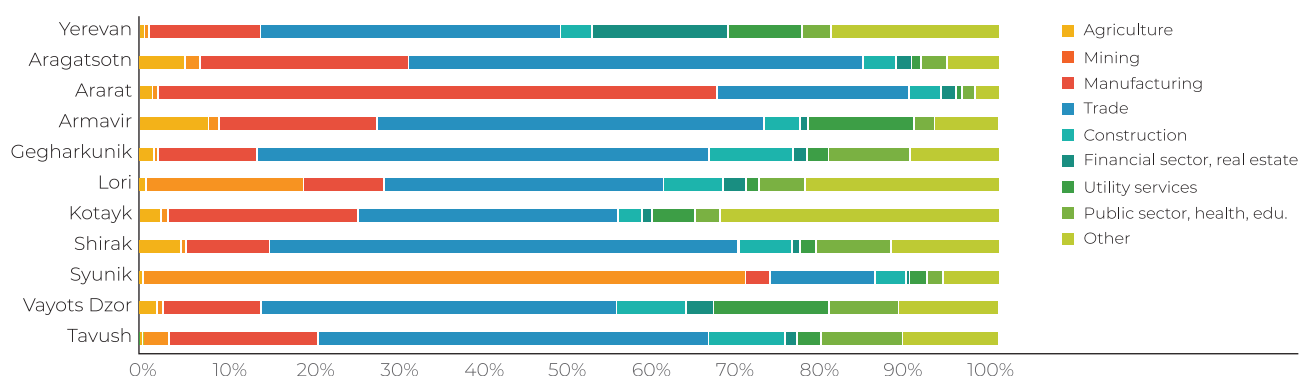
Note: Figure does not include missing values and categories "Don't know," "Prefer not to say."

Pearson  $\chi^2(70) = 161.37$  Pr = 0.000

According to the survey data, businesses across all marzes reported a strong negative impact by the crisis, with the highest shares of respondents being in Yerevan (68%) and Vayots Dzor (60%). The lowest shares were in Ararat (37.4%) and Syunik (43.3%), partly because the economic activity in these two marzes is con-

centrated in the less hard-hit sectors, manufacturing and mining, respectively. Marzes where the trade sector has a higher share in the economic structure were more affected by the crisis (e.g. Yerevan, Vayots Dzor, Tavush, Gegharkunik, Aragatsotn, Armavir).

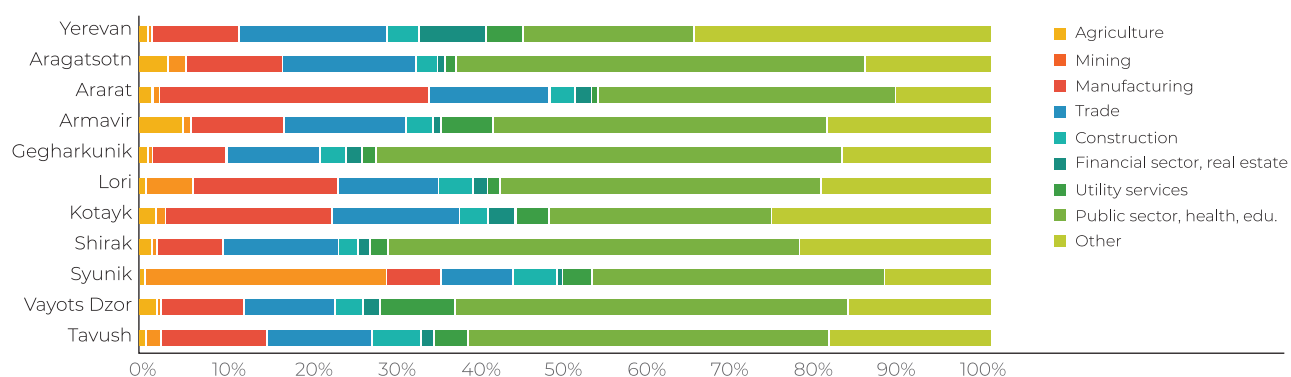
**Figure 2.6** Turnover structure by activity field and marz, million AMD, 2019 annual



Source: State Revenue Committee of the Republic of Armenia

Note: number of active taxpayers

**Figure 2.7** Employment structure by marz, % in regional total, March 2020



Source: State Revenue Committee of the Republic of Armenia

Note: number of active taxpayers



# #1 SUCCESS STORY

**HAMLET GEVORKIAN**  
GYUMRI, SHIRAK

“

HAMLET GEVORKIAN, FOUNDER OF GWOOG GASTROHOUSE IN GYUMRI, QUICKLY ADJUSTED TO NEW RULES OF COVID-19 PANDEMIC AND CREATED A UNIQUE FORM OF HOSPITALITY DURING THESE CHALLENGING TIMES. HAMLET WORKS TOGETHER WITH HIS WIFE ELIZA, WHO HELPS IN THE KITCHEN AND WELCOMES GUESTS. HAVING CUSTOMERS' HEALTH AND SAFETY AS A PRIORITY, HAMLET CURRENTLY HOSTS GUESTS IN "ONE GUEST, AT A TIME" FORMAT. GUESTS CAN BOOK THEIR VISITS BEFOREHAND AND MAKE SURE THEY WILL BE ALONE AT THE GASTROHOUSE WITH THEIR FAMILY, FRIENDS AND THEIR LOVED ONES. IN THE SHORT PERIOD OF TIME GWOOG GASTROHOUSE HAS BECOME ONE OF THE MOST POPULAR PLACES IN GYUMRI, WHERE HOSTS DELIVER ALL NOTES - LOCAL, ORGANIC INGREDIENTS SERVED WITH THE HIGHEST LEVEL OF HOSPITALITY AND CUSTOMER SERVICE. FORBES MENTIONED GWOOG GASTROHOUSE IN THEIR LIST OF MUST GO PLACES IN GYUMRI.



On average, about 40% of employment in all marzes and 35% of payrolls in eight out of 10 marzes<sup>27</sup> are generated in the public, health and educational sectors, which were not significantly impacted by the pandemic. In Ararat 53% of payrolls are concentrated in manufacturing, and in Syunik 70% of payrolls are generated in the mining industry.

The informal employment rate in the agricultural sector is 97.5% of total employment despite comprising 49% of the economic activity in rural areas.<sup>28</sup> This has a major impact on tax revenues and employment data reliance. According to the survey results, rural and consolidated rural communities remain less affected by the COVID-19 crisis compared to urbanised areas and communities—60% and 85%, respectively, reported a negative impact on their businesses. This is presumably due to the relatively higher share of agriculture activities in rural economies.

*The overall vulnerability of the Armenian economy is due to the high concentration of economic activity in Yerevan as well as lower economic diversification in the marzes. The combination of these economic realities not only hampers the development during the economic expansion periods but also increases the socio-economic vulnerabilities during the crises.*

## 2.1.4. Immediate impact of COVID-19 on key dimensions of business operations of SMEs in Armenian communities

### 2.1.4.1 Impact on markets

#### “ KEY FINDING 4:

The COVID-19 crisis resulted in disruptions of operations for most SMEs and an apparent demand shock in the market.

The business activity of 65% of non-agricultural businesses was temporarily shut down. Twenty-three percent of farmer respondents faced difficulties in maintaining their operations due to the lockdown. Eighty-one percent of all respondents experienced decreased demand for their products and services.

#### “ KEY FINDING 5:

Restrictions on mobility and bans on operations both in Armenia and abroad have led to economic and market losses for export-oriented businesses.

Companies engaged in export reported a greater impact on their business and earning potential than SMEs selling their products and services only in local markets.

#### Observation

The lockdown forced companies in selected sectors to shut down for seven weeks.<sup>29</sup> The most vulnerable sectors in this respect were hotels, beauty and well-being and food service, which remained closed the longest, with 90% and 93% of respondents, respectively, reporting temporary shutdowns of their business activities. In addition, the measures imposed by the government have resulted in consumer behaviour changes and reduced purchasing power. Although in all the sectors included in the study decreased demand for products and services was one of the most observed immediate impacts, its magnitude differs by activity field. The challenges created by decreased demand were more common for respondents in the following sectors: IT<sup>30</sup> (97%), beauty and well-being (93%), non-food trade and commerce (91%), food production (87%) and non-food industry (86%). Interestingly, decreased demand imposed relatively less challenges for the tourism sector, as it could be expected. Only 72% of respondents have reported that declining demand has created challenges for their business activities after the outbreak of COVID-19. One reason can be that during the lockdown domestic tourism was still in demand. Agriculture is the sector least affected by decreased demand. Only 68% of farmer respondents have experienced challenges from declining demand.

The magnitude of the impact varies by main sales market. Companies which target mainly export markets were hit the hardest. According to the survey results, 83% of export companies and 92% of companies operating both in local and foreign markets of non-agricultural products and services were negatively affected by the crisis, with 68% and 80%, respectively, mentioning a strong negative impact. Outsourcing IT companies and tourism businesses

27 Excluding Ararat, Syunik and Yerevan.

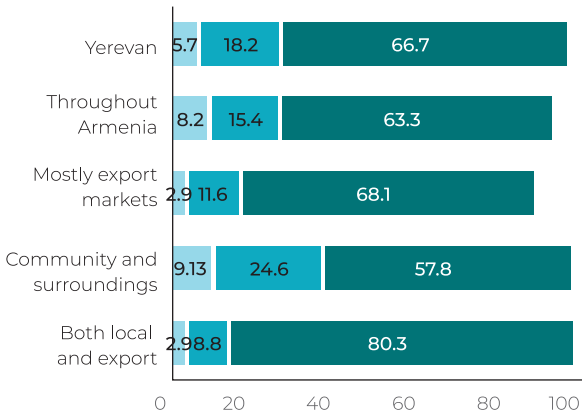
28 Statistical Committee of the Republic of Armenia Labour Market Report.

29 The state of emergency in Armenia was declared on March 16. Restrictions on economic activity in most sectors were revealed on 4 May.

30 The study did not include large IT companies.

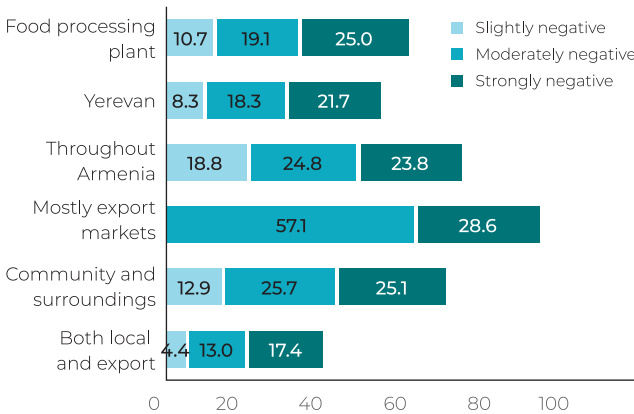
focusing on international visitors reported the highest negative impact. The results are similar in the agricultural sector. As the crisis affected the most globalized sectors (see Figure 2.8 and Figure 2.9), companies engaging in international trade became the most vulnerable.

**Figure 2.8** The magnitude of the impact of COVID-19 in the non-agricultural sectors by sales markets, % of total sales markets



Source: SEIA business survey  
Pearson chi2(35) = 201.0 Pr = 0.000

**Figure 2.9** The magnitude of the impact of COVID-19 in the agricultural sector by sales markets, % of total sales markets



Source: SEIA business survey  
Pearson chi2(36) = 42.8 Pr = 0.202

**2.1.4.2. Impact on employment**

**KEY FINDING 6:**

Job reductions in SMEs have impacted women more than men.

The highest staff changes are observed in sectors that historically employ more women than men: beauty and well-being, tourism and food services. The impact is greater in urban areas.

**KEY FINDING 7:**

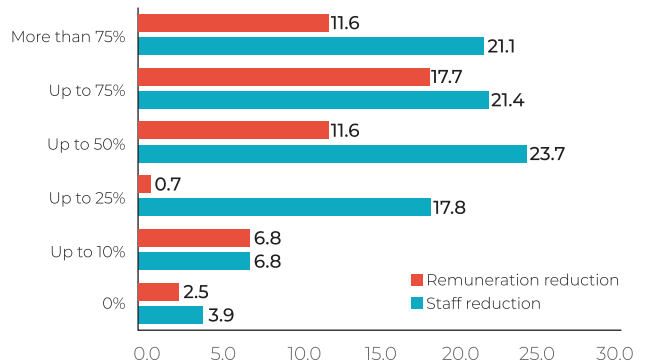
Global travel restrictions have increased the labour supply in Armenia, thus putting additional pressure on the labour market.

Returning migrant workers and the lack of opportunity to travel abroad for seasonal work have intensified the competition in the local labour market.

**Observation**

The containment measures and reduced consumer demand have created liquidity difficulties for SMEs. Immediate measures taken by companies to mitigate this issue include staff-related changes to ease the burden of paying salaries. The survey results show that 24% of the respondent companies introduced some kind of staff change, including staff cuts (laid-off employees, cut temporary employees, unpaid leave), reduction in working hours and pay cuts. Around 73.7% of these businesses reported staff reductions.

**Figure 2.10.** Staff changes in respondent companies by share of women employees



Source: SEIA business survey  
Pearson chi2(11) = 110.67 Pr = 0.000

Sectors that were temporarily forced to shut down introduced the most staff changes: beauty and well-being (33% of respondents), tourism (41% of respondents) and food services (43% of respondents). However, staff changes were done mostly through staff reductions in the tourism and food services sectors and pay cuts in the beauty and well-being sector. This can be explained by an anticipated relatively longer recovery period in tourism and food service as opposed to the beauty and well-being sector.

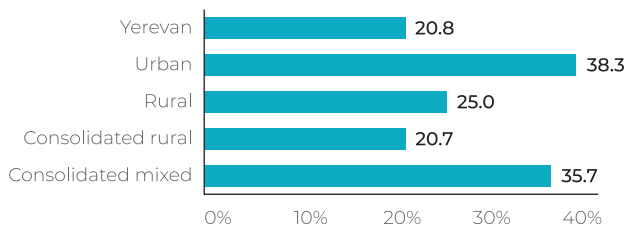
The sectors in which staff changes were relatively higher traditionally employ more women than men. According to the survey results, among the companies that have made staff changes, the ones with

higher shares of female employees (50% and more) have the highest share of staff change (72.6% of respondents). More than 72% of these changes were done through staff reductions and almost 45% with pay cuts. Staff changes in surveyed companies by share of female employees are presented in Annex 3, Figure A3.5.

As the rural areas are mostly involved in agriculture, which shows greater resilience to the crisis, staff changes in these communities were the lowest. SMEs in urban areas and Yerevan in particular introduced staff changes to a greater extent. The share was higher amongst SMEs with a larger share of female employees (57.4%). More than 42% of these changes were done through staff reductions and almost 30% with pay cuts.

Due to the pandemic many short-term migrant workers have returned to Armenia or were not able to travel back to their host countries after the winter season. This led to an oversupply in the labour market, especially in the construction sector. Thirty percent of survey respondents observed an increase in the labour supply in their communities, which may result in a slight decrease in labour costs. The highest impact was observed in urban and consolidated mixed communities (see Annex 3, Figure A3.6 and Figure A3.7).

**Figure 2.11.** Impact of return migration on the labour market according to respondents by community type, % of community total



Source: SEIA business survey  
Pearson chi2(4) = 40.1 Pr = 0.000

The Armenian economy is highly dependent on remittances mainly generated by labour migration and the Armenian diaspora. However, a considerable share of respondents (40%) argued that there has been or may be a substantial negative impact on the level of remittances in the months to come. The belief is that the longer the borders remain closed, the harder the impact will be.

Given the fact that the current crisis is caused by a pandemic, health-related issues among the

employees to some extent impact regular business operations. However, only ~3% of business respondents noted that the absence of employees caused by health related-issues or care of family members posed challenges for their business operations in May and June 2020.

### 2.1.4.3 Impact on logistics

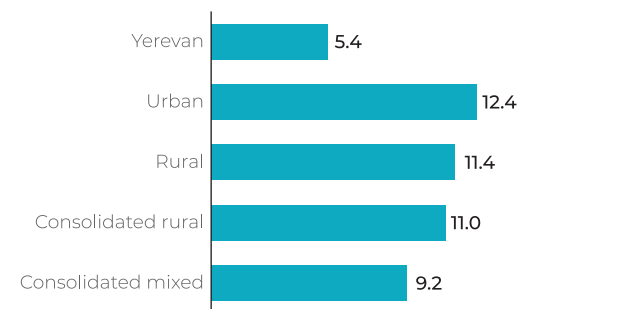
#### “ KEY FINDING 8:

Travel restrictions imposed logistical challenges for some SMEs.

At least 1 in 10 surveyed businesses (excluding agriculture) experienced challenges related to the supply of goods and inputs.

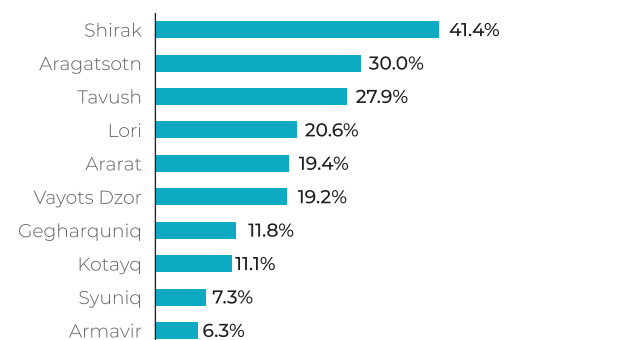
#### Observation

**Figure 2.12.** Supply chain disruptions according to respondents by community type, % of community total



Note: Agricultural sector is excluded.  
Source: SEIA business survey  
Pearson chi2(8) = 19.54 Pr = 0.012

**Figure 2.13.** Supply chain disruptions in agricultural sector according to respondents by regions, % of regional total



Source: SEIA business survey  
Pearson chi2(9) = 20.3 Pr = 0.016

Generally, businesses in Armenian communities have not reported significant issues with supply chain disruptions. The short lockdown in Armenia has also played an important role in this. Interestingly, in urban areas, except Yerevan, supply chain disruptions were more frequent compared to rural areas. **Businesses operating in Yerevan encountered almost twice fewer challenges with supply chains than urban and rural areas in the marzes.** Supply chain challenges were greater for business respondents from Aragatsotn and Shirak marzes, 23% and 19% of non-agricultural respondents, respectively.

In urban and consolidated communities, businesses faced challenges caused by disruptions in public transport. Employees experienced difficulties in reaching their workplaces. Only 6.3% of business respondents (agricultural sector excluded) have experienced challenges caused by disruptions in public transport. However, mobility was more significant in consolidated communities with urban centres (see Annex 3, Figure A3.8).

Supply chain challenges facing farmers were related to the accessibility of inputs, such as seeds, fertilizers and veterinary products. Almost 20% of respondents involved in the agricultural sector experienced such challenges. The proportion of farmers having difficulties in accessing inputs was much higher in Aragatsotn (30% of farmer respondents) and Shirak (41% of farmer respondents) than in other marzes. Interestingly, challenges were mostly related to the access of inputs from local rather than foreign markets. Almost twice as many respondent farmers experienced difficulties with accessing inputs from local markets (15%) than from abroad (7.5%).

**2.1.4.4 Impact on business continuity**

**“ KEY FINDING 9:**

**During the lockdown, most SMEs temporary ceased their operations.**

Business activities of almost 65% of the surveyed businesses were temporarily shut down during the lockdown imposed by the government.

**“ KEY FINDING 10:**

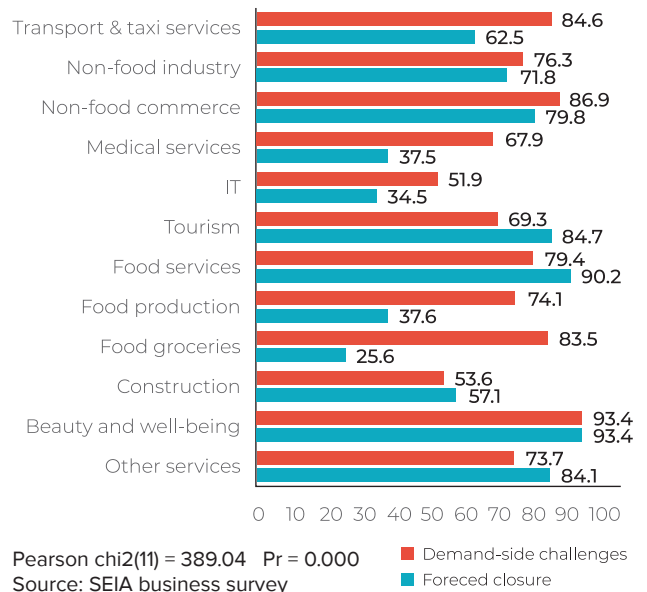
**Most SMEs face difficulties taking new loans while experiencing liquidity problems.**

Short-term challenges for SMEs were mostly related

to liquidity issues. Trade and manufacturing SMEs were already over-leveraged before the pandemic, and they were unable to take on more debt to respond to the economic downturn.

**Observation**

**Figure 2.14** Temporary forced shutdown and demand-side challenges by activity field, % of sectoral total



As the COVID-19 pandemic progressed, businesses encountered challenges related to the temporary forced shutdown. Challenges were particularly observed in service sectors where physical interactions with customers are high, namely food service, beauty and well-being. The lockdown created less challenges in food-related industries, such as agribusinesses, food producing businesses and food groceries. Around 54.5% of respondents encountered both supply-side and demand-side issues during the lockdown (see Annex 3, Figure A3.9).

All these challenges that businesses faced conditioned by external factors have created both short-term and long-term difficulties for business continuity. Most short-term challenges were related to the difficulties in paying suppliers, bills and employees. Small companies were more challenged by the lack of cash than larger ones. Similarly, companies with lower revenue levels encountered more challenges with liquidity. The reasons are because larger companies often keep working capital levels higher and have cash reserves (cash buffers) for mitigating liquidity-related risks, while smaller companies have relatively limited capacities for counteracting such risks.

# #2 SUCCESS STORY

**ASTGH NADIRYAN**

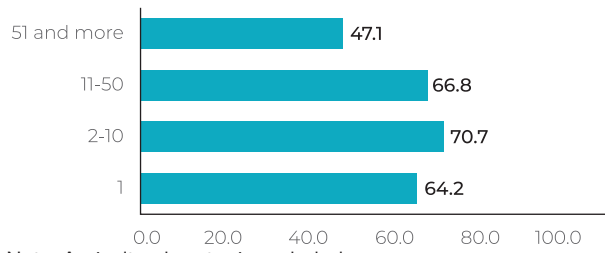
CERTIFIED BABY SLEEP CONSULTANT



“

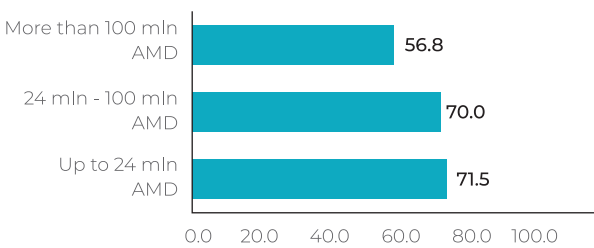
ASTGH IS THE FIRST CERTIFIED BABY SLEEP CONSULTANT IN ARMENIA. SHE IS A MOTHER AND SHE DID NOT LOSE HERSELF DURING THE OUTBREAK. ASTGH IMMEDIATELY STARTED ONLINE Q&A SESSIONS, WEBINARS WITH HER +6K FOLLOWERS ON SOCIAL NETWORKS AND HAS ORGANIZED INDIVIDUAL SLEEPING CALENDARS FOR BABIES. CURRENTLY ASTGH WORKS FROM BERLIN, TRYING TO COMBINE JOB AND FAMILY DURING THE QUARANTINE.

**Figure 2.15.** Liquidity problems by a number of employees, % of corresponding group total



Note: Agricultural sector is excluded.  
 Pearson chi2(4) = 14.29 Pr = 0.006  
 Source: SEIA business survey

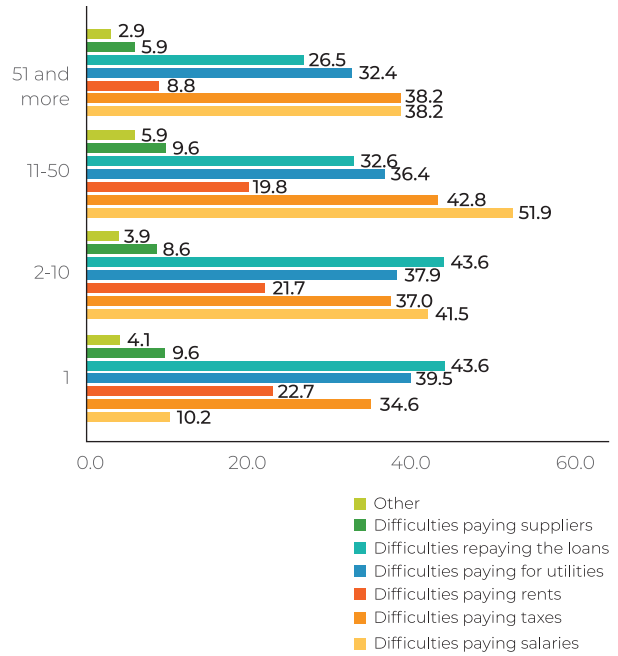
**Figure 2.16.** Liquidity problems by turnover, % of corresponding group total



Note: Agricultural sector is excluded.  
 Pearson chi2(3) = 21.56 Pr = 0.000  
 Source: SEIA business survey

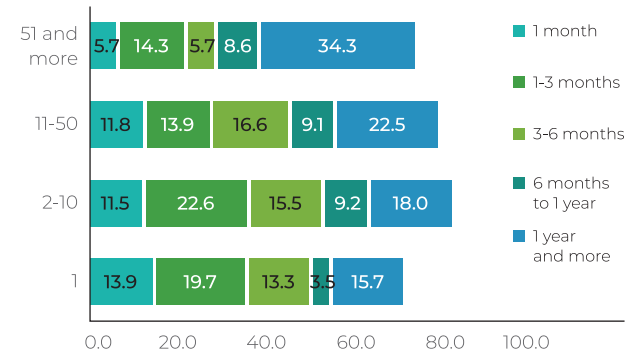
Liquidity problems hampered the ability of these businesses to pay salaries and utility services and repay loans. If liquidity issues persist businesses operations may be hindered. According to the survey results, around 56% of businesses responded that they may survive for up to one year if the crisis continues to evolve. At the time the survey was taken, about 1% of the business respondents had already or were planning to file for bankruptcy. This percentage may increase if liquidity problems persist.

**Figure 2.17.** Difficulties faced by respondent companies by number of employees, % of corresponding group total



Note: Agricultural sector is excluded.  
 Source: SEIA business survey

**Figure 2.18.** Expectations for the respondent company's survival period, by number of employees, % of corresponding group total

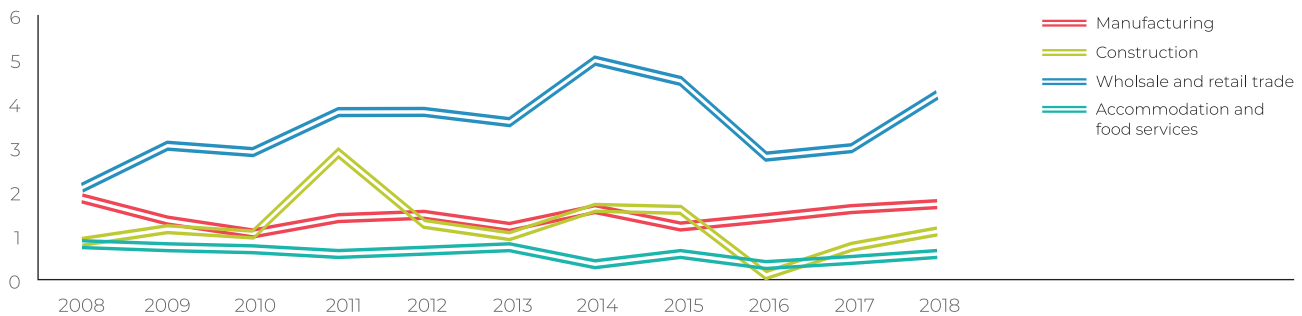


Note: Agricultural sector is excluded.  
 Source: SEIA business survey

According to the bank liabilities to assets ratio, businesses in some sectors are already over-leveraged (see Figure 3.28). This ratio is especially high in the manufacturing and domestic trade sectors, while it has remained steady in the accommodation and food services sectors. Official historical data shows that the debt ratio has a declining tendency during crisis times (i.e. 2009-2010, 2015-2016). Thus most businesses cannot afford to take new credits to compensate for shrinking demand. Moreover, banks may consider them as over-leveraged and risky for new credits.

All in all, the mechanism for subsidizing interests may not be efficient in assisting businesses during the crisis. Moreover, in many cases acquisition of new debt will be used as a refinancing measure.

**Figure 2.19.** Debt to fix assets ratio by industries, 2018



Source: Statistical Committee of the Republic of Armenia

Investment projects were cancelled or deferred mostly in tourism and food service sectors. This is worrisome, given the importance of these sectors in communities and for vulnerable social groups. However, the relationship is not statistically significant.

The socio-economic impact of deferred or cancelled investment projects may be much higher since their proportion is relatively higher in the urban (14%) and consolidated mixed (9.5%) communities of the marzes. Given the economic and social vulnerability in rural communities, the loss of investments may have an amplifying effect.

The economic crisis that emerged from the spread of COVID-19 has considerably impacted the SME sector of the Armenian economy, resulting in a chain of economic and social vulnerabilities. Starting as a supply-side shock, the crisis hit

high labour sectors such as tourism, catering, retail and services (all employing mostly women), which are significantly dependent on transportation. The immediate supply-side shock caused by the pandemic resulted in demand-side shock and short-term liquidity issues. Estimations of many companies and entrepreneurs show that their businesses will survive for up to one year if restrictions related to mobility and economic activities persist.<sup>31</sup>

31 This finding reflects the perceptions of respondents for the period of the survey (May-June, 2020). Since then the situation has changed.

## 2.2. Immediate Social Impact of COVID-19

The immediate social impact of the COVID-19 crisis is assessed for important dimensions of social life, namely health, education, income and social capital. Findings from the household survey are complemented by the findings coming out of discussions with regional and community stakeholders to better underline the existing dependencies and linkages in the system.

### 2.2.1. Impact on health

#### “ KEY FINDING 11.

The spread of the coronavirus and correlated economic hardships impacted the health of people living in Armenia more than the actual impact on people suffering from COVID-19.

The findings from the household survey suggest that 40% of respondents experienced mental and/or emotional health issues after COVID-19 began to spread. Correlations between job and income insecurity and mental health are noted across the country.

#### “ KEY FINDING 12.

While the capacities of the health care system in Armenia were strengthened during the pandemic, the need exists to consider expanding decentralization and other factors to make health services agile and accessible for everyone during crises.

Overall, the efforts of the Government and health care system workers during the COVID-19 crisis resulted in the continuity of provided services. Some improvements in services were also mentioned during the regional meetings and household survey. However, household survey respondents who actually used health services during the pandemic have had a lower opinion on the quality of service that those who did not. At the same time, due to the shrinking number of community health facilities people are increasingly concerned about the agility and accessibility of health services during crises.

#### “ KEY FINDING 13.

Increased pressure on health facilities stretched the capacities of health care providers in the capital.

The spread of the coronavirus put increased pressure on Yerevan’s health care system. Most COVID-19 patients seek health care in Yerevan, where the main specialized hospitals are located. This dynamic might change in the coming months when new treatment centres will start operating in the marzes.

#### “ KEY FINDING 14.

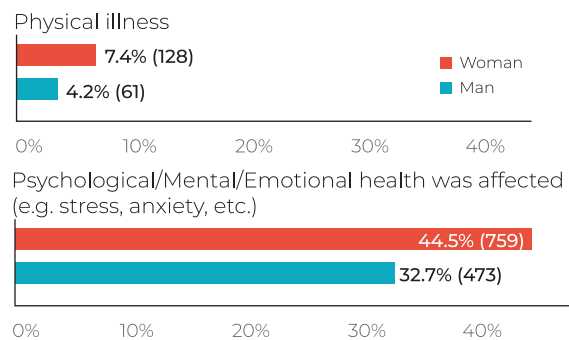
Despite some improvements, women in rural areas still face difficulties in accessing health care services.

A larger share of women than men, 7.4% and 4.2%, respectively, reported that as a result of circumstances due to COVID-19 they had experienced physical illness. Approximately 44.5% of women and 32.7% of men said that their mental and/or emotional health (e.g. stress, anxiety, etc.) had been affected. Issues with access to women-specific health care support were identified as well, although a very low number of women answered the related question. Hence, this issue was cross-examined through complementary quantitative research. Also, more than 7% of women household survey respondents in Aragatsotn, Ararat and Tavush reported facing difficulties in accessing gynaecological services.

#### Observation

The analysis of physical, mental and emotional health issues is very important when taking into account the possible long-term impact of the pandemic on health. It is interesting to note that 40% of household survey respondents highlighted that their physiological and emotional health was affected, while only 6% mentioned experiencing physical health problems.

**Figure 2.20** Experiencing health issues as a result of Covid-19 for men and women



Source: SEIA household survey

\* Chi-Squared P-value 2e-04, 0

\*\* Only showing 'yes' category.

\*\*\* Note: N = 3174, 3150

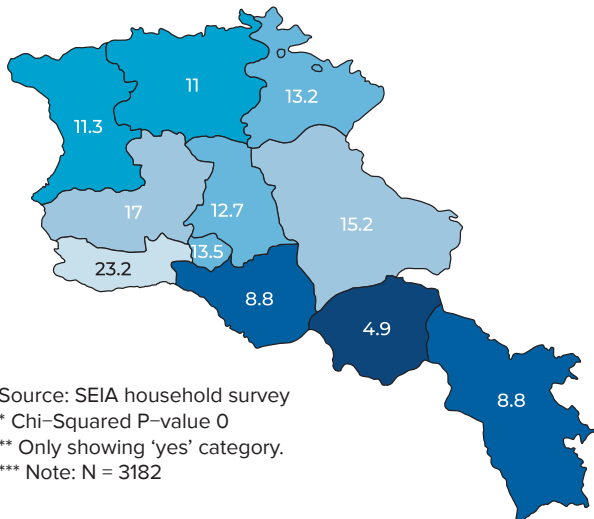
\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'



The general health of the population differs significantly across the country. Armavir is the most affected region in terms of physical illness, where more than 20% of the respondents indicated that they or their family members had experienced physical illness since the beginning of the pandemic. A high percentage of respondents from Aragatsotn, Armavir and Ararat reported psychological and emotional issues. Interestingly enough, the participants of the regional assessments in these three marzes highlighted deficiencies in the provision of social support services in their communities.

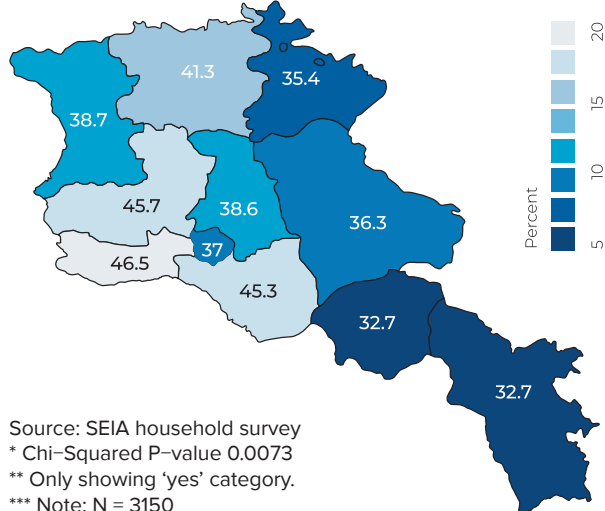
**Figure 2.21** Experiencing health issues as a result of Covid-19 across marzes and Yerevan city.

Physical illness and/or illness of a family/household member



Source: SEIA household survey  
 \* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 3182

Psychological/Mental/Emotional health was affected (e.g. stress, anxiety, etc.)



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0073  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 3150

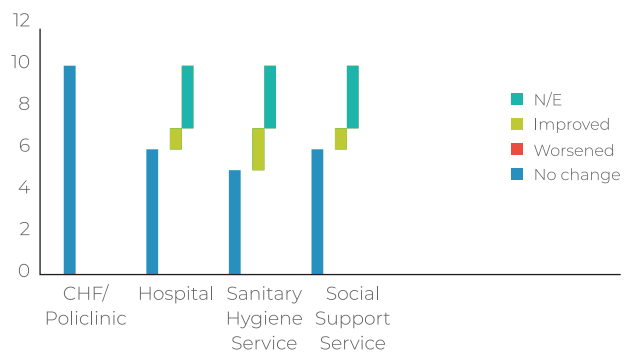
According to the results, **more people in stand-alone rural and urban community clusters** (around 45% of surveyed respondents) **suffered** psychologically than those in consolidated clusters and in Yere-

van (32-37% of respondents of these clusters) (see Annex 4, Figure A4.1).

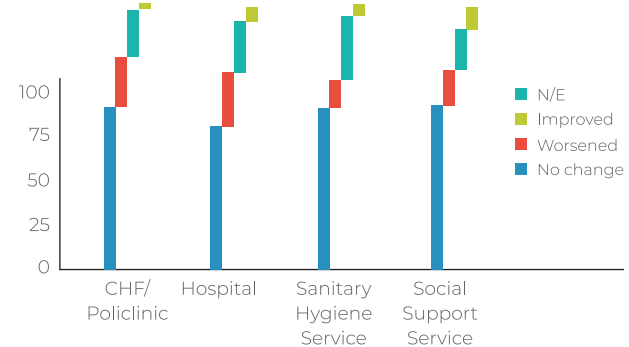
**More single retirees, recipients of state social benefits and persons with disabilities** reported physical illness, while more **refugees, large families and single retirees** experienced psychological stress (see Annex 4, Figure A4.2). In all sub-groups, more women reported physical illness and psychological stress than men.

Due to the worsened health situation during the pandemic health service capacities must be increased. Most participants of the regional surveys in Aragatsotn, Ararat and Kotayk highlighted the lack of health facilities in rural communities.

**Figure.2.22.** Change in services during March-June in ten regions of Armenia



**Figure.2.23.** Change in services during March-June in Yerevan

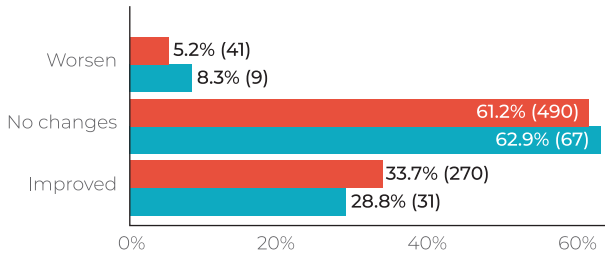


The situation in Yerevan is not all that different. However, some respondents highlighted **negative developments in service provision by hospitals and polyclinics** during the pandemic. That may be due to the increased demand for health facilities in Yerevan. These problems raised the concerns of people who felt the growing threats from the expanding pandemic. Overstretched medical centres in Yerevan were not able to provide other regular medical services, and some non-urgent surgeries and treatments were postponed.

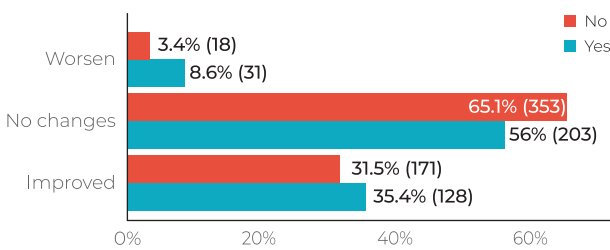
While some positive developments in health care ser-

vices were observed by the respondents overall (see Annex 4, Figure A4.3), those who experienced physical and emotional health issues did not assess the quality of community medical services as favourably as those who did not experience any kind of illness.

**Figure.2.24** Satisfaction about medical services among those who experienced physical and emotional issues  
Physical illness and/or illness of a family/ household member



Psychological/Mental/Emotional health was affected (e.g. stress, anxiety, etc.)



Source: SEIA household survey  
\* Chi-Squared P-value 0.2954, 7e-04  
\*\*\* Note: N = 909, 904  
\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

Most women respondents who needed access to gynaecological and obstetric care services did not face difficulties. In some marzes women reported some or major difficulties in accessing such services. In Ararat, Tavush and Aragatsotn, more than 7% of women respondents had problems accessing gynaecological and obstetric care services (see Annex 4, Figure A4.4). The main barriers were transportation shortages, the closure of main roads and fear of becoming infected. Specifically, pregnant women, pregnant women living with HIV/AIDS and women with disabilities undergoing treatment were affected.

It is important to note that many women respondents refused to answer this question during the survey. Moreover, the **qualitative research findings identify the challenges that women have faced in protecting their rights to access sexual and reproductive health care services.**

### Insights from qualitative assessment

**People living with HIV/AIDS encountered problems with getting their medications.** Those living outside Yerevan experienced problems with accessing treatment in Yerevan due to restrictions of movement set by the lockdown. To prevent health complications relevant NGOs ensured that these individuals living throughout Armenia received their medications.<sup>32</sup>

**Persons with disabilities encountered additional challenges.** People driving their own wheelchairs while wearing a face mask had difficulties breathing. Those in need of additional assistance and care could not keep physical distance from their care providers. Persons with hearing problems were deprived of information about COVID-19 and related support programs. Men and women with disabilities undergoing rehabilitation were deprived of it during the lockdown, which caused health complications.

### 2.2.2. Impact on educational services

#### “ KEY FINDING 15.

The Armenian educational system suffered a lot during the pandemic.

Despite state and community efforts to transition to digital service provision modalities, the lack of ICT infrastructure and equipment prevented many children in both urban and rural areas from participating in online sessions. Limited access to computers and the Internet created a new digital divide across both urban and rural communities.<sup>33</sup> Online studies demanded more time from parents to support their children’s education.

#### “ KEY FINDING 16.

Pre-school and childcare facilities registered significant loses in quality.

Household survey participants in the marzes highlighted a drop in the quality of services in kindergartens, while in Yerevan major issues were identified in schools, colleges and Higher Education Institutions (HEIs).

32 Woman’s Fund Armenia, “Կանայք կորոնավիրուսի առաջնագծում. հասարակական ոլորտի կին գործիչները և նրանց նոր առօրյան, մաս 2” (in Armenian), 4 May 2020. Accessed at: <https://wp.me/paDkXj-cZ>  
33 Caucasus Barometer survey conducted by CRRC Armenia in 2019. Accessed at: <https://caucasusbarometer.org/en/downloads/>

## Observation

According to a recent UN discussion paper on COVID-19 and social protection in Europe and Central Asia, the shutting of schools and childcare facilities places additional burdens on women whose responsibilities in caring for children and family members, including sick family members, increased. As a result women have less time to engage in economic activities.<sup>34</sup>

Overall, around 80% of surveyed respondents mentioned that schools were closed or lesson times were reduced because of the pandemic. Distance learning issues are more critical in **rural areas than in Yerevan and other urban communities** (see Annex 5, Figure A5.1). According to the Caucasus Barometer survey (2019), Internet usage is significantly lower in rural areas at 44% compared to 66% in Yerevan (see Annex 5, Figure A5.2). While young people actively use the Internet and gadgets, Armenia's senior population rarely uses the Internet (about 10% of survey respondents).

**Kindergartens and schools** in rural areas were not able to keep up with the initial quality of services according to survey findings. Survey respondents highlighted negative developments in kindergartens. Despite some anecdotes on creative solutions for online kindergartens in Syunik and other marzes, the overall decline of services was noticeable throughout the country. Vocational Education and Training colleges and HEIs were not functioning in the regions during the pandemic.

## 2.2.3. Impact on income

### “ KEY FINDING 17.

The spread of the coronavirus significantly impacted the incomes of households.

The lockdown and job cuts in the SME sector seriously affected sources of income for community households. About 10% of the survey respondents, including both women and men, reported having lower incomes due to job losses during the first couple of months of the pandemic. If the negative trends in the local economy continue and jobs cuts persist, poverty levels throughout the country will be severely impacted.

### “ KEY FINDING 18.

The magnitude of the impact is defined by the pre-crisis structure of household sources of income.

The effect of the pandemic on the main sources of income of households differs across marzes and community clusters.

### “ KEY FINDING 19.

Shrinking labour migration severely impacted income security and levels of rural households.

The majority of households in rural communities that have received income from labour migration in the past reported income losses after the spread of the pandemic.

<sup>34</sup> United National Regional Coordination Mechanism Europe and Central Asia; United Nations Sustainable Development Group Europe and Central Asia, “COVID-19 and Social Protection in Europe and Central Asia”, 2020. Accessed at: <https://www.social-protection.org/gimi/ShowResource.action?id=56790>



# #3 SUCCESS STORY

**MHER  
MELIKSETYAN**

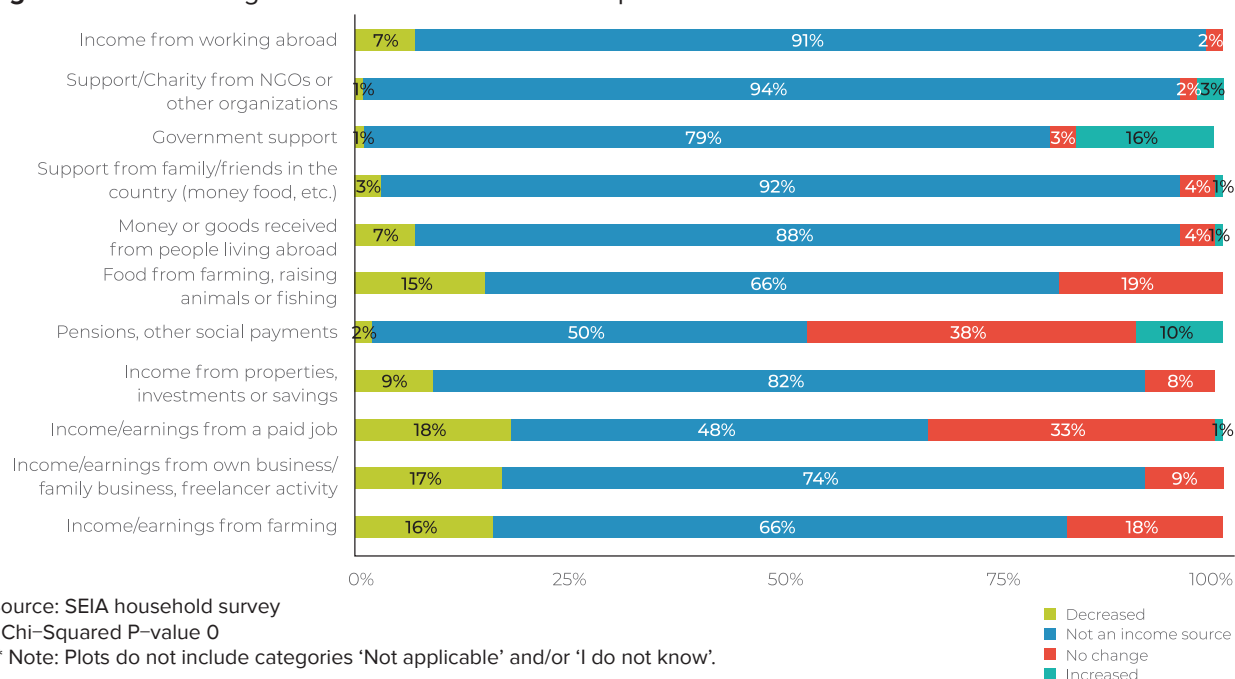
HOVK VILLAGE, TAVUSH

“

STONE LAKE IS A HUMAN-CREATED ARTIFICIAL LAKE, WHICH IS LOCATED ON THE SLOPE OF THE HOVK VILLAGE, TAVUSH REGION. TODAY STONE LAKE IS BEING OPERATED BY MHER, WHO OVERSEES BOOTHS AND FOOD THAT IS SERVED TO THE GUESTS. THANKS TO THE FACT THAT IT IS AN OPEN-AIR LOCATION, MHER HAS SUCCESSFULLY MANAGED TO MAKE THE PARK MORE POPULAR AND A SAFE LOCATION FOR ITS GUESTS DURING THE COVID-19. MHER HAS PLACED BOOTHS AT A VERY SAFE DISTANCE FROM EACH OTHER AND HAS TAKEN SANITARY COURSES ON RESTAURANT BUSINESS MANAGEMENT TO ENSURE FULL SAFETY AND WELL-BEING OF HIS CUSTOMERS. THESE DAYS STONE LAKE IS ALMOST FULL AND IS ONLY SLIGHTLY IMPACTED BY THE CORONAVIRUS PANDEMIC.

## Observation

**Figure 2.25.** The change of income sources since the spread of COVID-19



The results of the household survey confirmed the statistical data on the main sources of income in Armenia: paid jobs (for 52% of households), pensions and other social payments (for 50% of households) and income from farming (for 34% of households). Paid jobs and farming as **main income sources suffered** the most during the pandemic, thus creating serious stress and social pressure on households. The data in Yerevan indicated significant decreases in income from properties, investments or savings. This fact may increase the pressure on Armenia's financial and banking system.

**Rapidly increasing unemployment has a greater impact on women and youth.**

### “ KEY FINDING 20.

There is generally a sharp decline in labour demand in Armenia.

More than one-third of household survey respondents reported either losing their jobs or experiencing a significant cut in working hours or volume of work. The situation applied equally to men and women. These developments increase pressure on local labour markets and social support systems in the regions. The International Labour Organization (ILO) estimates that the impact is more severe than in Europe and Central Asia

working hours will decline by 11.8% for the second quarter of 2020 compared to the last pre-crisis quarter (the last quarter of 2019)<sup>35</sup>. Survey results show a much higher negative impact in Armenia in comparison to other countries in the region, reaching 24% for both men and women.

### “ KEY FINDING 21.

More young people have lost their jobs than other age groups.

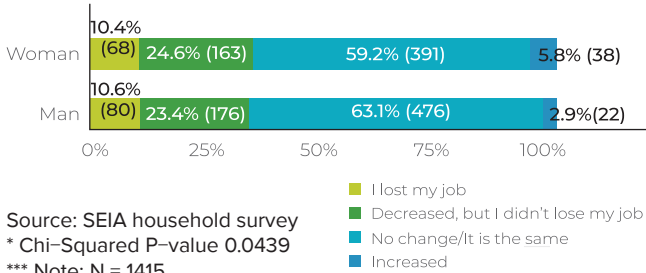
Every third young employed person (aged 18 to 24) reported having lost their job since the spread of COVID-19. This rate was three times less across all respondents. About 39% of young employed men and 23% of young employed women respondents recently lost jobs or requested to take a leave.

## Observation

Lack of experience and the oversupply of a young labour force in the market contribute to this phenomenon. Another factor could be a higher share of women in health, education and agricultural sectors, which suffered less from job cuts. While the SEIA has revealed alarming facts about youth unemployment, this topic needs further data collection and analysis.

35 Ibid.

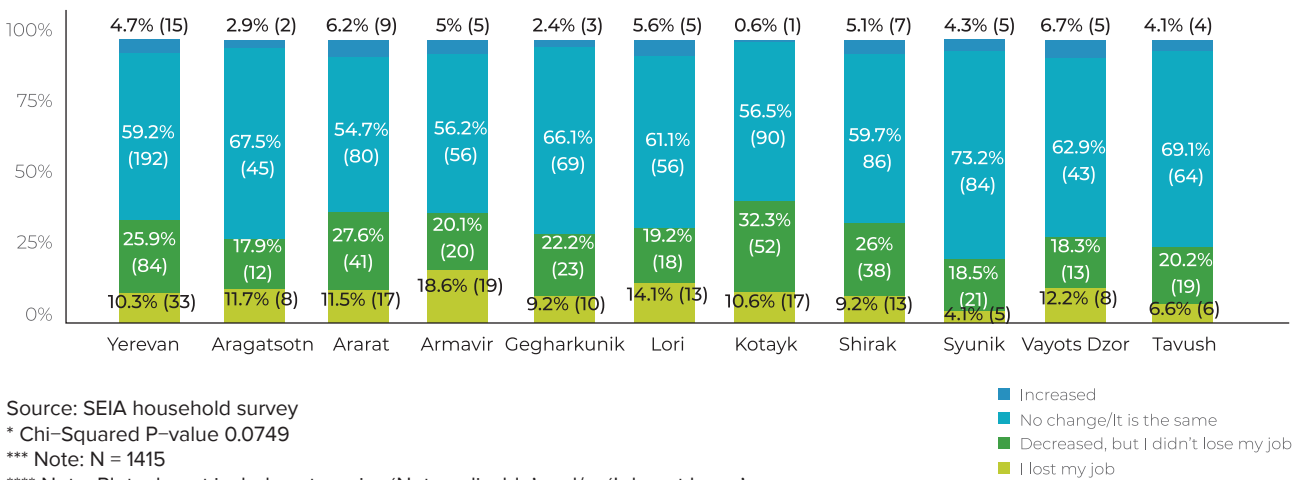
**Figure 2.26:** The change of work activity since the spread of COVID-19 by gender



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0439  
 \*\*\* Note: N = 1415  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

According to the survey, the shrinking labour market differs regionally in Armenia. The highest level of job losses was reported in Armavir at 19%, while the lowest was in Syunik at 4%.

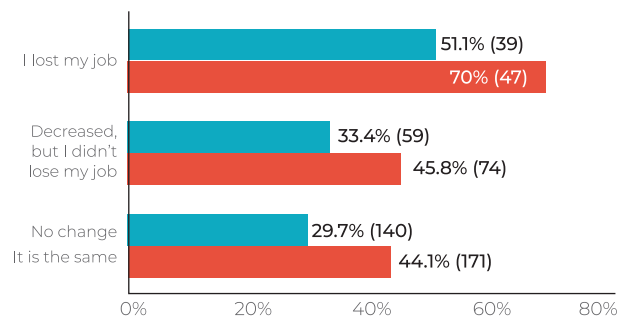
**Figure 2.27:** The change of work activity since the spread of COVID-19 by marzes



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0749  
 \*\*\* Note: N = 1415  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

The findings indicate a strong correlation between the level of emotional and psychological stress that people experience and employment and income insecurity.

**Figure 2.28.** Proportion of respondents, who experienced emotional issues depending on the employment change and gender.



Source: SEIA household survey  
 \* Only showing 'yes' category.  
 \*\* Chi-Squared P-value 0,032, 0,027, 0.  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

According to UN estimates, 10% of Armenian households are dependent on remittances from abroad and more than 80% of survey respondents highlighted cuts in transfers. Only 36% of surveyed households experiencing a decrease in income from abroad benefited from government assistance packages.

**Informal (non-registered) businesses are excluded from support programs.**

**KEY FINDING 22.**

Informal (non-registered) businesses greatly suffered during the pandemic.

**Observation**

About 6% of household survey respondents mentioned that they own their businesses. Approximately 36% of men and 20% of women respondents reported that their businesses were not registered officially (see Annex 6, Figure A6.1). This indicator can be used as a proxy for the share of **informal economy**; however, it should be interpreted carefully as in the current survey more than 60% of businesses mentioned by respondents are one-person or micro-business entities. Most of them suffered significantly, with about 60% of entities cutting their operations and 25% stopping them completely. This finding holds true for both men-owned and women-owned businesses. The share of registered businesses that received support from the government (52%) is two times higher than the support received by non-registered businesses (27%) (see Annex 6, Figure A6.2). This data is in line with the findings presented in the UN report on

the impact of COVID-19 in Europe and Central Asia, namely that many self-employed workers, workers in non-standard employment and workers in the informal economy are insufficiently covered or not covered at all by social protection programs.<sup>36</sup>

### 2.2.4. Impact on social roles in households and communities

#### “ KEY FINDING 23.

During the lockdown, both men and women took on new responsibilities in the family.

Due to the lockdown restrictions people were spending more time on household chores and teaching, caring and instructing children, which may have caused additional stress on both men and women.

#### “ KEY FINDING 24.

The spread of COVID-19 increased the workload and household responsibilities for women.

#### “ KEY FINDING 25.

A higher percentage of young people provided support to their community than other age groups.

Younger people (aged 18 to 24) reported being more involved in community life and civil activities than other age groups. The engagement of people in community activities is significantly lower in older age groups.

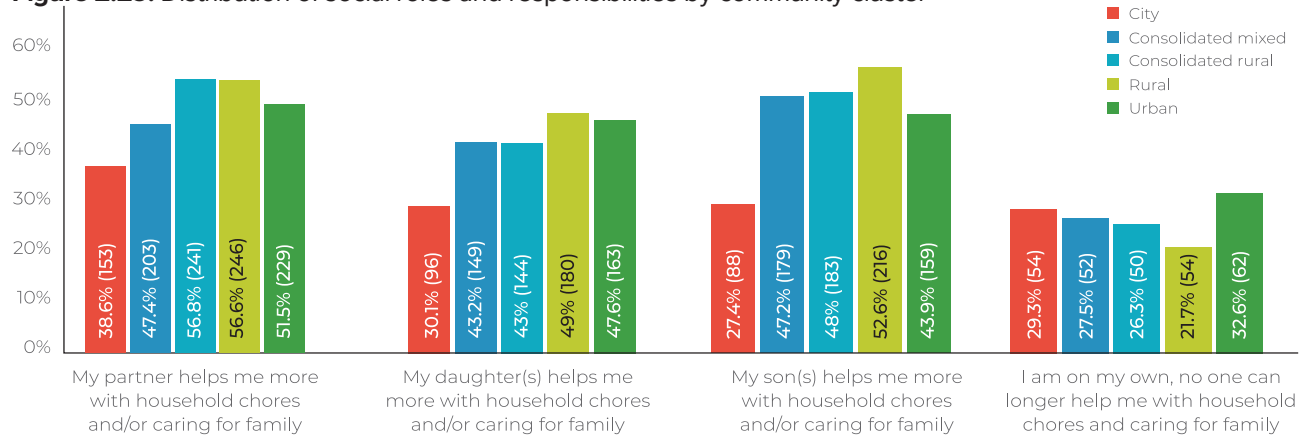
#### “ KEY FINDING 26.

There is an awareness gap in local communities on potential sources of support against domestic violence.

About half of surveyed respondents are unaware of sources of support in cases of domestic violence.

#### Observation

Figure 2.29. Distribution of social roles and responsibilities by community cluster



Source: SEIA household survey  
 \* Chi-Squared P-value 0, 0, 0, 0.1357  
 \*\* Only showing 'yes' category.

\*\*\* Note: N = 2130, 1709, 1855, 1003

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

A higher percentage of women devoted more time to household activities, such as cooking, cleaning, household management and shopping, than men after the COVID-19 outbreak as reported in the households survey. The qualitative assessment revealed that time spent by women on care for elderly, sick and disabled adults also increased.

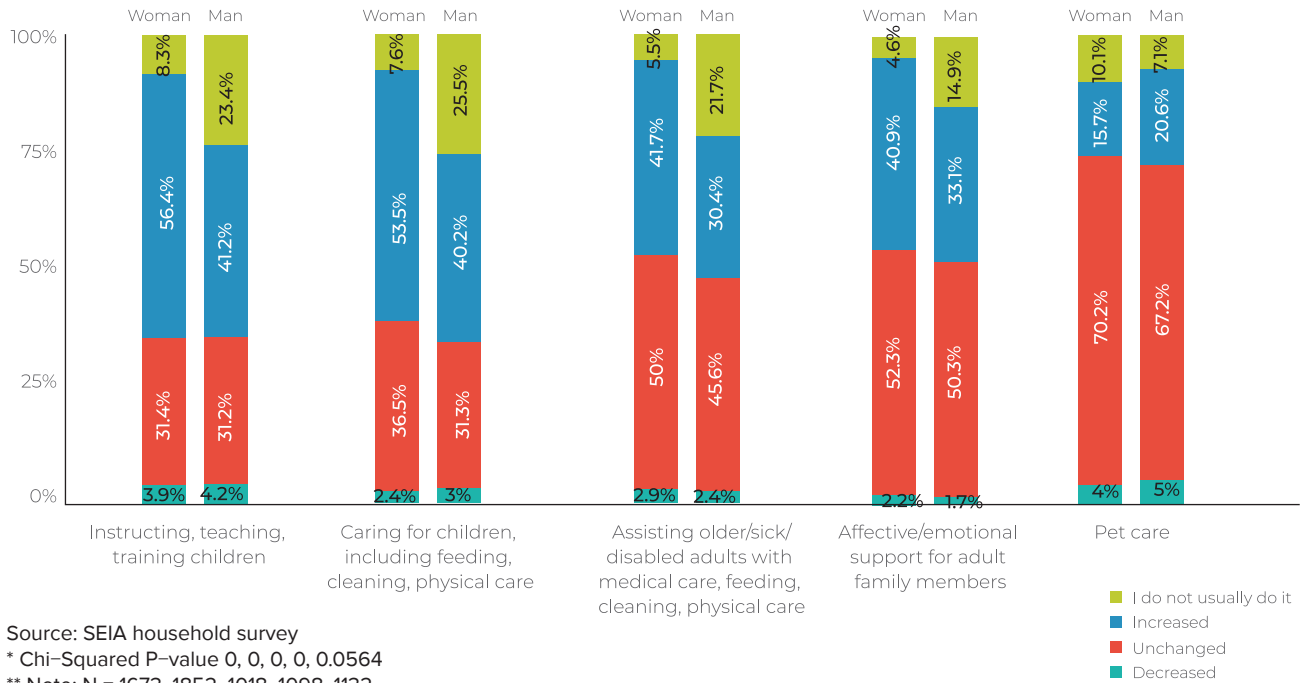
Significant differences were observed in the change of social status of people within community clusters. More families in rural communities provided mutual support to family members than families in towns and Yerevan. Overall, after the COVID-19 outbreak women devoted significantly more time to household activities, such as cooking, cleaning, household management and shopping, than men (see Annex 7, Figure

36 Ibid.

A7.1). This is apparent both in Yerevan and other urban areas (see Annex 7, Figure A7.2). **However, both men and women reported that they are spending more**

**time on caring for, teaching and playing with children and/or caring for and providing emotional support to adult family members.**

**Figure 2.30.** Distribution of time spending on different activities by gender

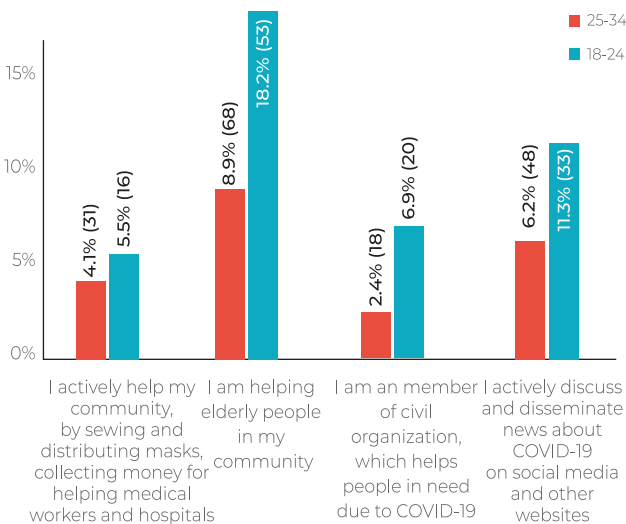


Source: SEIA household survey  
 \* Chi-Squared P-value 0, 0, 0, 0, 0.0564  
 \*\* Note: N = 1673, 1852, 1018, 1098, 1132  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**About 15% of young men and 8% of young women aged 18 to 24 reported being engaged in helping older persons in the community after the spread of COVID-19.** However, the percentage of people aged 25 to 34 engaged in community activities is significantly lower.

More analysis of civic activism across community clusters is presented in Annex 7, Figure A7.3.

**Figure 2.31.** Civic activism by age groups

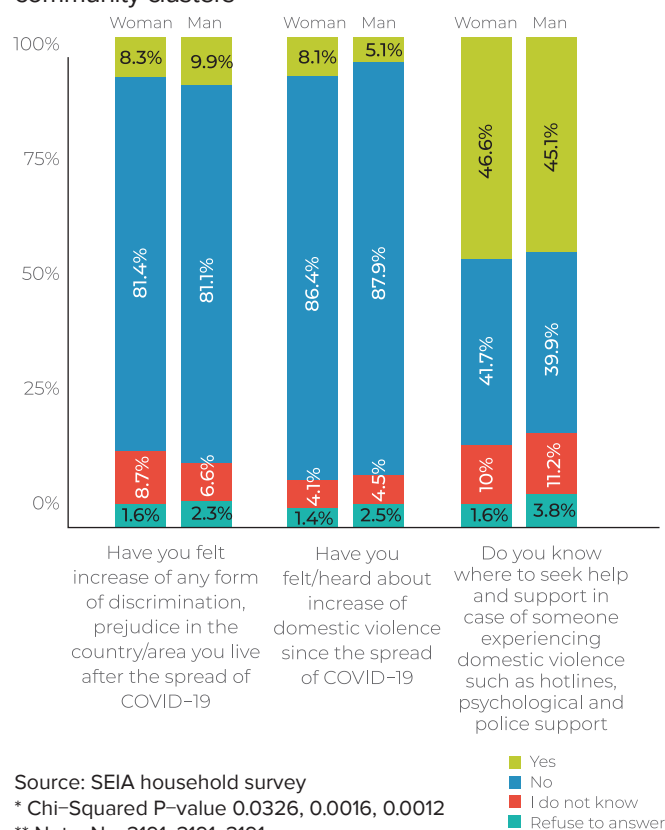


Source: SEIA household survey  
 \* Chi-Squared P-value 0.5255, 0.0006, 0.2811, 0.6053  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 1061, 1061, 1061, 1061  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**About 8% of women stated that they had felt or heard about an increase in cases of domestic violence during the pandemic, compared to 5% of men (see Annex 7, Figure A7.4).** Around half of the respondents did not know where to seek help and support for cases of domestic violence. More respondents in Yerevan than those in urban communities reported that they had heard about cases of domestic violence or that they had felt an increase of discrimination and prejudice since the spread of COVID-19. However, no significant difference was seen between women and men.



**Figure 2.32.** Domestic violence and discrimination by community clusters



Source: SEIA household survey

\* Chi-Squared P-value 0.0326, 0.0016, 0.0012

\*\* Note: N = 3191, 3191, 3191

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

## Gender Dimensions of the Immediate Impact of COVID-19

The COVID-19 pandemic globally affected health care and the socio-economic well-being of women and men differently. The pandemic is likely to exacerbate discrimination against women and increase the burden of unpaid domestic work and caretaking on them. According to data, in some countries the pandemic has led to a higher incidence of and a less effective response to different forms of gender-based violence. The ILO expects that 25 million jobs could be lost worldwide as a result of COVID-19. The ILO has warned that women will be disproportionately affected by the job crisis since women tend to be over-represented in low-paid jobs and affected sectors.<sup>37</sup> The UN Women-led Rapid Gender Assessment has been rolled out in 16 countries/territories in Europe and Central Asia. Analysis of the data collected in 10 of these coun-

tries shows that the pandemic has impacted women and men differently.<sup>38</sup>

Both quantitative survey and qualitative research results were used to illustrate the gender dimension of the SEIA assessment (detailed in the Methodology section). Below are some key insights from the qualitative assessment that was performed with the participation of representatives from 20 civil society organizations (CSOs) that focus on gender-related issues.

**Insight 1: CSOs saw a lack of mechanisms and multi-stakeholder consultative processes as part of the response to the COVID-19 pandemic.** Inclusion of civil society is important to fully take into account possible implications of crisis on vulnerable groups (e.g. victims of domestic violence, persons with disabilities, minorities). Frontline workers (especially in health and social sectors), most of whom are women, are essential for planning and making decisions in response to a crisis. In this regard, the UN Policy Brief<sup>39</sup> points to the importance of ensuring the equal representation of women in all COVID-19 response planning and decision making, as evidence shows that policies established without the involvement of women are less effective and can even do harm.

**Insight 2: Women community leaders are voluntarily engaged in response measures to the COVID-19 crisis.** Local women councillors<sup>40</sup> actively promoted the decisions of the Commandant among their community members and facilitated the distribution of protective hygiene supplies and food. Their leadership and ability to respond effectively to the immediate needs of the community may bring them political dividends in the next local elections and potentially lead to the increased representation and voice of women in local decision-making.

**Insight 3: Women working in educational institutions, health and social services, frontline services and the manufacturing industry are at higher risk of physical and mental stress.** Most employees in these spheres are women, and with the rapid spread of the pandemic women face more pressure and higher workloads. They also have to quickly adapt to life changes, such as online schooling, preven-

37 International Labour Organization, "Almost 25 Million Jobs Could Be Lost Worldwide as a Result of COVID-19, Says ILO", 18 March 2020. Accessed at: [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_738742/lang-en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_738742/lang-en/index.htm)

38 UN Women Series: Women at the forefront of COVID-19 response in Europe and Central Asia, "The Impact of Covid-19 on Women's and Men's Lives and Livelihoods in Europe and Central Asia: Preliminary Results from a Rapid Gender Assessment".

39 UN, "Policy Brief: The Impact of COVID-19 on Women", 9 April 2020. Accessed at: <https://www.unwomen.org/-/media/headquarters/attachments/sections/library/publications/2020/policy-brief-the-impact-of-covid-19-on-women-en.pdf?la=en&vs=1406>

40 womennet

tive measures and new medical and social services along with performing household and child-care duties. According to anecdotal evidence, several health workers left their jobs due to high physical and psychological pressure and emotional burnout. Women are also at risk working in the manufacturing sector due to cramped working conditions, inadequate air conditioning, close proximity to fellow employees and so forth. As a result many women have gotten infected during several large outbreaks in textile companies.

**Insight 4: According to the household survey results, since the spread of COVID-19, 8.5% of women and 5.4% of men had heard about an increase in domestic violence. CSOs and the Human Rights Defender's office reported a 30% increase in cases in March and a 50% increase in June.**<sup>41</sup> Moreover, only around half of respondents know where to seek help and support in cases of domestic violence. This indicates a lack of awareness and information about domestic violence and about the rights of persons subjected to domestic violence in Armenia. CSOs mentioned that movement restrictions, the loss of income, self-isolation and the high level of stress and anxiety increased the threat of potential physical, psychological and sexual violence against women and children, particularly children who face a higher risk of being subjected to domestic violence.<sup>42</sup> Women and girls with disabilities are twice as vulnerable.

A number of issues were reported by CSOs regarding support to victims of domestic violence:

- **Provision of psychological online assistance was less secure and effective.** Often women searching for psychological assistance did not use online support, especially those who were looking for this service for the first time. In most cases CSO psychologists organized support measures offline at CSO premises while maintaining all precautionary measures against COVID-19. Women with disabilities who generally have limited access to means of communication and have restricted movement, women who have been frequently subjected to violence by their partners, and women victims and survivors of domestic violence with limited economic resources are more vulnerable.

- CSOs hosting **shelters** for victims of domestic violence reported a lack of space for new victims who have to comply with a mandatory 14 day-long quarantine. Additional challenges facing women and children included lack of transportation to COVID-19 facilities and unsafe testing measures in place due to a lack of resources and external support. **Women subjected to domestic violence encountered additional challenges in seeking state-sponsored social assistance.** For example, one women's husband had obtained loans on her behalf and he was unable to repay the loans in instalments. As a result, the Compulsory Enforcement Service had frozen her bank accounts and she was denied access to social benefits or other types of financial assistance. In some cases, the divorce process was put on hold due to restrictions caused by the state of emergency, and some women were thus restricted from applying to certain assistance programs targeting single parents.

41 Artak Khulyan, "Domestic Violence Cases in Armenia Increased During Quarantine (in Armenian)", Azatutyun, 18 April 2020. Accessed at: <https://www.azatutyun.am/a/30563169.html>

42 Unicef, "Children at Increased Risk of Harm Online During Global COVID-19 Pandemic", 14 April 2020. Accessed at: <https://www.unicef.org/press-releases/children-increased-risk-harm-online-during-global-covid-19-pandemic>

## 2.3. Impact of the COVID-19 Crisis on Community Services

Some key findings were revealed with regional stakeholders in the 10 marzes and in Yerevan, which are discussed in health and education sections of the SEIA. Below are key findings identified in other services discussed during these meetings.

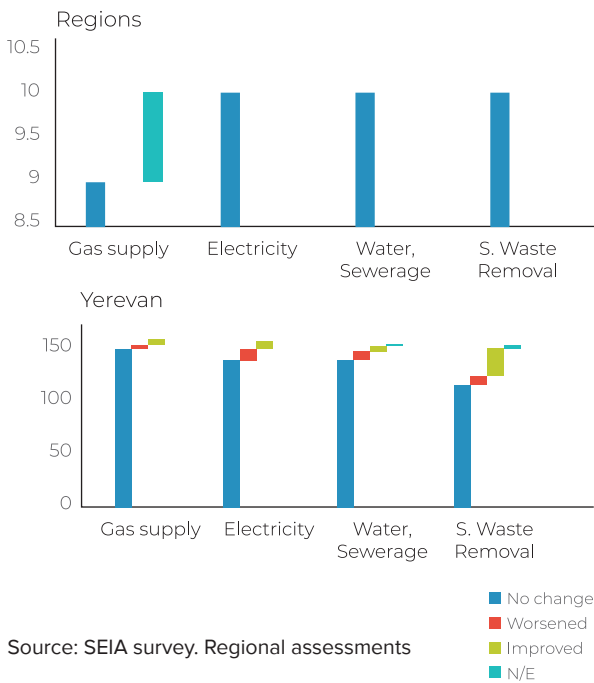
### 2.3.1 Impact on Provision of Utilities

#### “ KEY FINDING 27.

No major changes in the provision of utilities during the crisis reported by the participants of the survey.

This statement is true for all regions and Yerevan. However, it does not mean that the provision of services is of a satisfactory level. The pre-crisis problems in the regions and Yerevan remain unchanged and problems with potable water and sewerage, and garbage removal in some regions are likely to deepen the negative impact on health and sanitation in communities (see figure 2.33).

Figure 2.33. Change in services during March-June



Source: SEIA survey. Regional assessments

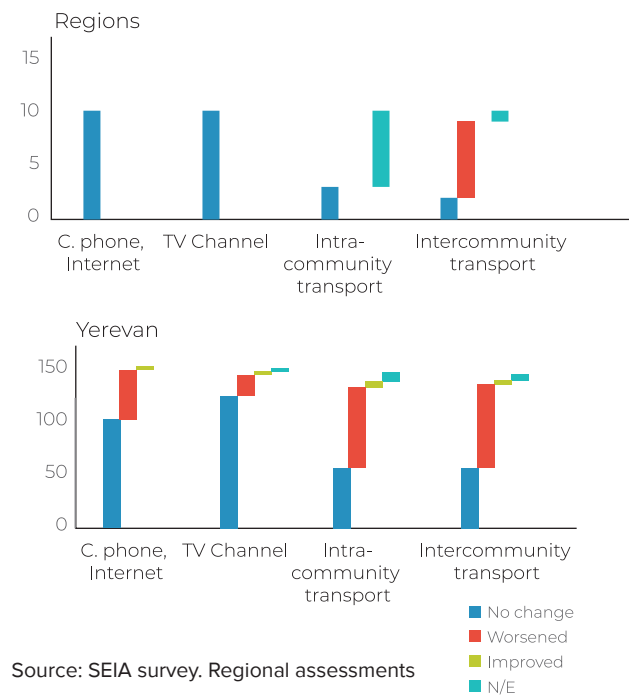
### 2.3.2. Impact on Communication and Transport

#### “ KEY FINDING 28.

Provision of transportation services worsened during the pandemic.

This is relevant for both intra-community and inter-community transport services. Some **communities in the regions were completely cut off** from regular transportation and people were not able to plan their daily activities outside the community. It also increases their worries about the health service provision in case of critical situations. Lack of reliable transportation is an obvious source of a **chain of negative effects** in the economic and social life of the regions and the capital city of Yerevan.

Figure 2.34. Change in services during March-June



Source: SEIA survey. Regional assessments

### 2.3.3. Impact on Emergency Services

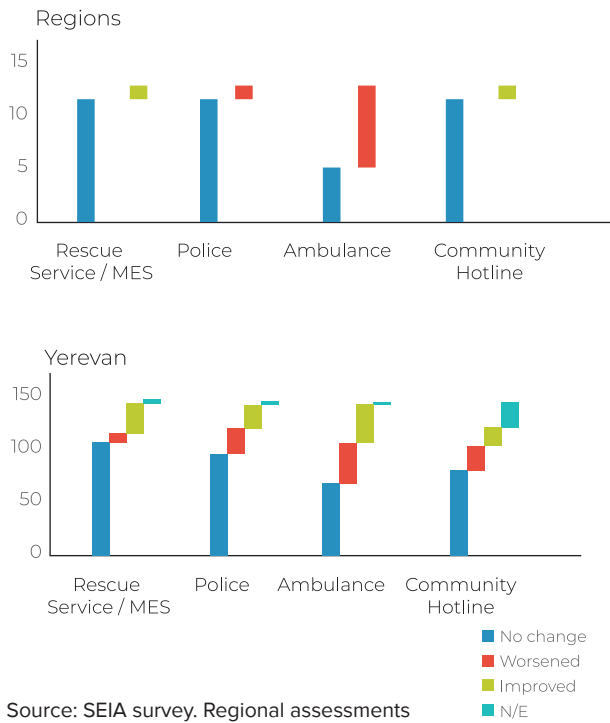
#### “ KEY FINDING 29.

There was a negative perception of ambulance services in Yerevan.

Service providers did not acknowledge a major impact in emergency services being offered. However, positive improvements were noticed for ambu-

lance services in the marzes. This discrepancy can be explained by the fact that during the pandemic ambulance cars were asked to always use sirens, even when there was no emergency. Some media reports claimed that some ambulance services lacked personnel and drivers.

**Figure 2.35.** Change in services during March-June



Source: SEIA survey. Regional assessments

## 2.4. Emerging Economic and Social Vulnerabilities and Effectiveness of Governmental Support

### 2.4.1. Emerging Economic Vulnerabilities of Local Businesses

#### “ KEY FINDING 30:

SMEs in Armenian communities are mostly pessimistic about future developments in the economy.

Despite negative expectations on future economic development trends in Armenia many respondents believe that the recovery period for their businesses will take less than six months.

#### “ KEY FINDING 31:

In their process of recovery, SMEs will need the most support in addressing liquidity issues, promoting local demand and obtaining financing.

The main challenges for businesses in their recovery period will be demand contraction and liquidity issues. Taken into account the high level of debt among businesses, the non-loan financial instruments and tax deductions and holidays are the most demanded forms of assistance. These findings hold true for farmers as well.

#### “ KEY FINDING 32:

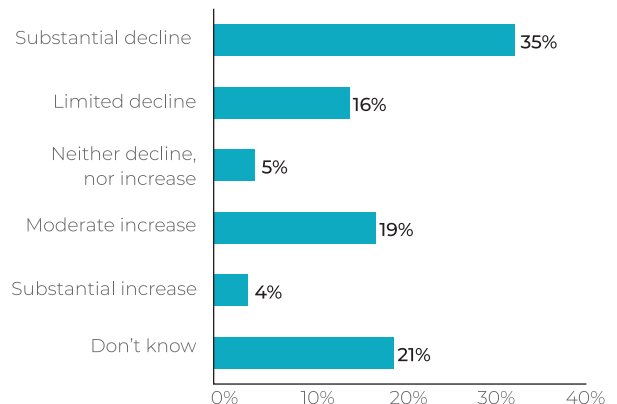
The majority of SMEs expect support from the government to overcome the crisis.

Most SMEs rely on governmental support and mainly expect tax deductions or subsidies.

#### Observation

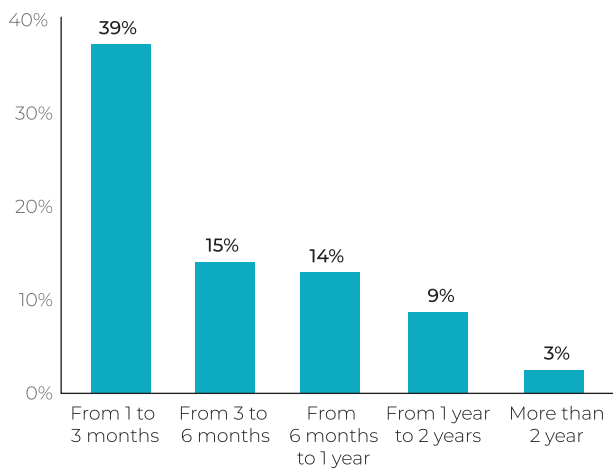
Adaptation to the new reality requires close collaboration between the public and private sectors as well as all supporting institutions. Targeted support measures for the most vulnerable sectors, business areas and social groups may help mitigate the crisis’s impact, overcome them and even take advantage of new opportunities. This requires a close examination of the expectations of economic agents to meet the challenges and needs for support, which might help the design of efficient and effective recovery policies.

**Figure 2.36:** Perceptions of respondents on economic development for the coming one to two years



Source: SEIA business survey

**Figure 2.37:** Expected survival period among the respondents



Source: SEIA business survey

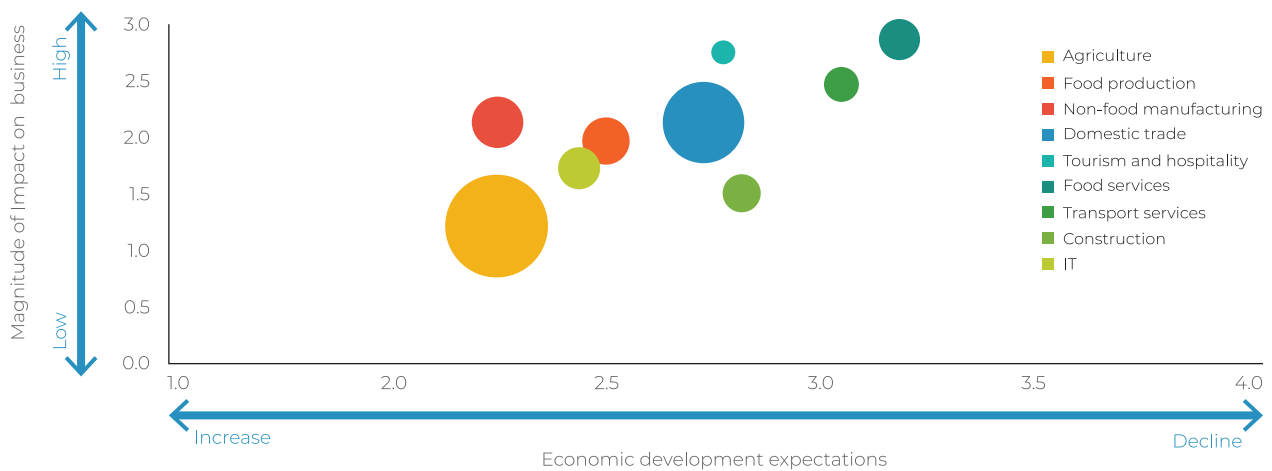
What differentiates the COVID-19 crisis is its **unpredictable nature**. **Uncertainty** makes the forecasting and planning for both businesses and policymakers even more difficult. However, the perceptions of economic agents tell a lot about their expectations upon

which their future decisions will be made. According to the survey results, **35% of the surveyed businesses expect that there will be a substantial decline** in the economy in the upcoming one to two years. This indicates that businesses do not have high expectations and their perceptions will influence their business decisions.

On the other hand, perceptions of business respondents in their recovery period is much more positive. About 39% of respondents expect that their businesses will recover in one to three months. However, 26% of the respondents believe that the recovery may take longer than six months.

According to the study results, there is a positive correlation between the magnitude of a negative impact and pessimistic expectations on economic development. In food services, tourism and hospitality and transport sectors, businesses experiencing severe negative impact have the most pessimistic expectations about the future. On the contrary, in agriculture and IT sectors, businesses that suffered less from the crisis are relatively more optimistic.

**Figure 2.38:** Economic expectations by negative impact magnitude



Source: SEIA business survey, State Revenue Committee of the Republic of Armenia

Note: Impact – Economic expectations (Bubble size – employment)

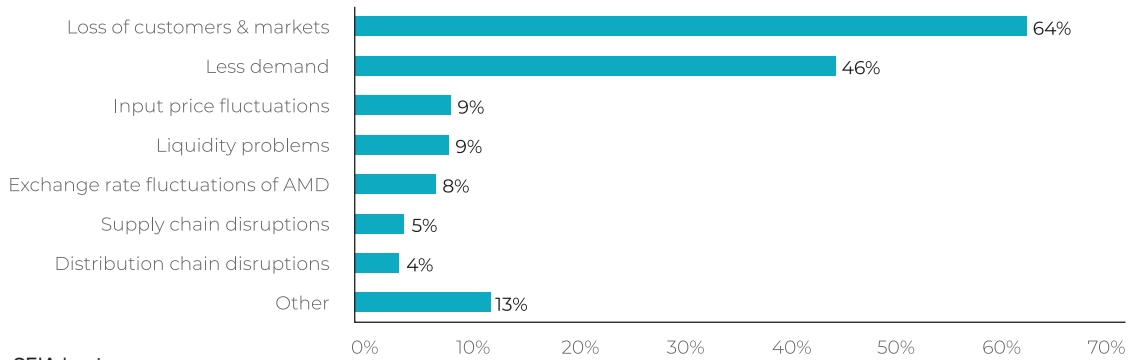
Negative impact: 0 – not affected, 1 – slight negative, 2 – moderate negative, 3 – strong negative

Economic expectations: 1 - Moderate increase, 2 - Neither increase nor decline, 3 - Moderate decline, 4 - Substantial decline

Some sectors are more vulnerable in the long-term than others. Specifically, for the tourism and hospitality sector, which experienced the greatest decline in turnover, the recovery period is expected to be longer as well. On the contrary, in the food services sector, which is also adversely affected by the crisis, the recovery period is expected to be much shorter.<sup>43</sup>

43 Additional details about sectoral vulnerability are presented in Annex 8.

**Figure 2.39.** Main challenges for businesses in their recovery periods



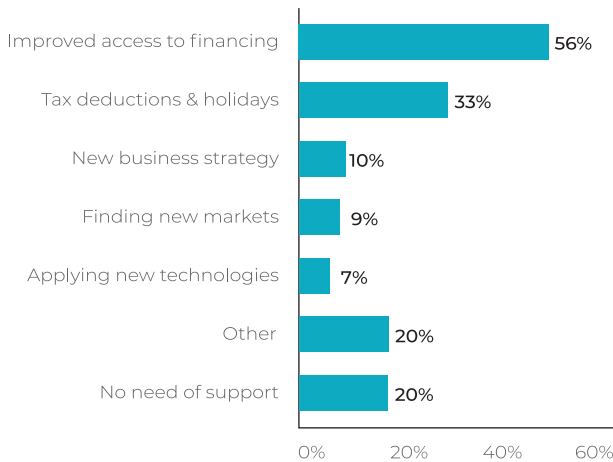
Source: SEIA business survey

Given the restrictions on physical mobility and interactions, the main challenges that businesses expect to encounter are related to less demand. In some cases, the products or services will become less demanded, while in other cases the sales markets and customers are still inaccessible.

In the recovery period, supply and distribution chain disruptions are expected to be challenging for businesses. This holds especially true for export-oriented businesses, which are heavily dependent on international mobility. In such sectors, another worrying challenge will be fluctuations in the exchange rate.

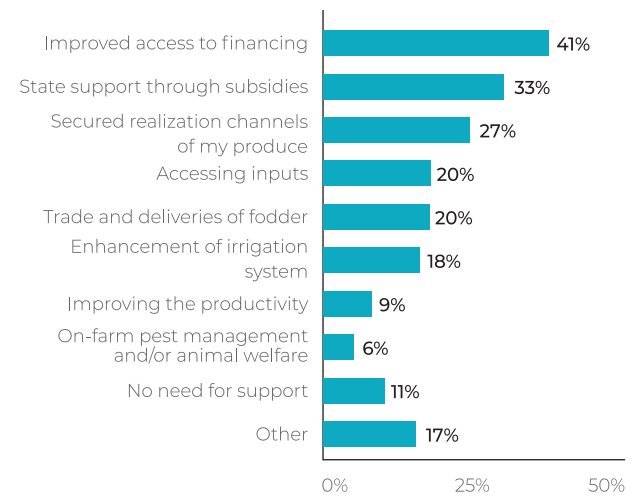
Considerable decreases in demand and difficulties accessing sales markets create or worsen liquidity problems and result in additional challenges for businesses that will hinder their recovery process.

**Figure 2.40.** Support needs among businesses, % in total



Source: SEIA business survey

**Figure 2.41.** Support needs among farmers, % in total



Source: SEIA business survey

In addition to liquidity issues, the new situation created an urgent need for applying new technologies and developing a new business strategy. Thus, the main channels for potential assistance to SMEs are improving access to financing and tax deductions/holidays. Many SMEs are already heavily indebted and cannot benefit from subsidized credits. Therefore, there is a need to offer non-debt financing mechanisms.

The picture is slightly different for **farmers**. Financial problems still take first place and farmers have a high need for support through subsidies and non-debt financial mechanisms since most of them cannot afford to take on new debt.

However, several respondent farmers also had problems with secured realization channels of their produce. That means support is needed to ensure that their produce is available in local and foreign markets. On the other hand, farmers also have difficulties with accessing inputs as well as trade and delivery of fodder. Moreover, there is also a need

for investments in irrigation systems and assistance in the application of new technologies to improve productivity.

The majority of business survey respondents have hopes for governmental support in the recovery phase. More than 90% of the business respondents also believe that the state should intervene to ensure that their businesses survive. Many respondents mentioned that international and local financial institutions, donor organizations and local authorities can be potential sources of assistance (see Annex 9, Figure A9.1).

Most of the future challenges are expected to remain due to decreased demand. The reasons include restrictions on mobility, physical interaction and public health conditions. Those will bring severer liquidity problems in the future and may result in bankruptcies. Therefore, the core needs of the businesses and individual entrepreneurs are related to new financing sources and particularly non-loan instruments.

## 2.4.2. Governmental Economic Assistance Support Packages: Coverage, Relevance and Impact

### “ KEY FINDING 33:

Most SMEs are aware of state support programs but a notable share of SMEs faced difficulties in using them.

About 85% of the respondents are aware of the support programmes, but only around 60% of them have applied for assistance.

### “ KEY FINDING 34:

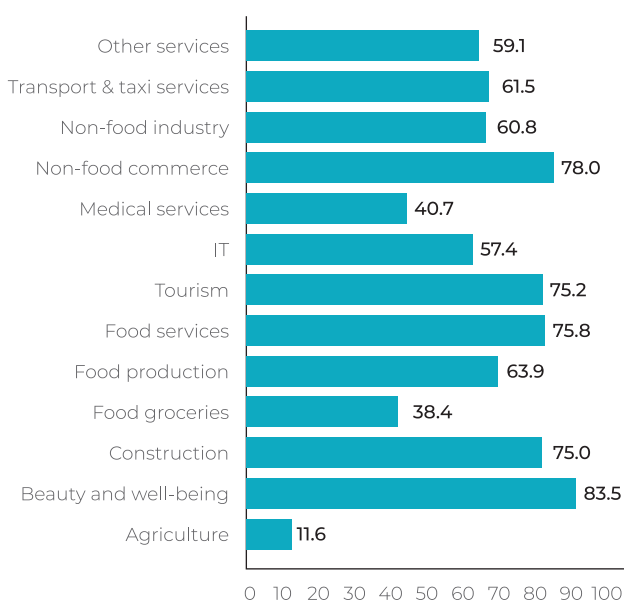
Support programs introduce only short-term measures.

According to survey results, state support programmes have largely targeted the most adversely affected businesses. One-time assistance grants are the dominant type of state assistance. While these grants to some extent mitigate the immediate impact of the crisis, they do not solve persisting liquidity issues, mid-term and long-term challenges of SMEs.

## Observation

On 18 March 2020, the Prime Minister of Armenia Nikol Pashinyan declared the launch of a stimulus package that aimed at addressing the social and economic consequences of the pandemic. The stimulus package is composed of various supporting programmes, and each target a specific economic sector and/or social group. The total amount of the economic stimulus package equals 1.6% of GDP.

**Figure 2.42.** Respondents that applied to government support programmes, by activity field, % in sectoral total



Source: SEIA business survey

As of 6 June, 51,800 economic entities and 1.1 million citizens, who had access to 100,400 million AMD of assistance in total, benefited from the programmes (Office of the Prime Minister, 2020). Although it is early to evaluate the overall effectiveness of the anti-crisis measures, early insights were gained into the various aspects of provided assistance from the survey results.

The government's stimulus package contains specific programmes targeting businesses in hard-hit sectors (i.e. Action 3, Action 8) such as tourism, catering, beauty and well-being services and non-food retail. This explains why businesses from these sectors have applied the most for state support programmes<sup>44</sup> (comprising nearly 70% of non-agricultural business respondents). The picture is completely different in the agricultural sector. Only 7% of

44 The overview of the COVID-19 economic assistance programmes is presented in Annex 10.

agricultural businesses have applied to the anti-crisis support programmes.<sup>45</sup> The reason is that there are various state assistance programmes out of the scope of anti-crisis measures that target agro-businesses through various mechanisms, including special purpose loan schemes, leasing and subsidies. Around 20% of farmer respondents have received financial assistance from the state through these channels. The distribution of respondents that have applied for the support programmes by community type is presented in Annex 9, Figure A9.2.

Among the women-owned businesses, 70% of respondents have applied for state support programmes, whereas the same figure for men-owned businesses is 60%. In the agricultural sector, applications from women respondents are much less (20%) than from men respondents (48%).

In the majority of cases, the respective authorities accepted the applications. One-time assistances and grants have an acceptance rate above 80% among the SME respondents. This rate is lower for the support programmes 1, 2 and 3. The reason is that these programmes offer loans with special conditions, which means stricter requirements and selection procedure. The rejection of assistance applications is mostly due to non-compliance with the requirements (12% of applications).<sup>46</sup>

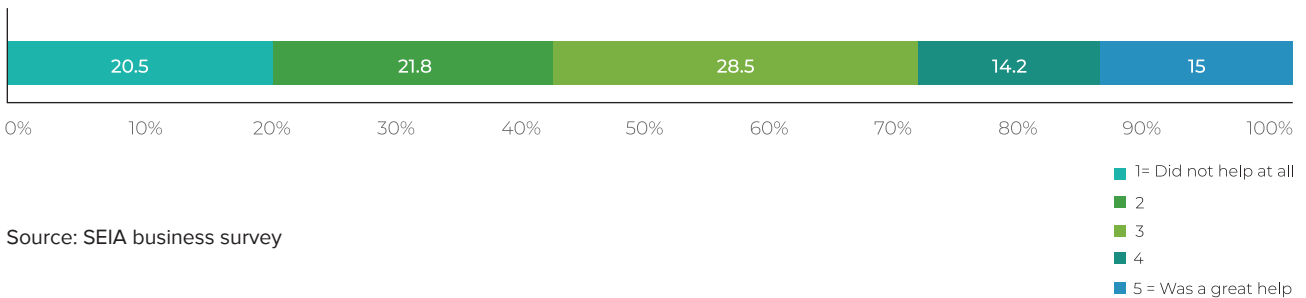
increased overall satisfaction with the programme.

Sectors in which the surveyed SMEs reported the lowest effectiveness of state support included food service, tourism, beauty and well-being services and non-food manufacturing sectors. Unsurprisingly, these sectors were the hardest hit by the crisis, which, to some extent, explains the negative perceptions on the effectiveness of state support. About 22%, 21% and 19% of the respondents in food services, beauty and well-being services and tourism sectors, respectively, have reported that the state support “did not help at all” to mitigate the losses caused by the crisis.

According to the survey results, most adversely affected businesses were largely targeted by state support programmes. More than 60% of the support recipients are strongly hit entities or individuals (see Annex 9, Figure A9.3). Only 10% of the businesses receiving state support responded that they were either unaffected or positively affected by the pandemic situation. These are businesses operating in the retail, service and agricultural sectors.

Businesses with extreme liquidity problems that predicted to survive one month or less if the crisis continues to evolve had the highest application rate. About 73% of such businesses have applied for state support programmes. Less businesses

**Figure 2.43.** Effectiveness of government support programmes according to respondents, % in total



Source: SEIA business survey

Around 20% of the respondent businesses mentioned that the assistance did not help them counteract the crisis at all. One-time assistances were perceived as less effective among the respondents. One exception is programme 18 (support to the companies that maintained jobs and salary volumes), the effectiveness of which was evaluated relatively high since the **Tax Revenue Committee notified economic entities that they were beneficiaries** of the programme. This might have facilitated the application procedure and

(around 60%) that anticipated to survive six or more months applied for assistance. This may be an indicator that the state support programmes targeted the most affected businesses. However, according to the results, the financial means received through the state assistance contributed less to the survival of more vulnerable business groups, which estimated to survive a few months. The evaluation of the effectiveness of support programmes by the estimated survival period of respondents is presented

45 As of 2017, there are 340,000 small and medium-sized agricultural businesses in Armenia, out of which 24,191 have applied for the support Programme 2 (as of June 15, 2020).

46 At the time of the survey 8.5% of the respondents had applied to a support programme but had not received a decision.



# #4 SUCCESS STORY

**BIAYNA  
MAHARI**

FREELANCE  
GRAPHIC DESIGNER,  
PHOTOGRAPHER

“

BIAYNA WAS STUDYING IN ITALY DURING THE OUTBREAK AND SHE RETURNED BACK TO ARMENIA, SHIFTED TO REMOTE WORK AND STARTED PHOTO SESSIONS OF RANDOM PEOPLE THROUGH IPHONE AND ZOOM PLATFORM. LATER, HER PHOTO PROJECT DURING THE QUARANTINE WAS PUBLISHED IN NOUVELLES D'ARMÉNIE MAGAZINE.

in Annex 9, Figure A9.4.

At this point in time, demand that either contracted or disappeared will drive the economy into a recession and the chain of disruptions will cascade in the economic system. According to the study results, loss of customers and markets as well as less in demand goods and services will be the top challenges for the SMEs in their recovery process. Persistent demand shocks will create liquidity challenges especially for smaller firms and individual entrepreneurs. This may lead to a wave of bankruptcies by putting the overall economic system in danger. Therefore, a systematic approach in the recovery strategy is necessary to address the root cause of the economic downturn.

The potential economic recovery policy shall aim at preparing the country's economy for the "new normal" with a higher degree of uncertainty. Although there is no commonly used definition for the "new normal", several characteristics can be considered:

- 'Low/minimal touch' economy
- Accelerated digital business models
- Preference of local supply chains
- Resilience and efficiency
- A more conservative consumer behaviour
- A new attitude towards health and hygiene

Actors in the overall socio-economic system should consider these and many other factors of uncertainty while making decisions in the new reality full of challenges, and, potentially, new opportunities.

### 2.4.3. Emerging Social Vulnerabilities of Households

#### **Income Vulnerability**

#### “ KEY FINDING 35.

Poverty and vulnerability in rural areas are increasing drastically as a result of the COVID-19 crisis.

The majority of households expect to have problems

with keeping up with the basic expenses and paying for utilities if the pandemic continues and the economic situation worsens. The situation is alarming for the most vulnerable groups.

#### “ KEY FINDING 36.

Increasing poverty due to COVID-19 will lead to environmental damage.

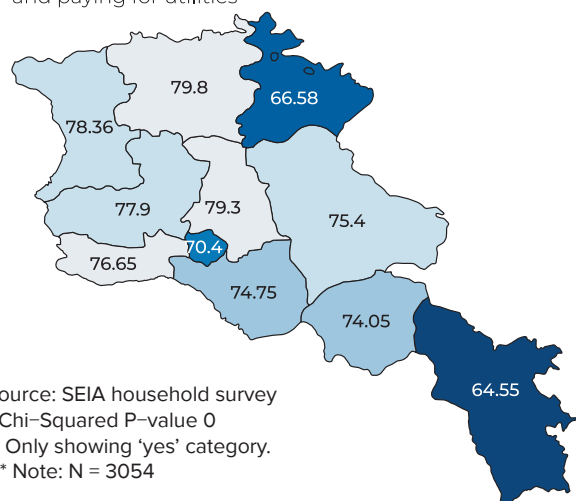
Vulnerable households in rural areas are not able to pay for utilities and are consider switching to alternative heating means (including burning firewood), which may have serious environmental consequences.

#### **Observation**

Considering the significant reductions in income, many households expect that the most serious problem will be keeping up with basic expenses (food, hygiene products, etc.). Around 80% of women and 76% of men who responded to the household survey identified this issue. About 73.7% and 68.4% of women and men, respectively, think that it will be difficult to pay for utilities (see Annex 11, Figure A11.1). Socially vulnerable groups living in communities, such as people with disabilities, single retirees and others, are more sensitive to financial problems if the pandemic continues: 95% of refugees report that they will have problems with both basic expenses and paying utilities (see Annex 11, Figure A11.2). Up to 57% of respondents in rural areas are ready to switch to alternative heating means if the pandemic continues (see Annex 11, Figure A11.3). This may lead to increased use of firewood, which may cause environmental problems including deforestation, soil degradation, air pollution and climate change. The vulnerability outlook differs from region to region. Figure 45 below shows higher vulnerability rates in Lori, Kotayk, Armavir, Aragatsotn, Armavir and Shirak due to the ongoing crisis. Notably, regions close to Yerevan are vulnerable to poverty because of the shrinking market there.

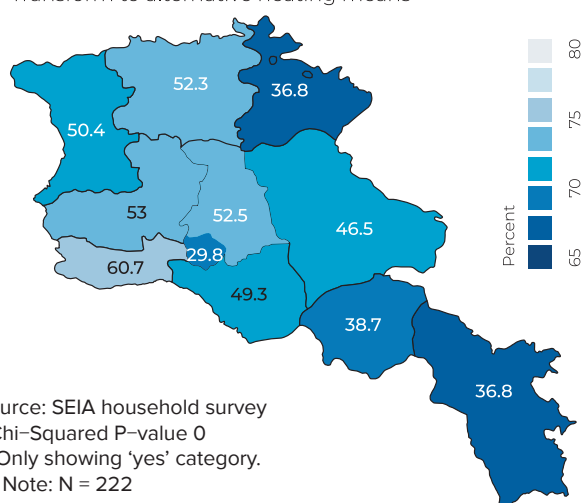
**Figure 2.44.** Difficulties if the pandemic will continue

Difficulties in keeping up the basic exoences and paying for utilities



Source: SEIA household survey  
 \* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 3054

Transform to alternative heating means



Source: SEIA household survey  
 \* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 222

### Health vulnerability

#### “ KEY FINDING 37.

Increasing poverty in communities is negatively affecting people's health.

More than one-third of respondents will have to stop seeking health services and assistance if the pandemic continues and their income shrinks. This will significantly impact women and elderly people in particular.

#### Observation

The results of the survey show that more than 30% of surveyed respondents—37% of women and

32% of men—will stop **seeking health services/assistance** if the pandemic continues. There is a clear **correlation between age and situation among women: elderly women** are more likely to stop seeking health assistance compared to the youth. More than half of single retirees are in the same opinion, and this ratio is significantly higher compared to other vulnerable groups. As mentioned in the UN report on COVID-19 and social protection in Europe and Central Asia, out-of-pocket (OOP) payments for health care services may lead to under-diagnosis and consequent inadequate planning of resources to tackle the epidemic. High OOP payments place a particular burden on low-income groups. Across countries in Europe, people in the poorest consumption quintile are consistently at the highest risk of experiencing catastrophic health spending.<sup>47</sup>

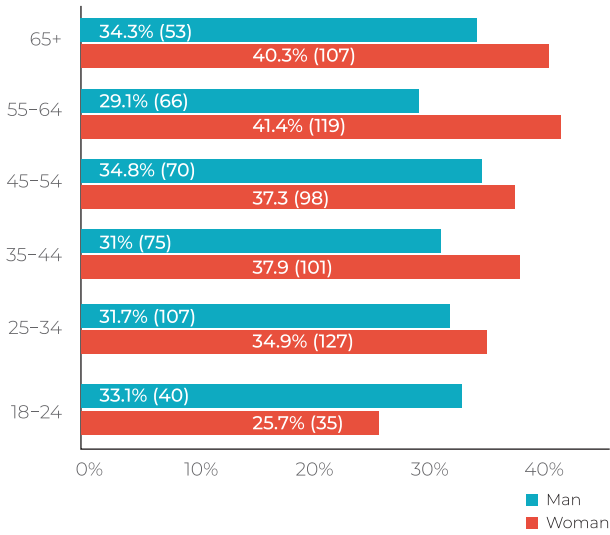
**Figure 2.45.** Intention to stop seeking health assistance by age, gender and vulnerable group due to financial constraints



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0056, 0.217, 0.0716  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 998, 998, 163  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

47 UN, "COVID-19 and Social Protection in Europe and Central Asia", 2020.

**Figure 2.46.** People who think they will stop seeking health assistance if the pandemic continues by age and gender

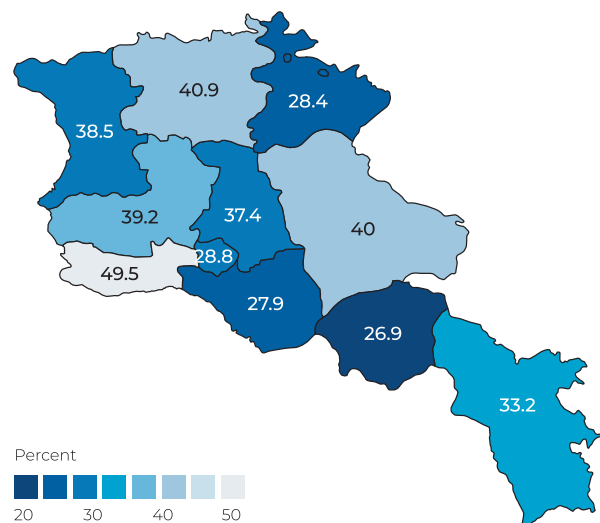


Source: SEIA household survey  
 \* Only showing 'yes' category  
 \*\* Chi-Squared P-value  
 \*\*\*Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

A positive correlation between age and intention to stop seeking health assistance (in case of financial difficulties) is observed only for women.

While the negative trend is observed in all regions of the country, the most alarming situation is registered in Armavir, where about **50% of respondents** might not **seek health assistance**.

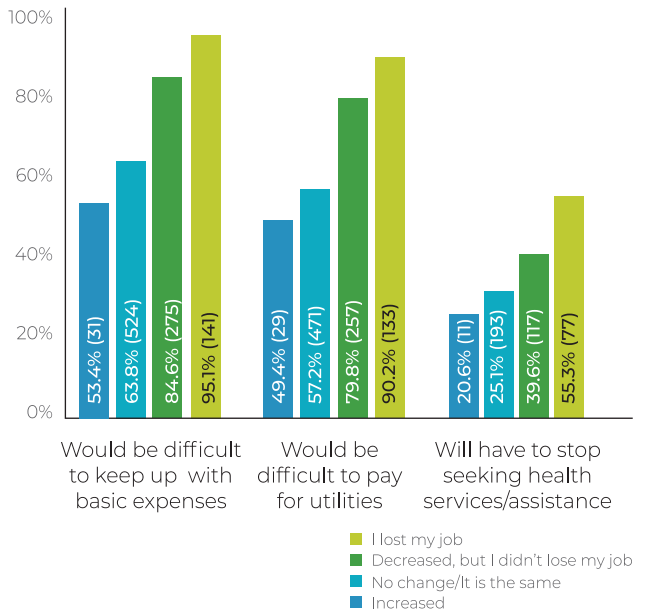
**Figure 2.47.** People who think they will stop seeking health assistance if the pandemic continues by marzes



Source: SEIA household survey  
 \* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category  
 \*\*\* Note: N= 2865

The survey confirmed that **the social status of people is highly dependent on paid labour**. More than **90% of respondents who lost their jobs will have difficulty in keeping up with basic expenses and paying for utilities**. About **55%** of them will have to **stop seeking health services and assistance in case of financial problems**. This data indicates the country's potentially huge social crisis.

**Figure 2.48.** Difficulty with keeping up the basic services across people who lost their job or got reduced job hours



Source: SEIA household survey

It is important to highlight that health insurance significantly changes the position of respondents. Only 25% of persons with health insurance versus 37% of respondents without health insurance will consider stopping to seek health assistance (see Annex 11, Figure A11.4).

**Coping Strategies and Sources of Support for Households**

**“ KEY FINDING 38.**

**The state, social networks and financial institutions are considered the main sources of support.**

Taking loans and relying on personal networks are the most common coping strategies during the crisis for men, while women mostly rely on state and community support in times of financial hardship.

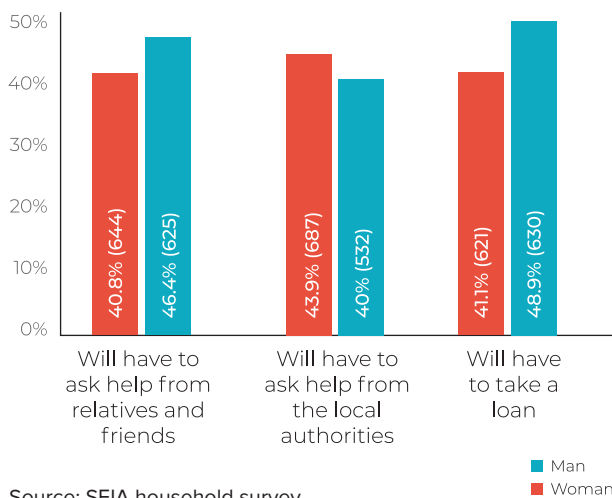
### KEY FINDING 39.

Reliance on social networks is the most common coping strategy among refugees.

Refugees in Armenia report that they rely on their social network more than support offered by the state.

In the study, the social behaviour of respondents is analysed in terms of **possible sources of support** they will most likely rely on to overcome the consequences of the pandemic. As the results show, male respondents are more likely to rely on friends or financial institutions to take a loan rather than expect support from the government, which is more typical for female respondents.

**Figure 2.49. Sources of support by gender**



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0025, 0.0403, 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 2926, 2895, 2801  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

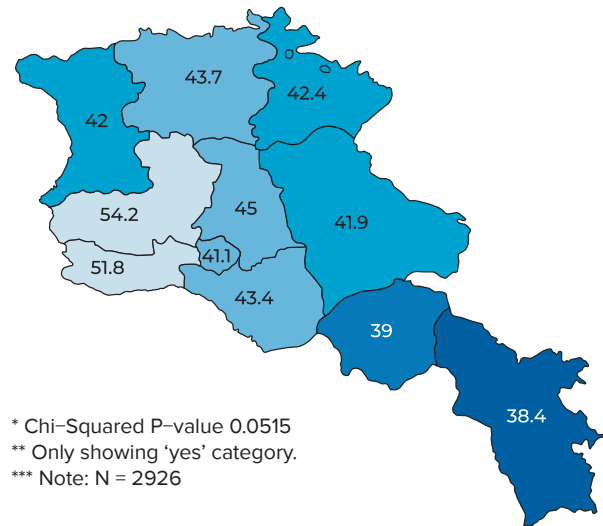
**Age is another significant** factor in relation to social support. Young respondents mostly rely on friends and taking out loans, while older respondents rely more on the government's support (see Annex 11, Figure A11.5).

It should be noted that reliance on financial institutions is fuelled by a large number of consumer loans provided by local banks during recent years.

The potential coping strategies with the pandemic significant differ **across regions**. People in Syunik and Vayots Dzor, where the lowest level of job cuts was registered according to the household survey, feel less dependent on external support.

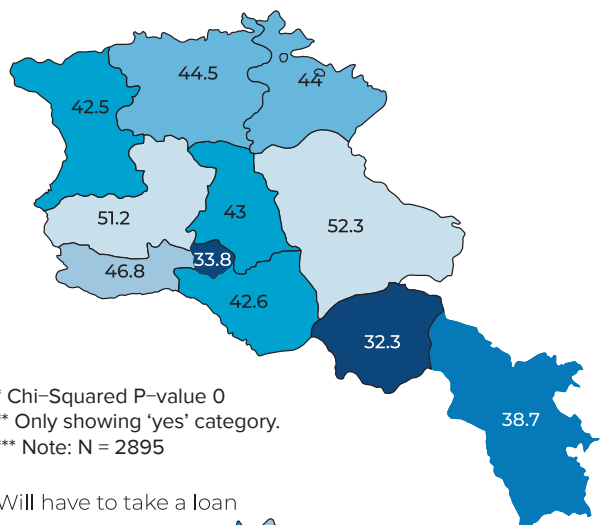
**Figure 2.50. Sources of support by marzes**

Will have to ask help from relatives and friends



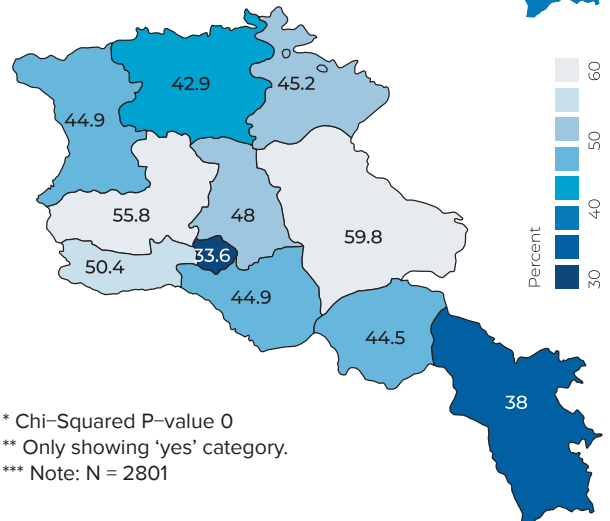
\* Chi-Squared P-value 0.0515  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 2926

Will have to ask help from the local authorities



\* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 2895

Will have to take a loan



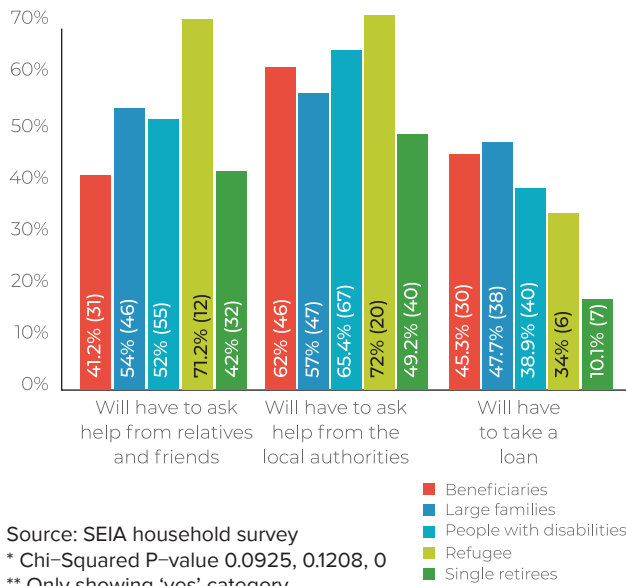
\* Chi-Squared P-value 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 2801

Source: SEIA household survey

Friends are an important source of help for **all community clusters**. Respondents from **Yerevan** are less likely to apply to local authorities and financial institutions for help (see Annex 11, Figure A11.6).

According to the analysis of refugee respondents, 72% and 71% will reach out to local authorities and friends, respectively, should they experience difficulties during a continuation of the pandemic and associated crises. Less than half of surveyed single retirees expect help from friends and local authorities.

**Figure 2.51.** Sources of support by vulnerable groups



Source: SEIA household survey  
 \* Chi-Squared P-value 0.0925, 0.1208, 0  
 \*\* Only showing 'yes' category.  
 \*\*\* Note: N = 359, 369, 337  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

### 2.4.4. Government Social Assistance Support Packages: Coverage, Relevance and Impact

#### Source of information on COVID-19

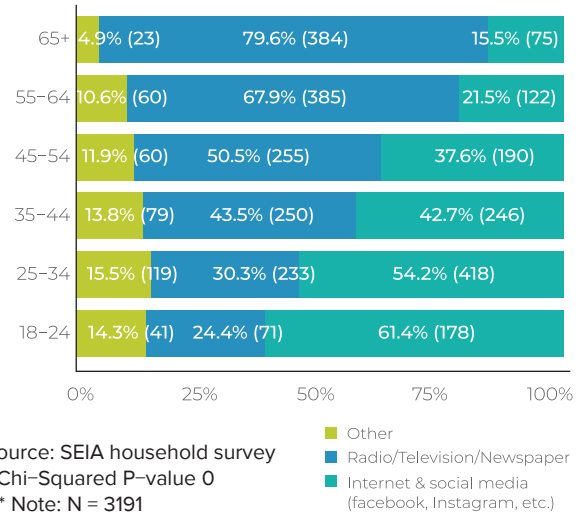
#### KEY FINDING 40.

Use of the Internet as the main communication channel for government assistance creates accessibility difficulties for rural populations and the elderly.

The household survey indicated that the main sources of information for both men and women about the COVID-19 pandemic and associated restrictions and socio-economic measures are provided by broadcast media and the Internet and social media (see Annex 12, Figure A12.1). However, most young people rely on the Internet in general and social media in particular as main sources of information. The overwhelming majority of people in higher age groups reported that

they do not use the Internet but rather rely on television as the main source of information.

**Figure 2.52.** Distribution of main source of information regarding Covid-19 by age groups



Source: SEIA household survey  
 \* Chi-Squared P-value 0  
 \*\*\* Note: N = 3191  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

In urban areas (Yerevan (41.9%) and urban community clusters (45.6)) the Internet is more popular than radio and television. In rural areas, the opposite holds true (the share of the Internet varies from 30% to 37%).

The trustworthiness of information about pandemic-related topics is considered an important issue across the country. Almost 25% of men and women think that the information about COVID-19 is confusing or contradictory (see Annex 12, Figure A12.2). The accuracy of information is positively correlated with age: the elderly considered information to be clear and helpful. In urban areas, more respondents consider the pandemic-related information to be confusing or untimely compared to rural communities. People in rural areas use television as the main source of information and consider it accurate and reliable (see Annex 12, Figure A12.3).

#### Financial Support from the Government

#### KEY FINDING 41.

There are significant gaps in targeting and reach for social assistance.

Inaccurate databases and documentation hindered effective targeting and distribution of government support packages for socially vulnerable groups, particularly those that had not been considered vulnerable prior to the pandemic. Per the experience of CSOs in assisting beneficiaries of vulnerable

groups (migrants, women subjected to domestic violence) the online system operating for the state assistance programs was not inclusive for all types of documents (e.g. non-Armenian passports) and information on vulnerability status (e.g. women subjected to domestic violence who are getting a divorce).

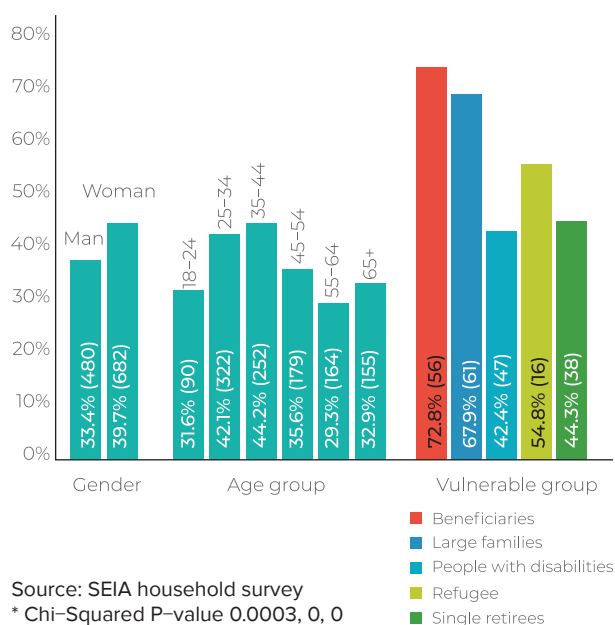
## “ KEY FINDING 42.

### Social assistance packages did not benefit all of the unemployed.

Only half of those who lost their jobs since the spread of the coronavirus received state support.

Since the spread of the coronavirus, the government has implemented various support programmes. Information on social assistance packages has been provided by the Ministry of Labour and Social Affairs (see Annex 13, Table A13.1). Experts involved in the SEIA process also provided valuable information on the processes related to social assistance. Through discussions with the Ministry of Labour and Social Affairs and other relevant government stakeholders, a shortcoming with regard to the accuracy and interconnectivity between state-run databases have been highlighted, which caused inefficiency in targeting and reach of the programmes to people with the greatest needs, especially in rural areas and remote communities.

**Figure 2.53.** Receiving benefits and/or any financial support from the Government, since the spread of COVID-19



Source: SEIA household survey

\* Chi-Squared P-value 0.0003, 0, 0

\*\*\* Note: N = 3155, 3155, 391

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

All the support mechanisms for socially vulnerable groups and those who suffered economically and socially were organized through electronic means of communication. As the survey shows only 30% of the population use the Internet: 45.6% in urban areas and 41.9% in rural areas. On the other hand, the lack of Internet access or computer illiteracy amongst socially vulnerable groups of the population lead to difficulties in finding necessary information and online sources as well as downloading and filling in the proper forms, attaching files and other necessary actions. These issues brought difficulties in access to information, meaning that many beneficiaries of social support packages were facing complications in receiving and finding relevant and due information, especially via the Internet. The distribution of respondents who received social support across marzes and community clusters is presented in Annex 13, Figure A13.1. More than half of respondents who lost their jobs due to the pandemic didn't receive any support from the government (see Annex 13, Figure A13.2).

### Conclusion:

The SEIA Assessment identified a series of negative inter-connected impacts of the spread of COVID-19 on the economy, social life and essential services in Armenian communities. The nature and magnitude of the negative impact to a certain extent was conditioned by the systemic deficiencies in the structures and functions in these areas, which were present before the COVID-19 crisis. The health crisis shocks and imposed restrictions resulted in disrupted businesses, loss of main sources of income of households, deterioration of health and social well-being of people and deepening vulnerabilities in communities.

In consultation with the UN-Armenia Experts' Group, the SEIA Assessment Team suggests a collection of recommendations for a potential recovery strategy in the country. These suggestions and recommendations address the major systemic problems identified during the SEIA. The recommendations focus on key leverage points in the system, which can generate a chain of positive changes in Armenian communities.



# Part 3.

**KEY**

**RECOMMENDATIONS**





The Government of Armenia has presented a range of different measures to limit the spread of COVID-19 and to mitigate its social and economic impact. The overarching goal of the response has been to safeguard people's lives and health as well as to alleviate the negative impact on people and companies and thereby the economy as a whole. Rapid and unprecedented efforts to limit the spread of the disease, ensure that health care and other critical public services are available and extend socio-economic assistance services to the large and growing number of vulnerable people and business were taken. However, the country faces great uncertainty. This section provides key recommendations based on the findings of the Socio-Economic Impact Assessment (SEIA) to ensure that proper measures are taken at the right time.

Since a potential second wave of the spread of the coronavirus is anticipated, and other pandemics or natural or human-made disasters are likely to occur, the country should focus on building **resilience and agility** of its systems, particularly related health care and social and economic dimensions of community life. Accordingly, recommendations are provided across the five pillars of the UN framework for the immediate socio-economic response to COVID-19 to help the country better rebuild. However, macroeconomic issues were not closely analysed when preparing this assessment, and therefore this report only touches upon general observations to be considered by relevant institutions and development partners (IFIs).

The five pillars of the UN framework are the following:

1. Health First: Ensuring that essential health services are still available and health systems are protected;
2. Protecting People: Helping people cope with adversity through social protection and basic services;
3. Economic Response and Recovery: Protecting jobs and supporting small and medium-sized enterprises as well as informal sector workers through economic response and recovery programmes;
4. Macroeconomic sustainability and cooperation: Guiding the necessary surge in fiscal and financial stimulus to make macroeconomic policies work for the most vulnerable and strengthening multilateral and regional responses;
5. Social Cohesion and Community Resilience: Promoting social cohesion and investing in community-led resilience and response systems.

### 3.1. Health First: Protecting Health Services and Systems during the Crisis

**Recommendation 1: Develop a national strategy for crisis preparedness and management of the health care system.** The SEIA revealed that during the COVID-19 crisis there were several critical moments when existing health institutions were not able to admit and attend to all patients, particularly in Yerevan. Additionally, regional and local health centres were not equipped to tackle the situation. Lack of health care infrastructure, staff and ambulance services were highlighted during the regional assessments. These findings indicate a need to have a **comprehensive strategy and relevant scenario-based contingency plan** for preparedness and response to pandemics and other crises. The strategy should consider the diverse skills and needs of women and men, including migrants. Due to their criticality, some of the issues related to the content of such a strategy are elaborated upon in separate recommendations in this section and the Community Resilience and Infrastructure section below.

**Recommendation 2: Develop a “health care system human resource reserve” policy and/or plan.** This recommendation is one of the main elements of the health care strategy for crisis preparedness and targets the deficit of human resources in the COVID-19 health care response, particularly in the marzes and communities. During the SEIA process, this issue was strongly highlighted during the regional assessments by regional government representatives, community leaders and service providers. Such a policy could lead to the **creation and management of a database of health reserve human resources, a system of training and capacity development and mobilization plans.** A health care reserve can be important for strengthening overall

# #5 SUCCESS STORY

**TAZAGYUL  
(GYULNARA)  
ANDREASYAN**

KOTI, TAVUSH



TAZAGYUL (GYULNARA) ANDREASYAN, A YOUNG ENTREPRENEUR FROM KOTI, TAVUSH REGION, OPENED HER HAIRDRESSER'S SALON WITH ONLY A PAIR OF SCISSORS AND A CHAIR SHE PURCHASED WITH HER SAVINGS. AS HER SALON GOT POPULAR, SHE OPENED A BAKERY TO DIVERSIFY HER BUSINESS, EMPLOYING SEVEN LOCAL WOMEN AND OFFERING FIVE DIFFERENT TYPES OF BREAD, LAVASH AND PASTRIES. AS COVID-19 HIT KOTI, BOTH OF HER BUSINESSES SUFFERED A LOT. "MANY PEOPLE HAVE STARTED BAKING BREAD AT HOME, SINCE THEY LIMIT THEIR MOVEMENTS IN THE COMMUNITY. WE DECIDED TO CLOSE THE SALON AS WE DON'T WANT TO PUT ANYBODY AT RISK DURING THESE TIMES", SAYS TAZAGYUL. ALTHOUGH SHE FACES SERIOUS PROBLEMS WITH HER BUSINESSES, BUT SHE IS POSITIVE THAT THE PANDEMIC WILL BE OVER SOON, AND SHE WILL BE ABLE TO RESUME THE WORK SHE LOVED BEFORE COVID-19.



resilience at the national, regional and community levels against potential health and other disasters. Pilot projects and programmes can also be implemented in the marzes with support from development partners in the midterm.

**Recommendation 3: Accelerate progress towards universal health insurance.** The findings from the household assessment indicate that vulnerable groups will have to stop seeking health care services should their income be compromised during or in the aftermath of the pandemic. Policy avenues and strategies for introducing universal health insurance in Armenia could address income inequalities as an impediment to access to health services.

**Recommendation 4: Strengthen the roles of and build capacities for family doctors and local mental health service providers and improve access to information.** The household assessment of the SEIA revealed significant challenges among respondents suffering from psychological stress due to the COVID-19 pandemic. In that regard, a more systematic effort for **service outreach and raising awareness for mental health services** is clearly needed. **Information materials and other assistance** should be offered to local service providers to help them reach vulnerable groups and provide better community-based services to persons suffering from mental health issues as well as their families, with consideration for gender-specific needs. The improved capacity should complement audience-specific **public information campaigns** that explain the role of polyclinics and family doctors in COVID-19 prevention and response. Information on available mental and psychosocial support services provided by the government, civil society organizations and private entities should be systemized and disseminated widely. The SEIA also revealed a serious lack of social support service provision in all regions of Armenia, particularly in rural communities. This is further analysed in the Community Resilience and Infrastructure section below.

**Recommendation 5: Focus on the mental health of younger generations.** As mentioned above, evidence from the SEIA suggests that the pandemic, lockdown and associated socio-economic effects could significantly impact the nation's mental health through increased exposure to stressors, including poverty, low-quality work and unemployment. The SEIA revealed that 30 percent of young respondents reported a job loss, which is three times

higher than the recorded average of 10 percent. Accordingly, the Government of Armenia could consider commissioning a **countrywide study on the mental health situation of Armenia's youth** and incorporate relevant findings and recommendations into the **Youth Policy Concept (2015-2025)** and the **Youth Policy Strategy of Armenia (2021-2025)**, which are currently under development. At the same time, **access to psychological services and other programmes** targeting mental and emotional health of disadvantaged adolescents and young people, particularly in the regions of Armenia, should be extended through joint grant schemes by the Ministry of Health and Ministry of Education, Science, Culture and Sport.

**Recommendation 6: Consider decentralization in the health care system to ensure agility and access to immediate medical assistance and continuous quality health care services, including during periods of mobility/travel restrictions or in communities with limited access.** This recommendation is aimed at the systemic challenges behind the lack of efficiency and agility of the health care system in response to a crisis. The SEIA respondents were quite eager to see more localized service delivery, including specific types of healthcare such as reproductive health. Considering the specific impact of COVID-19 on mobility, connectivity and physical interaction, digital service provision should be considered as an important pillar. The design of a more decentralized health care system should incorporate capacity building of local health care providers to ensure quality services at all levels as well as provision of long-term care services for vulnerable groups such as the elderly and the long-term ill.

## 3.2. Protecting People: Helping People Cope with Adversity through Social Protection and Basic Services

**Recommendation 7: Consider social service provision redesign to ensure accessible, safe and high-quality social service delivery.** To ensure continued access to basic social services during the COVID-19 pandemic or other crises, especially for the most vulnerable people, Armenia needs to reimagine what social service delivery shall look like. To this end, the Ministry of Labour and Social

Affairs, Ministry of Territorial Administration and Infrastructure, regional and local governments and service providers could **identify and introduce new solutions for service delivery, including digital and online service accessibility and mobile service delivery modalities**. Relevant options could be based on vulnerability assessments, keeping in mind the unique needs of women, men, older persons, children, persons with disabilities, refugees, migrants and other social groups. Social partnership opportunities shall be explored between state institutions and civil society to expand coverage and increase efficiency of social work services in communities.

**Recommendation 8: Establish effective communication and information sharing processes for social protection in the country.** The SEIA revealed issues with efficiency in information sharing on state support packages and overall social support services. For example, the predominant use of digital means for information sharing and application processes impedes a significant part of the population, such as older persons. Effective communication and information sharing measures should be developed to support access to information by creating **audience-specific, user-friendly resources**. Information channels and content shall be diversified and sensitized after considering audience specificities (e.g. sign language translation, multilingual translation of key messages for refugees and other non-Armenian speakers, people subjected to domestic violence, etc.) Furthermore, **effective mechanisms should be developed for social workers and other social service providers to reach target beneficiaries**. The Ministry of Labour and Social Affairs would ideally lead this initiative with the participation of regional stakeholders and private sector partners. An **effective Management Information System for social services** will also be instrumental for good communication and outreach and overall effectiveness and efficiency of state-sponsored social programs.

**Recommendation 9: Elevate the role of young people in Armenia's economic and social recovery and development.** As mentioned above, the SEIA revealed that many more young people lost jobs during the COVID-19 pandemic than the average population. At the same time, it revealed that young people are more actively participating in community support and self-help activities. This shows the potential of youth to be more actively and systematically involved in economic and social recovery. As an immediate measure regional and

local governments could consider **engaging youth-based organizations and volunteers in community revitalization and recovery** through grant schemes. Youth could also play a larger **role in the development of Armenia's system of social workers**. To avoid exacerbating intergenerational inequalities and involve the youth in building societal resilience, the Government of Armenia should consider developing supportive policies and legislation to engage education institutions, youth organizations and other development partners in elevating the role of young people in the economic and social development of the country.

**Recommendation 10: Ensure continued access to quality learning for all children by bridging the digital divide and exploring new learning tools and models.** The community service-provision part of the SEIA revealed serious concerns about the drop in quality of education communicated by teachers, school administration, parents and regional authorities. People and communities must not be left behind as services and support are increasingly based on digital awareness, literacy and access. Providing **a range of learning tools and accelerating access to the Internet for every school** and every child is critical. As the country reopens pre-school institutions and education facilities in a safe and inclusive manner, the Government and local authorities could also explore **models to ensure reliable, affordable and accessible learning options for all** by providing computer equipment and Internet access. This initiative will build on rolled-out efforts to promote remote learning, distance education and online learning modalities.

**Recommendation 11: Explore avenues toward universal access to child-care facilities as part of the COVID-19 recovery plan.** The SEIA revealed the importance of safe and reliable preschool and child-care facilities in local communities. When considering the full-scale reopening of these facilities, additional investments should be made to keep workers safe and expand accessible child-care services during extraordinary situations. Affordable and high-quality child-care services should also be ensured. Different models could also be explored considering child benefits, the perspectives of women and parents and differences in the routines of white-collar and blue-collar workers.

**Recommendation 12: Ensure support to parents (and teachers) when organizing education at home.** While it is preferable to reopen pre-school

institutions and education facilities, efforts should be made to support parent engagement in future distance learning processes. **A set of recommendations and tutorial courses** can help parents and teachers adapt to new roles and responsibilities and learn how to effectively engage. Furthermore, there is a need to provide **targeted psychological support to parents** and to analyse how their potential mental health issues affect their productivity and work-life balance so that it can be addressed. These efforts can be initiated by the Ministry for Labour and Social Affairs and be supported by NGOs and development partners. It is strongly recommended that lessons learned from the previous school year are systematically collected and analysed to increase the level of preparedness for effective distance learning.

**Recommendation 13: Employers in all sectors shall adopt gender-responsive flexible work arrangements and telecommuting practices to ensure a better work-life balance.** This is equally important for both women and men to promote the concept of shared responsibilities of domestic work and care responsibilities in the post-COVID-19 period as well. Gender-responsive policies and programs should be undertaken to promote the concept of shared household and care work between women and men.

### 3.3. Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises and Informal Sector Workers

**Recommendation 14: Revitalize economic life in communities through public work schemes.** The SEIA confirmed that small and medium-sized enterprises (SMEs) suffered from COVID-19 throughout all regions of Armenia. Jobs had to be cut and the youth were the hardest hit. Labour migrants are especially vulnerable since they were not able to travel to other countries for seasonal work. When developing national and regional recovery (revitalization) strategies, particularly by sector, decision makers could look into designing **comprehensive public works schemes** that could directly contribute to the recovery process, while **creating temporary jobs, particularly for those most affected.**

Increased public expenditure, particularly in public works, can compensate for the loss in private demand and create new jobs in times of economic downturn.

**Recommendation 15: Promote Public-Private Partnerships (PPP) and Co-investments.** Beyond the public work schemes, the private sector should be considered for recovery and revitalization efforts. Since private businesses are directly affected by the crisis, the expectation is that they will be quite open to partnerships. An **Investment Facility could be created** to co-finance catalytic PPP projects in regions largely focusing on secondary cities, such as the reconstruction or construction of touristic sites and reconstruction of abandoned or underused industrial assets as well as touristic or public-use facilities. These investments can create new business opportunities and facilitate the creation of new SMEs in the regions. The target should be the implementation of at least five to seven projects in each marz during the next three years. This scheme aims to create unprecedented attractive conditions for **catalytic investments** to happen. The investment incentive can be a combination of complementary infrastructure building and cash grants to a private investor. The precondition should be a minimum investment size (e.g. US\$10 million), a number of jobs to be created (e.g. over 150) and an opportunity for the development of local supply chains. To ensure the efficient use of public resources Public Investment Management System reforms need acceleration.

**Recommendation 16: Green the economy as a part of recovery packages.** The SEIA assessment identified a lack of energy efficiency and high utility bills as main impediments to business continuity of SMEs. One key opportunity for Armenia is to offer **stimulus packages to sectors and businesses** to become low carbon, resource efficient and aligned with environmental and climate objectives. Besides creating a more resilient business, a **transition to the low-carbon and resource efficient sustainable economy** can create a large number of jobs in key economic sectors, such as renewable energy, building and construction, transportation, agriculture and forestry. Although the transition should be seen an engine for development, it could result in jobs destruction and lay-off of workers. To avoid/minimize the sentiment of “winners” and “losers” of the transition, measures should be taken to prepare men, women, boys and girls on equal footing for

employment in the green economy. Forward-thinking government policies could include subsidies, tax incentives, regulatory tools and targets, eco-labelling, STEM/tech education and international aid. They could also be used to promote standards and policies that tackle climate change, air and water pollution and biodiversity loss.

**Recommendation 17: Undertake gender impact assessment of COVID-19 on the SME sector.** This recommendation calls for yet another deeper study of the situation with gender issues in SMEs in the context of the COVID-19 pandemic. It will appropriately identify the existing gender gaps and vulnerabilities for specific target groups and suggest proper measures to be planned and implemented.

**Recommendation 18: Provide vocational training and job placement support to labour migrants.** The COVID-19 pandemic and associated cross-border travel restrictions have created an increased labour supply in Armenia, which is explained by the rapid return of labour migrants and their inability to travel abroad to seek employment. The IOM rapid assessment in Tavush shows that the overwhelming majority of returned labour migrants prefer to be engaged in agriculture and related sectors, mainly in running micro-businesses. For this purpose, **mentorship and short-term vocational training** are essential for obtaining sustainable, long-term results. This support should take into account the diverse skills and needs of women and men.

**Recommendation 19: Activating platforms for Public-Private Policy Dialogue (SME Support Council, Industrial Board, etc.).** The SEIA revealed a lack of compatibility between the support packages and the needs of businesses. Public-private policy dialogue platforms are essential to communicate the needs and expectations of businesses in the government's response efforts. A variety of consultation platforms, with a balanced engagement of women and men, will establish alternative communication channels between the state and businesses and allow for more voices to be heard, including SMEs and farmers who tend to be less engaged in policy and strategy development.

**Recommendation 20: Promote the production and consumption of local products and services.** The SEIA revealed a serious drop in demand for services and products offered by local SMEs. In simple words, the supply crisis turned into a demand crisis. The Government of Armenia, in collaboration with

NGOs and the private sector, should consider developing a **Buy Armenia PR Campaign** to increase awareness of local brands, touristic destinations and other Armenian products or services that can be purchased. Local media and individuals as well as special interest groups from the Armenian diaspora can support the campaign.

**Recommendation 21: Help SMEs to confront liquidity risks through softened tax and solvency regulations.** Around 33 percent of the SEIA SME respondents encountered problems with short-term liquidity. For businesses this is a major side effect of declining demand. Smaller businesses are at higher risk. Besides measures to encourage consumption, targeted assistance is needed to ensure proper liquidity levels in all sectors. **Tax deferrals and restructuring of debt** are needed in the most affected sectors (i.e. tourism, hospitality, food services). A year-long deferral of tax obligations can be considered for the hotel industry taking into account the expected recovery period. **A review of the Armenian tax and solvency legislation** is needed, especially in terms of softening regulations related to penalties imposed on struggling businesses.

**Recommendation 22: Develop a tax compliance strategy and design appropriate tools for implementing it.** Most of the SEIA business respondents clearly rely on the government as the main source of support for recovery and are hoping for softer tax policies. Softening tax regulations to support SMEs and other businesses is important but should be done properly with caution. The government should consider preparing and implementing a strategy to cover **(1) expanding assistance to taxpayers, (2) refocusing enforcement on the highest revenue risks, (3) introducing legislative changes that facilitate administration and (4) improving communication and outreach programs.** Some measures—such as tax amnesties and moratoria on audits—can be counterproductive and are not recommended.

**Recommendation 23: Support distressed companies and encourage a “second chance” model.** Public policy should be designed to ensure a “second chance” model for entrepreneurs that closed their businesses due to the COVID-19 pandemic. Thus, **changes in the solvency legislation are important for facilitating the set-up of new businesses** for bankrupted entrepreneurs. Any legislative barriers to the “second chance” model should be removed and promotional strategies should be de-



# #6 SUCCESS STORY

**HRANUSH  
MARGARYAN**

MARMASHEN, SHIRAK

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COVID-19 HAS SIGNIFICANTLY AFFECTED HRANUSH MARGARYAN'S FAMILY BUSINESS. TO PREVENT THE SPREAD OF THE CORONAVIRUS, HRANUSH AND HER HUSBAND DECIDED NOT TO INVOLVE THEIR FAMILY MEMBERS AND EXTERNAL WORKERS IN THEIR AGRICULTURAL WORKS. IN THE SAME PERIOD OF LAST YEAR, THEY ALREADY HAD A STABLE DELIVERY OF THEIR PRODUCE TO OTHER COMMUNITIES, WHILE NOW ALL THAT HAS DECREASED SIGNIFICANTLY.

IN SPRING, HRANUSH OBTAINED SEEDS AND SEEDLINGS TO GROW NEW TYPES OF VEGETABLES WHICH ARE NOT COMMON FOR HER AREA. SHE INTRODUCED DIRECT AND SOCIAL MEDIA MARKETING SCHEMES AND OFFERS HER PRODUCTS TO PERSONNEL OF MEDICAL FACILITIES, MEETING ONLINE MARKET DEMAND AND ENSURING TIMELY COLLECTION OF ORDERS PRIOR TO HARVESTING.

signed and implemented.

**Recommendation 24: Provide support to business adaptation to the “new normal”.** The Government of Armenia should consider developing incentive packages that help entrepreneurs adopt “no/low touch” business models that are safe and efficient to operate during and after the COVID-19 pandemic. Such support could be financial, technical or digital or a combination of the three and set out to help entrepreneurs and large businesses adjust or rethink their current models.

**Recommendation 25: Design gender-responsive support schemes for SMEs and entrepreneurs, especially in sectors harder hit by the COVID-19 crisis, with specific considerations for the unique needs and opportunities of women and men.** These sectors include but are not limited to tourism, beauty industry, hospitality and manufacturing. Support should include technical assistance, support in addressing market complexities and financial challenges. Supportive measures may also include agile business management practices, promoting partnerships and networking between businesses for collaboration and peer-support, reprofiling businesses to operate in areas less risky in emergency situations, and capacitating micro-business and SME e-business operations, including online sales and e-marketing, as well as in risk management, green and resource-efficient technologies.

**Recommendation 26: Invest in digital supply chains.** The SEIA confirmed a clear decline in supply chains, and digital technology is the clear response to that. Digital technology will be important for the agility of supply chains during and after the COVID-19 pandemic. To strengthen digital supply chains, the Government of Armenia could **consider digital integration in five dimensions:** (1) reducing regulatory or other digital trade barriers, (2) facilitating digital trade through assistance packages that help businesses transition to online business modalities, (3) streamline the implementation of Armenia’s digital reform agenda through initiatives already developed by the private sector and (4) invest in institutional coordination across countries in the value chains.

**Recommendation 27: Revisit the industrial strategy towards building resilient local clusters.** The SEIA revealed a lack of cooperation and coordination between SMEs when developing their recovery strategies. This undermines potential cost rational-

ization in order to increase operational efficiency, supply chains and so forth. **Technical and financial support are needed for the creation of cluster organizations and to build common infrastructures and finance joint activities.** Regional and local authorities as well as business support structures need to be capacitated to initiate, guide and support cluster building activities. The core goal should be increasing the productivity and competitiveness of SMEs.

### 3.4. Macroeconomic sustainability and cooperation

As mentioned above, macroeconomic issues were not subject to systematic and deep analysis in this assessment. In fact, the purpose of the assessment was to compile additional information to complement the macroeconomic analysis and conclusions for effective recovery measures.

In that regard, this document recognizes that the prudent policy response to the crises demands that policymakers keep macro policies prudent and counter-cyclical in order to effectively cope with shocks to the economy and retain macro stability. Moreover, failures in macro policies can endanger future growth potential and undermine the government’s efforts to effectively deal with sector issues in the short and midterm perspective. Thus, ensuring macro stability in Armenia is essential, and any sector-specific policy response should be in line with the macroeconomic policies undertaken by the respective bodies.

All the economic and social policy measures are associated with increased public expenditure, whereas the uncontrolled deterioration of economic activity translates into an undesirable decline in budget revenues. A holistic approach should be adopted in designing the set of policy interventions with a focus on the interplay between the macro level and microlevel policies. Otherwise, the applied policies may not serve their objectives and risks for the overall economy during the crisis can increase. The brief overview of macroeconomic policies for recent years (from the perspective of the subjects of interests in this assessment) and their possible stances during a pandemic are presented in Annex 14.



## 3.5. Community Resilience and Infrastructure

**Recommendation 28. Develop and implement a crisis communication strategy for the government, with the participation of all stakeholders, that should support the implementation of crisis management policies carried out by the government and local administrative bodies.**

The SEIA revealed deficiencies in both content and delivery of crisis-related communication. The crisis communication strategy should be inclusive and comprehensive and include detailed actions before, during and after the crisis. This continuously updated strategy should become an integral part of the general policy of national and community resilience enhancement. Integration of tailored formats of communication, pre-developed messages and special coordination mechanisms will significantly improve the effectiveness of crisis management policies and reduce the time necessary for recovery.

**Recommendation 29: Ensure agile participatory and inclusive mechanisms for multi-stakeholder policy dialogue at all phases of crisis response.** The established civil society advisory committees and councils under the Prime Minister's office and several ministries can be engaged for this purpose. Gender-balanced mechanisms should be established at all phases of the crisis response, both at national and local decision-making levels. Women working in frontline health and social services, who are most affected, should be equitably represented at all levels of planning and decision making.

**Recommendation 30: Ensure reliable, safe, accessible and affordable transportation in and between communities.** Lack of transportation impacts the health and well-being of people in all communities, especially in small rural ones. Access to health services and jobs is limited for residents in rural communities as a result of poor transportation. The SEIA revealed that transportation is a high priority in all regions of Armenia. During the lockdown people were cut off and the situation has not yet normalized. Transportation companies rely on demand, and COVID-19 safety measures are problematic. **Creating a transparent competitive environment and local tax incentives for service providers, coupled with the introduction of important measures for the health safety of drivers and passengers,**

can bring quick results and increase the liveability and resilience of rural settlements. Communities can consider various solutions (including collaboration between municipalities) to provide quality transportation to all, especially those living in far rural settlements.

**Recommendation 31: Support the transitions towards resource efficiency and green energy sources for households and communities.** The household assessment findings of the SEIA suggest that many families are considering moving to alternative sources of energy since they cannot pay for electricity and gas utilities, a problem amplified with the income cuts during the COVID-19 pandemic. **Energy efficiency in public buildings and housing stock needs to be increased.** Energy efficiency improvements in housing (especially in apartment buildings) can greatly cut energy consumption for dwellers. Furthermore, decreased usage of natural gas, which is the main source of heating in the country, will in turn lower CO<sub>2</sub> emissions and thus address global warming. Investments in improving energy efficiency in buildings will bring new jobs. The economy will benefit further from the development of construction-related industries, including local production of equipment and building materials. **Creative models for the participation of grassroots organizations, such as housing associations, can be further explored.** These initiatives can become the cornerstone for future “green recovery strategies” at local and regional levels.

**Recommendation 32: Ensure a reliable water supply, especially during crisis situations.** SEIA respondents mentioned the lack of a reliable supply of quality potable water as pressing issue. A number of regional hospitals and community health facilities have had a lack of reliable water supply during the COVID-19 response. This problem seriously hampers following proper health and sanitary measures to combat COVID-19 (or any other similar health crisis). The provision of quality potable water for households and health facilities should be prioritized in state-sponsored investment projects and local community initiatives. Modernization of the deteriorated water supply network can significantly cut loses in the system, save water resources in the country and support efficient management of water resources in general. **Water system rehabilitation projects can also be implemented as public investment programs with the use of PPP methods.** Additionally, innovative and alternative methods

# #7 SUCCESS STORY

**ARMINE KOCHOYAN**

AMASIA, SHIRAK

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ARMINE KOCHOYAN'S FAMILY STANDS RELATIVELY WELL DURING THE PANDEMIC AS THE LATTER DID NOT CAUSE JOBS LOSS TO FAMILY MEMBERS. HOWEVER, COVID-19 AFFECTED HER SEWING BUSINESS AS HER PARTNER SHOPS AND SUPPLIERS OF FABRIC STOPPED OPERATING IN YEREVAN, FORCING HER TO BUY THE MATERIALS IN GYUMRI WHERE THE VARIETY OF GOODS IS RELATIVELY LIMITED AND PRICES ARE MUCH HIGHER. CONSIDERING THE RISING DEMAND, ARMINE STARTED SEWING HYGIENE MASKS FOR CHILDREN WITH VARIOUS DESIGNS AND EVEN STARTED ONLINE SALES AND POSTAL DELIVERIES. FROM EARLY JUNE, ARMINE ALSO PRODUCES CLOTHES FOR CHILDREN.

should be explored for **securing water reserves for medical facilities in crisis preparedness and response**. This should be part of the national Strategy for Crisis Preparedness of the Health Care System.

**Recommendation 33: Invest in the modernization of sewerage systems and efficient solid waste management.** The SEIA revealed amplified sewerage and waste management issues, predominantly in cities. All regional interlocutors expressed strong concerns during the regional meetings around these issues as additional stressors for authorities as they battle the COVID-19 pandemic. Unless addressed, this situation may become a trigger for potential epidemics in the future. Modernization and further development of sewerage and waste management systems in the country shall be considered as a priority topic for “green recovery strategies”, as these issues also greatly impact the environment. Large-scale projects can be supported by the government and institutional investors (IFIs), while small-scale improvements can be implemented **by regional and community development projects, including labour intensive programs and PPPs**.

**Recommendation 34: Ensure reliable and efficient community ambulance services.** The lack of proper ambulance services in communities throughout the country was amplified during the COVID-19 pandemic when the need for emergency services skyrocketed. A number of people shared their traumatic experiences and fears in this regard while research for the SEIA was being conducted. The lack of ambulance services in Yerevan and regional communities can be addressed by 1) **decentralizing the provision of ambulance services at the regional and community levels**, allowing local authorities to flexibly address changing needs, including added staff and vehicles, and 2) **implementing local capacity building initiatives to create health and ambulance reserve potential at regional and local levels**. While the first approach requires further analysis and regulation as well as the development of criteria and a monitoring system by the Ministry of Health, the second approach can be implemented using mainly local capacities. The creation of medical and ambulance reserves, which can be mobilized during emergencies, could be an immediate strategy for building resilience in Armenian communities. Existing capacities in the marzes and communities of Armenia should be engaged.

**Recommendation 35: Rethinking the role and functions of the police during the crisis.** The SEIA

revealed an interesting development in expectations about the role of police during times of crisis. Beyond their key role in enforcing the COVID-19 special measures, the police were increasingly expected to provide support in social issues such as domestic violence and monitoring the movement of self-isolated people. There is a lack of specific capacities and skills on socially sensitive issues within the police service to provide quality assistance and support to citizens. As such, **special trainings and retreats for the police could be organized in line with new functions**, and the education programmes for the new police recruits can be revised. Further discussions and consultations with experts and the Police of the Republic of Armenia can help determine the most efficient solutions. The ongoing police reform measures in the country should take this into account.

**Recommendation 36: Expand information channels on the prevention of domestic violence and available mechanisms to apply for help.** Existing infrastructure in communities (e.g. pharmacies, post offices, etc.) should be used to disseminate information about hotlines, procedures and support provided by organizations and institutions for victims of domestic violence, or women facing the risk of it, especially in an emergency. It is important to consider the strengthening and expansion of state and CSO-run support services and response mechanism at regional and local levels, such as crisis centres and shelters for victims of gender-based violence, hotlines and consultative support with the aim of strengthened protection, including during emergency/ lock down settings.

**Recommendation 37: Strengthening emergency social services.** The SEIA confirmed that mental health issues registered during the COVID-19 pandemic were due to the lack of responsive social services during emergency situations. The pandemic showed an urgent need for establishing and managing **inclusive and accessible Hotline Services** in all communities to support people in difficult social circumstances. While there is a hotline number at the Ministry of Labour and Social Affairs, there is a need for establishing a more efficient and visible social communication service (**“SOCIAL 911”**). The experience of a successfully functioning emergency services and call centre at the Ministry of Emergency Situations can be utilized to create such services in all regions and communities.

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# #. Annexes

## ANNEX 1. DETAILS ON SEIA METHODOLOGY

### 1.1. General methodology framework

The SEIA was designed as a rapid assessment exercise to reflect the changes happening in Armenian communities during the spread of COVID-19 in the country. Given the unusual circumstances, the SEIA team adapted traditional research methods and tools to enable remote data gathering and engagement of stakeholders. It utilized information from a variety of ongoing studies and contributed to the knowledge of the situation in the country as a whole and in communities. In particular, as a result of the SEIA effective and efficient response measures can be developed in order to address the continued crisis.

The SEIA applied a qualitative and quantitative research methodology, based on primary and secondary data analysis. For primary data collection at the household level, the Rapid Gender Analysis (RGA)<sup>1</sup>, an assessment tool developed by the UN Women/Women Count Global Programme (UNW/WCGP) was used to assess the impact of the coronavirus pandemic on challenges faced by women and men. This included their economic empowerment and vulnerability and how the changing situation affected the livelihoods of men and women.

For business data collection, a specific assessment tool was developed by EV Consulting. It aimed to reveal aspects of the current crisis in the Armenian SME sector, building on insights from other countries about the COVID-19 outbreak and other pandemics or disasters. The first version of the assessment tool was formulated based on predefined research questions. It was later modified based on new insights and feedback received from various experts and institutions.

The overall objective of the modifications was to develop a questionnaire that would:

- a. be relevant to the Armenian context, in terms of both the pandemic situation and previous socio-economic conditions in Armenian communities; and

- b. capture possible aspects of COVID-19's impact on business activities, both from economic and social perspectives.

The participatory assessment of 20 essential services employed two instruments. First, online meetings were conducted with regional and local representatives in all 10 regional governments of the country as well as Yerevan. Next, participants in these meetings engaged essential service providers in discussions using an online questionnaire developed by the SEIA team in consultation with regional stakeholders.

The assessment looked at the following essential services provided at the community level:

- a. Polyclinics/community health points, hospitals, sanitary services and social support services;
- b. Kindergartens, schools, colleges and higher education institutions (HEI);
- c. Gas supply, electricity, water and sewerage and waste removal;
- d. Cell phone/Internet, television, intra-community transport and inter-community transport;
5. Rescue service, police, ambulance and community hotline services.

### 1.2. Data sources

Primary data was collected through four different surveys focused on the COVID-19 crisis impact and imposed measures on households, SMEs, farmers and essential service providers. The household survey assessment was conducted using phone interviews and online surveys. The SME and farmer surveys were conducted only via individual phone calls. For essential service provision, information was collected through regional meetings and online survey tools developed for each respective region. All questionnaires were prepared using the online

<sup>1</sup> UNW/WCGP, "The Impact of COVID-19 on Women's and Men's Lives and Livelihoods in Europe and Central Asia. Preliminary Results of Rapid Gender Assessment", 2020.

KoBo Toolbox<sup>2</sup> with interviewers or respondents inputting responses directly into the application.

In addition to the primary data sources, a comprehensive review of secondary sources was conducted. Priority was given to publications, COVID-19 impact assessments (micro, meso and macro) and data provided by the Armenian Ministries, the Statistical Committee (SC), the State Revenue Committee (SRC), Local Administrations (LA), Regional Governments (RG), UN Agencies (UNA) and International Finance Institutions (IFI).

## 1.3. Sample target and size

### Geographical focus

The SEIA focused on five clusters of communities across all 10 marzes (regions) of Armenia, identified based on the current administrative division of the country. These were:

- a. rural communities (non-consolidated);
- b. urban communities (non-consolidated);
- c. consolidated communities within the rural centre;
- d. consolidated communities within the urban centre; and
- e. Yerevan.

These clusters are used both in designing economic and household surveys.

### Sample size

In total, over 7,200 individuals provided responses to the SEIA. Respondents represented 3,000 households (600 households per community cluster), 1,537 SMEs, 515 farmers (from 58 communities across all 10 regional governments and Yerevan), 2,150 representatives from local authorities and service providers, 150 people through focused group discussions and over 2,000 people through the online survey on essential services throughout the 10 marzes of Armenia.

## 1.4. Sample design

A multistage stratified sampling design was implemented using the five clusters of communities as strata. In each of the 10 marzes, communities were grouped into four regional clusters. Yerevan is considered as a separate cluster. Almost all standalone cities were included in the urban community cluster.

**Stage 1:** Almost all regional urban communities and the urban centres of consolidated communities were grouped into the respective clusters, namely, “urban communities” and “consolidated communities with an urban centre.” In marzes with one or two consolidated communities of the same type, all were included in the sample. Where the number of consolidated communities was large, two or three of them were randomly chosen.

**Stage 2:** One or two rural settlements were randomly sampled from each consolidated mixed/rural community and added to corresponding clusters.

**Stage 3:** In standalone rural communities different numbers of rural settlements (3-10) were selected for the survey. It should be noted that in some marzes all former rural settlements were consolidated completely, thus no other rural communities were chosen. However, in Armavir the consolidation process has not yet started. In Ararat there is only one consolidated community with a rural centre.

The detailed breakdown of the sample size across regions and community types for both household and business surveys are presented below.

<sup>2</sup> <https://www.kobotoolbox.org/>

**Table A1.1.** Planned and actual sample size of household survey by region and community cluster

Marz	City	Consolidated. mixed	Consolidated. rural	Rural	Urban	Sample planned	Sample actual	Percentage
Aragatsotn	0	40	52	63	26	181	179	99
Ararat	0	0	40	240	67	347	367	106
Armavir	0	0	0	109	86	195	203	104
Gegharkunik	0	41	64	55	56	215	280	130
Kotayk	0	82	51	107	96	336	371	110
Lori	0	98	71	0	97	266	284	107
Shirak	0	0	115	26	149	290	309	107
Syunik	0	186	50	0	0	236	246	104
Tavush	0	122	53	0	15	190	200	105
Vayots Dzor	0	31	105	0	8	144	144	100
Yerevan	600	0	0	0	0	600	608	101

**Table A1.2:** Sample structure of household survey by community

Marz	Community Name	Community Type	Sample Size
Yerevan	Yerevan	City	600
Aragatsotn	Aparan	Consolidated mixed	35
Aragatsotn	Kuchak	Consolidated mixed	5
Aragatsotn	Ashtarak	Urban	17
Aragatsotn	Alagyaz	Consolidated rural	37
Aragatsotn	Rya Taza	Consolidated rural	10
Aragatsotn	Avshen	Consolidated rural	5
Aragatsotn	Talin	Urban	9
Aragatsotn	Byurakan	Rural	26
Aragatsotn	Nor Edesia	Rural	8
Aragatsotn	Zovasar	Rural	5
Aragatsotn	Sasunik	Rural	18
Aragatsotn	Bazmaghbyur	Rural	6
Ararat	Masis	Urban	19
Ararat	Ararat	Urban	16
Ararat	Artashat	Urban	20
Ararat	Vedi	Urban	12
Ararat	Urtsadzor	Consolidated rural	40
Ararat	Aralez	Rural	20
Ararat	Lusarat	Rural	21
Ararat	Dashtavan	Rural	16
Ararat	Arevshat	Rural	18
Ararat	Darakert	Rural	17
Gegharkunik	Sevan	Urban	21
Gegharkunik	Gavar	Urban	24
Gegharkunik	Vardenis	Consolidated mixed	17
Gegharkunik	Ayrk	Consolidated mixed	5
Gegharkunik	Chambarak	Consolidated mixed	14
Gegharkunik	Vahan	Consolidated mixed	5
Gegharkunik	Martuni	Urban	11
Gegharkunik	Geghamasar	Consolidated rural	39
Gegharkunik	Sotk	Consolidated rural	5
Gegharkunik	Shoghakat	Consolidated rural	15
Gegharkunik	Artanish	Consolidated rural	5
Gegharkunik	Tsovagyugh	Rural	15
Gegharkunik	Ddmashen	Rural	9
Gegharkunik	Lanjaghbyur	Rural	9
Gegharkunik	Tsakkar	Rural	11
Gegharkunik	Mets Masrik	Rural	10
Kotayk	Abovyan	Urban	40
Kotayk	Hrazdan	Urban	40
Kotayk	Charentsavan	Consolidated mixed	38
Kotayk	Bjni	Consolidated mixed	10
Kotayk	Karenis	Consolidated mixed	5
Kotayk	Alapars	Consolidated mixed	10
Kotayk	Byureghavan	Consolidated mixed	14



Marz	Community Name	Community Type	Sample Size
Ararat	Burastan	Rural	17
Ararat	Verin Artashat	Rural	35
Ararat	Mkhchyan	Rural	33
Ararat	Kharbert	Rural	62
Armavir	Vagharsha-pat	Urban	40
Armavir	Armavir	Urban	30
Armavir	Metsamor	Urban	16
Armavir	Karakert	Rural	15
Armavir	Aknaich	Rural	11
Armavir	Arevik	Rural	9
Armavir	Janfida	Rural	12
Armavir	Gay	Rural	12
Armavir	Geghakert	Rural	9
Armavir	Dalarik	Rural	13
Armavir	Sardarapat (Hoktember)	Rural	17
Armavir	Tsaghkunq	Rural	5
Armavir	Baghramyan	Rural	5
Syunik	Kapan	Consolidated mixed	62
Syunik	David Bek	Consolidated mixed	10
Syunik	Sisian	Consolidated mixed	39
Syunik	Shaki	Consolidated mixed	10
Syunik	Goris	Consolidated mixed	37
Syunik	Khndzoresk	Consolidated mixed	10
Syunik	Meghri	Consolidated mixed	14
Syunik	Agarak	Consolidated mixed	5
Syunik	Tegh	Consolidated rural	25
Syunik	Karashen	Consolidated rural	10
Syunik	Khoznavar	Consolidated rural	5
Syunik	Kornidzor	Consolidated rural	10
Tavush	Berd	Consolidated mixed	36
Tavush	Mosesgegh	Consolidated mixed	15
Tavush	Dilijan	Consolidated mixed	34
Tavush	Haghartsin	Consolidated mixed	10

Marz	Community Name	Community Type	Sample Size
Kotayk	Nurnus	Consolidated mixed	5
Kotayk	Meghradzor	Consolidated rural	36
Kotayk	Aghavnadzor	Consolidated rural	10
Kotayk	Artavaz	Consolidated rural	5
Kotayk	Tsaghkadzor	Urban	15
Kotayk	Aramus	Rural	18
Kotayk	Solak	Rural	12
Kotayk	Kasakh	Rural	24
Kotayk	Lernanist	Rural	17
Kotayk	Garni	Rural	37
Lori	Vanadzor	Urban	85
Lori	Alaverdi	Consolidated mixed	35
Lori	Haghpat	Consolidated rural	5
Lori	Stepanavan	Consolidated mixed	28
Lori	Katnaghbyur	Consolidated mixed	5
Lori	Spitak	Urban	12
Lori	Tashir	Consolidated mixed	20
Lori	Lernahovit	Consolidated mixed	5
Lori	Odzun	Consolidated rural	51
Lori	Mghart	Consolidated rural	5
Lori	Hagvi	Consolidated rural	5
Lori	Arevatsag	Consolidated rural	10
Shirak	Gyumri	Urban	118
Shirak	Artik	Urban	16
Shirak	Ashotsk	Consolidated rural	58
Shirak	Mets Sepasar	Consolidated rural	10
Shirak	Amasia	Consolidated rural	37
Shirak	Voghji	Consolidated rural	10
Shirak	Maralik	Urban	15
Shirak	Arapi	Rural	7
Shirak	Pemzashen	Rural	12
Shirak	Harich	Rural	8
Vayots Dzor	Rind	Consolidated rural	15

Marz	Community Name	Community Type	Sample Size
Tavush	Ijevan	Urban	15
Tavush	Noyemberyan	Consolidated mixed	22
Tavush	Dovegh	Consolidated mixed	5
Tavush	Koghb	Consolidated rural	43
Tavush	Zorakan	Consolidated rural	10
Vayots Dzor	Areni	Consolidated rural	50
Vayots Dzor	Khachik	Consolidated rural	10

**Table A1.3.** Sample structure of business survey by region

Region	SME respondents	Farmer respondents
Aragatsotn	83	29
Ararat	102	77
Armavir	105	30
Gegharkunik	130	54
Kotayk	171	49
Lori	175	59
Shirak	125	45
Syunik	115	75
Tavush	104	67
Vayots Dzor	76	30
Yerevan	351	0
<b>Total</b>	<b>1537</b>	<b>515</b>

Marz	Community Name	Community Type	Sample Size
Vayots Dzor	Agarakadzor	Consolidated rural	10
Vayots Dzor	Aghavnadzor	Consolidated rural	20
Vayots Dzor	Jermuk	Consolidated mixed	13
Vayots Dzor	Gndevaz	Consolidated mixed	5
Vayots Dzor	Vayq	Consolidated mixed	8
Vayots Dzor	Azatek	Consolidated mixed	5
Vayots Dzor	Yeghegnadzor	Urban	8

**Table A1.4.** Sample structure of business survey by community cluster type

Community cluster type	SME respondents	Farmer respondents
Consolidated mixed	401	237
Consolidated rural	82	143
Rural	36	118
Urban	667	17
Yerevan	351	0
<b>Total</b>	<b>1,537</b>	<b>515</b>

For the household survey, overall, 126 communities (about 15 percent of all communities of Armenia) participated in the survey (Table A1.2) from all five clusters. The business survey was conducted in 58 communities where both the SMEs and farmers were surveyed. Geographical coverage of the 88 communities is illustrated below.<sup>3</sup>

<sup>3</sup> The map depicts Yerevan, all standalone rural and urban communities, and centres of consolidated communities.



**sampling (SRS)** from a list of phone numbers provided by a local data vendor company and local authorities. According to the actual survey the average response rate was about 40 percent. Approximately 8,000 calls were conducted during the survey.

It was important to ensure inclusion of individuals from vulnerable groups in the survey. To achieve this goal regional partners were asked to provide contact information of individuals from the following groups:

- households with many children;
- people with disabilities;
- people who permanently get social benefits from government;
- single pensioners.

According to Armstat these vulnerable groups represent 10-15 percent of the population of Armenia. Therefore, it was decided to target 10 percent and include them equally from all marzes. This allowed the team to include in the sample approximately 300 respondents from these vulnerable groups and then analyse the effects of COVID-19 on these vulnerable individuals. In addition to these four groups, UNHCR suggested including refugees as a specific category and provided a list of phone numbers, from which approximately 30 respondents were randomly chosen.

***Care must be taken while interpreting the results of the survey for vulnerable groups due to sample size limitations which did not provide results with a high confidence level.***

### Sample size for the business survey

Between five and seven communities were selected from each region. The selection was based on economic concentration level, economic importance, population size, vulnerability and geographical location. The target number of selected respondents from each community includes the following:

- ~ 350 entities/individual entrepreneurs (IEs) in Yerevan;
- ~ 70 entities/IEs in Gyumri and Vanadzor;
- ~ 50 entities/IEs in other large cities (i.e. Vagharshapat, Abovyan);

- ~ 30 entities/IEs and ~ 15 farmers in other urban areas and consolidated mixed communities with a higher economic concentration;
- ~ 15 entities/IEs and ~ 15 farmers in other urban areas, consolidated mixed and rural communities with a lower economic concentration;
- Up to 5 entities/IEs and ~ 15 farmers in rural areas.

The SME and farmer respondents were identified in collaboration with regional governments, local authorities and other institutional partners, including the Investment Support Centre and industry associations. Contact information was extracted from online business registries such as Spyur, Armenia Export Catalogue and the Producer and Exporter database on the Ministry of Economy's official website.

The methodological design of the study was based on an inclusive approach. The selection of respondents included vulnerable industries, communities, and individuals.

Specifically, in addition to various types of communities (i.e. urban, rural, consolidated), the sampling methodology aimed at including:

- communities that are the most affected by the COVID-19, such as Vagharshapat, Sevan, Vardenis, and Maralik;
- communities inhabited with national minorities;
- respondents from various sectors, particularly from the most affected sectors (i.e. tourism, hospitality, manufacturing).

As in the case of the household survey, the respondents of the SME/farmers survey were selected through a stratified random sampling from a list of community business representatives. The respondents were randomly selected by keeping the sectoral structure of the given community. This ensured its full representation with the real economic structure. The average response rate for the business report was 52 percent.

Overall, 1,537 business entities and individual entrepreneurs and 515 farmers were surveyed from all 10 marzes including Yerevan. The actual sample for the SMEs and farmers is presented in Table A1.5.

**Table A1.5.** Sample structure of business survey by communities

Community name	Community type	Number of SME respondents	Number of Farmer respondents
<b>Aragatsotn</b>		<b>83</b>	<b>29</b>
Alagyaz	Consolidated rural	5	14
Aparan	Consolidated mixed	28	15
Ashtarak	Urban	30	0
Byurakan	Rural	5	0
Talin	Urban	15	0
<b>Ararat</b>		<b>102</b>	<b>77</b>
Ararat	Urban	30	0
Artashat	Urban	27	0
Lusarat	Rural	0	15
Nor Kharberd	Rural	5	16
Masis	Urban	15	0
Urtsadzor	Consolidated rural	5	15
Vedi	Urban	15	15
Verin Artashat	Rural	5	16
<b>Armavir</b>		<b>105</b>	<b>30</b>
Armavir	Urban	30	30
Metsamor	Urban	15	0
Myasnikyan	Rural	5	15
Sardarapat	Rural	5	1
Vagharshapat	Urban	50	0
<b>Gegharkunik</b>		<b>130</b>	<b>54</b>
Chambarak	Consolidated mixed	15	15
Gavar	Urban	30	2
Martuni	Urban	15	0
Sevan	Urban	30	0
Shoghakat	Consolidated rural	4	12
Tsovagyugh	Rural	5	10
Vardenis	Consolidated mixed	31	15
<b>Kotayk</b>		<b>171</b>	<b>49</b>
Abovyan	Urban	50	0
Byureghavan	Consolidated mixed	22	3
Charentsavan	Consolidated mixed	31	16
Garni	Rural	6	16
Hrazdan	Urban	30	0
Meghradzor	Consolidated rural	8	14
Tsaghkadzor	Urban	24	0
<b>Lori</b>		<b>175</b>	<b>59</b>
Alaverdi	Consolidated mixed	30	15
Odzun	Consolidated rural	15	13
Spitak	Urban	15	0
Stepanavan	Consolidated mixed	30	16
Tashir	Consolidated mixed	15	15
Vanadzor	Urban	70	0
<b>Shirak</b>		<b>125</b>	<b>45</b>
Amasia	Consolidated rural	5	15
Artik	Urban	30	0
Ashotsk	Consolidated rural	5	15
Gyumri	Urban	70	0
Maralik	Urban	15	0
<b>Syunik</b>		<b>115</b>	<b>75</b>
Goris	Consolidated mixed	30	15
Kapan	Consolidated mixed	30	15
Meghri	Consolidated mixed	15	15

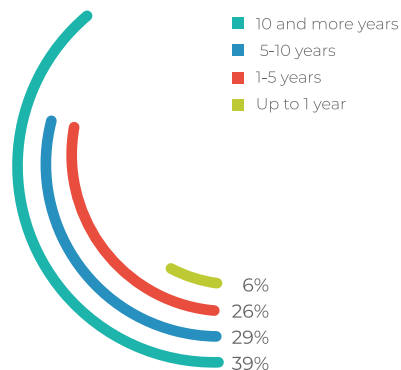
Community name	Community type	Number of SME respondents	Number of Farmer respondents
Sisian	Consolidated mixed	30	15
Tegh	Consolidated rural	10	15
<b>Tavush</b>		<b>104</b>	<b>67</b>
Berd	Consolidated mixed	19	22
Dilijan	Consolidated mixed	30	15
Ijevan	Urban	30	0
Koghb	Consolidated rural	10	15
Noyemberyan	Consolidated mixed	15	15
<b>Vayots Dzor</b>		<b>76</b>	<b>30</b>
Areni	Consolidated rural	15	15
Jermuk	Consolidated mixed	15	15
Vayk	Consolidated mixed	15	0
Yeghegnadzor	Urban	31	0
<b>Yerevan</b>	<b>Yerevan</b>	<b>351</b>	<b>0</b>
<b>Grand Total</b>		<b>1537</b>	<b>515</b>

Below are presented the distribution of respondents of business respondents by sectors, years of activity and revenue level.

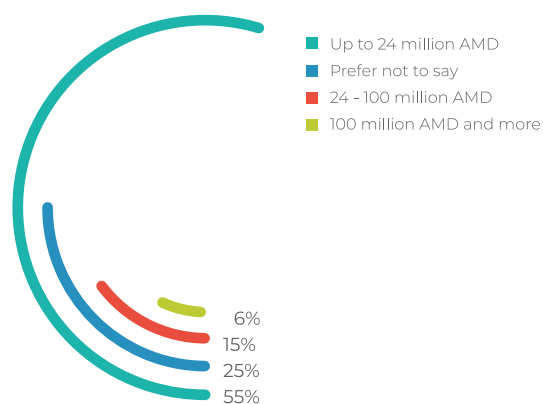
**Table A1.6.** Sample structure of business survey by sectors

Sector	Frequency	Percentage
Agriculture	533	25.97
Beauty and well-being	91	4.43
Construction	28	1.36
Food groceries	242	11.79
Food services	165	8.04
Tourism	218	10.62
Information technologies	54	2.63
Medical services	81	3.95
Non-food commerce and trade	214	10.43
Non-food industry	97	4.73
Transport & taxi services	26	1.27
Other services	137	6.68
Food production	166	8.09
<b>Total</b>	<b>2,052</b>	<b>100</b>

**Figure A1.1.** Sample distribution of business survey per years of activity of businesses



**Figure A1.2.** Sample distribution of business survey per the revenue level of businesses



Note: Agricultural sector is excluded.

## 1.5. Questionnaires

### Household survey questionnaire

At the household level, primary data was collected utilizing RGA. This assessment tool was developed by the UNW/WCGP to assess the impact of the coronavirus pandemic on men and women, given their economic empowerment and vulnerability, and how the changing situation affects their livelihood.

The questionnaire was structured for an in-depth

analysis of the main questions of interest disaggregated by gender. However, in this version of the report it was not possible to discuss all results disaggregated by gender due to the limited space of the report. Detailed results on gender differences will be presented in a separate report developed by UNFPA and UN Women.

The questionnaire contained approximately 35 socio-economic questions and, according to the pilot survey, took 15-20 minutes to complete. The structure of the survey questionnaire is presented in the following table:

**Table A1.7.** Household survey questionnaire structure

Questionnaire block	Number of questions	Purpose
Demographic characteristics	9	Used to obtain the respondent's demographic data, family data and geographic location.
Main source of information	2	Used to obtain data on the respondent's source of information about COVID-19 and the quality of the received information.
Employment and livelihood resources	12	Used to obtain information about employment status, changes in employment status and workload due to COVID-19, financial and other support received from the government and/or other organizations.
Distribution of household roles	3	Used to obtain information on changes in the roles and times for specific activities in a respondent's family.
Access to basic services and safety	5 women 3 men	Used to obtain and assess information on difficulties in access to basic services, as well as possible difficulties in case the spread of COVID-19 continues. Two questions are solely meant for female respondents to assess difficulties in access to gynaecological and obstetric care as well as contraceptives.
Discrimination	3	Used to obtain information on increase of domestic violence, discrimination after spread of COVID19 and knowledge about where to seek support in cases of discrimination.
Education and youth	2	Used to obtain information about education and civil activity of youth.
Community service	2	Used to obtain information about changes in quality of community services during the last two months.

### Business survey questionnaire

The economic assessment was conducted through a quantitative survey among various types of businesses, including companies, family businesses and individual entrepreneurs. When taking into account the large share of agriculture in the economic structure of Armenia, individual farmers were also included in the assessment as a separate subgroup.

The data collection was implemented through two separate questionnaire forms. The first one targeted business entities and individual entrepreneurs. Over-

all, it was composed of five different sections, each covering a separate aspect of business activities including the following:

- basic information about the business;
- assessment of COVID-19's impact on business operations;
- assessment of risk management capacities;
- awareness, accessibility and relevance of government initiatives;
- assessment of the risks and opportunities for the post-COVID-19 period.

Desk research was implemented as a starting point for development of the questionnaire. Based on the findings and the pre-defined research questions, the first draft was expanded and shared with the UN agencies (UNA) for review. It was later modified based on new information and feedback received from various institutions, including regional municipalities and local municipalities.

A second questionnaire was developed for farmers which was expanded based on the SME questionnaire with necessary adjustments to capture the specifics of the agricultural sector and business model.

Furthermore, in the questionnaire design, the perspective of vulnerable social groups was also considered. It included questions on the type and size of COVID-19's impact on female employees. It also aimed at revealing the gender aspect of the current crisis in the private sector in Armenia. Consequently, it also took into account the impact of return migration on the local economies, which might be significant given the large volume of mobility before the enforcement of global travel restrictions.

## 1.6. Data Collection

### *Data collection of household survey*

Considering logistic and health constraints, it is impossible to organize the data collection process via face to face interviews. Therefore, it was decided to implement dual modality data collection: a phone survey and an online survey.

For the data collection process, three different questionnaires were developed in Kobo Toolbox based on target respondents and the data collection modality. The following questionnaires were developed:

- a questionnaire to conduct via telephone calls;
- a questionnaire to conduct survey via SMS;
- a questionnaire to conduct survey for vulnerable groups in Yerevan<sup>4</sup>

Contact details of respondents have been collected in two ways. The specialized company used the

existing database of mobile phone users to conduct random calls according to the sample structure. For sampled communities, community authorities collected contact details of respondents for both vulnerable groups and the general population. The contact details received from the communities were randomly sorted and anonymous contacts were saved as a secured, shared file. The contact details were randomly distributed among the volunteer interviewers to evenly disperse existing contact details between interviewers.

To test the online survey tool, 5,000 text messages were sent to residents of Yerevan inviting them to fill out online questionnaires. The response rate was very low at approximately 1 percent. There were general inefficiencies to online surveys related to Internet penetration and the availability of smartphones in various marzes and the assumption that potential respondents may be biased toward the income groups.<sup>5</sup> For this reason, it was decided to stop the online survey and continue the data collection process through a phone survey.

### *Data collection of business survey*

The interviewing teams implemented the data collection through KoBo Toolbox. The first team was composed of UNDP volunteers. They joined the study team from the very beginning of the surveying process. Later, another group of interviewers composed of students enrolled in Bachelor's and Master's economic studies programs was engaged.

## Training of interviewers and quality control

### *Household survey*

The SEIA team worked with a specialized company as well as volunteers to conduct interviews.

Online trainings on how to use Kobo Toolbox were conducted for both groups. Tips on interviewing and conducting questionnaires were presented to all interviewers. Additionally, test questionnaires were developed and used by the interviewers to conduct test interviews. The results were then analysed and communicated to all involved participants.

4 By request of the Yerevan municipality, a slightly different structure of vulnerable groups was investigated. More than 380 surveys were conducted, but more than 300 of them were not included in the analysis. The purpose of these additional surveys was the collection of data, which were provided to the stakeholder (Yerevan municipality) for a more detailed investigation of the needs of vulnerable people.

5 A higher percentage in upper income group may have smartphones.



During the testing stage, the interviewers provided recordings of surveys that were conducted. These recordings were analysed, based on whether or not the questionnaire had been modified and updated and whether tips and suggestions were developed for some questions shared with the interviewers.

To ensure quality control interviewers were asked to record all interviews. On a weekly basis, a random sample of recordings was compared with completed questionnaires. Any inconsistencies or required changes to better reflect the essence of the questions were communicated to the team of interviewers.

To ensure high quality of gathered survey data an automated algorithm was developed to detect problematic questionnaires. Incomplete questionnaires or those with short completion time (for instance surveys completed in five to six minutes) were identified as problematic and excluded from the database. This algorithm was implemented on a daily basis and additional surveys were conducted in corresponding communities to replace problematic questionnaires. Overall, more than 300 such cases were excluded from the database. The advantage of using this algorithm allowed the team to have a final database (ready to be used for data analysis) on the last day of fieldwork. This saved time for data filtering and preparation.

### Business survey

One of the goals of the SEIA project was to build capacity at different levels of government for replication of rapid impact assessment during future emergencies. For this purpose, the EV Consulting team conducted training courses for the representatives of five local authorities who expressed willingness to engage in the survey process in their communities (Charentsavan, Tashir, Vayk, Yeghegnadzor, Sevan).

Training courses were organized by the study team for the interviewers in charge of data collection through phone interviews. Overall, three online sessions were held for each interviewing team. During the training courses, details of the questionnaires were explained and discussed and use of the KoBo Toolbox online form was presented, followed by a Q&A session. The study team also prepared a visual guideline for the interviewers which explained every step of the data collection process of KoBo Toolbox. The guideline also included specific instructions for efficient survey implementation.

To ensure the high quality of data gathered, the interviewing process and collected data were monitored daily to identify problems and errors.

### Post-stratification weighting

Statistical hypothesis testing techniques were used as the main tool for data analysis. They aided assessment of the demographic effects and other socio-economic factors on the impact of COVID-19. To eliminate possible biases due to differences between the structures of the sample and the general population, a post-stratification weighting approach was implemented. The weights were constructed using the official information on age groups, gender, and marzes in Armenia.

### Household survey

Usually, various groups respond to survey questions differently according to factors such as gender, age and other demographic characteristics. In order to generalize findings obtained from samples, general population representative samples were needed. If sample distributions did not perfectly resemble population distributions, other methods for minimizing response bias were used to ensure that specific groups of respondents were not underrepresented and/or overrepresented based on demographic subgroups. This can introduce bias which distorts both the accuracy and the inferences made about the results. To correct for sampling bias in the current study a population-based adjustment algorithm (post-stratification weighting) was applied to reweight the data.

The purpose of post-stratification weighting was to ensure that the sample structure matched the structure of the population. The weights were constructed using the information on age group, gender and marz. The post-stratification weights were obtained by adjusting the design weights in such a way that they replicated the distribution of the cross-classification of age group, gender and the marginal distribution for the region in the population. The population distributions for the adjusting variables were derived based on population censuses obtained from the Demographic Handbook of Armenia (2019).<sup>6</sup>

<sup>6</sup> Statistical Committee of the Republic of Armenia, "The Demographic Handbook of Armenia, part 2—Population", 2019. Accessed at: [https://www.armstat.am/file/article/demog\\_2019\\_2.pdf](https://www.armstat.am/file/article/demog_2019_2.pdf)

## Data analysis methodology

### Statistical methods

Descriptive statistical analysis tools such as frequency distributions and contingency tables were applied in the data analysis stage. The data was visualized with different chart types (bar/column/pie/linear charts) and regional maps. The relationships investigated in the data analysis were tested statistically using the Chi-square hypothesis testing tool. The results of the Chi-square tests were printed in the report to highlight the significance or non-significance of the particular relationships.

### Secondary data

#### Household survey

To enrich the analysis several secondary data sources were explored by collecting official and statistical information from the various ministries, the Statistical Committee of the Republic of Armenia and other sources. The information collected for the last several years is listed in the following table:

**Table A1.8.** Data sources

Information collected	Information	Link	Publication
1. Working age population by gender		<a href="https://www.armstat.am">https://www.armstat.am</a>	
2. Monthly average nominal wages by region, including Yerevan		<a href="https://www.armstat.am/file/article/f_sec_1_2020_1.pdf">https://www.armstat.am/file/article/f_sec_1_2020_1.pdf</a>	
3. Unemployment rate by gender and region, including Yerevan	Statistical Committee of the Republic of Armenia	<a href="https://www.armstat.am/file/article/sv_03_20a_142.pdf">https://www.armstat.am/file/article/sv_03_20a_142.pdf</a>	March 31, 2020
4. Marriage and divorce rate by region, including Yerevan		<a href="https://www.armstat.am/file/article/demog_2019_6.pdf">https://www.armstat.am/file/article/demog_2019_6.pdf</a>	2019
5. Poverty rate by region, including Yerevan		<a href="https://www.armstat.am/file/article/poverty_2019_a_2.pdf">https://www.armstat.am/file/article/poverty_2019_a_2.pdf</a>	2019
Information on actual amounts paid to beneficiaries as part of governmental COVID-19 support programs (4 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> 9 <sup>th</sup> )	Social Support Agency (SSA)	The Ministry of Labour and Social Affairs	June 2020

The collected information will be used to compare the results of the survey with the official information provided by the government and to analyse correlations and deviations.

### Business survey

The survey data analysis **for the SMEs and farmers** were complemented by the analysis of official statistics and the secondary data received from the SRC, the Ministry of Labour and Social Affairs and the Ministry of Economy.

The secondary data was analysed disaggregated by marzes and sectors of the economy and included the dynamics of key economic indicators such as turnover, employment and unemployment, payroll payments, exports and imports. The number of businesses that applied for state emergency support for each program, number of businesses included in the state emergency support for each program, number of businesses that received state emergency support for each program and the monetary value of support provided for each program were also analysed.

## 1.7. Methodology gaps and limitations

The main limitation of the survey processes was the availability of inclusive and updated lists with phone numbers to SMEs, farmers and households without discrimination. This resulted in a sampling bias where some members of the intended population or businesses had a lower or higher sampling probability than others. This issue was addressed through data boosting and weighting approaches. However, it should be noted that this combination of approaches has limitations on its own and it cannot be ruled out that some of the boosted populations are slightly overrepresented in the sample.

This study and its adopted methodology have several other limitations, some of which resulted from the countrywide lockdown during the time when the study was commissioned. One such limitation was the inability to conduct face-to-face interviews with respondents. To avoid any public health-related issues, interviews were conducted via phone or online tools, which resulted in a high refusal rate.

The methodology design employed a multistage sampling approach. The first stage utilized cluster sampling to select 58 communities for the SME/Farmers survey, and the second stage selected respondents from each of those communities. However, the lack of demographic data on business entities, such as sector structure, age and size of the businesses at the community level limited the ability to obtain a highly representative sample. To offset this limitation, the research team asked regional administrations and local authorities, which provided contact data for the SMEs and farmers, to ensure the sector distribution for each community following their real economic structure. Furthermore, the use of secondary aggregated data received from the SRC allowed the team to obtain the overall picture of COVID-19's impact for regional governments and to adjust for possible survey bias.

## Questionnaires

### Household Survey



#### Survey: Consequences of COVID-19 on women's and men's economic empowerment

*“Dear Participant, we are conducting a survey to assess the economic and social impact of COVID19 on both men and women living in Armenia. The survey was initiated by the United Nations Population Fund and the United Nations Women.*

*It will take you maximum 15 minutes to answer this questionnaire. The data collected will be anonymous (participants will not be identified) and will only be used in this study.*

*Thank you for your time.”*

### Demographic characteristics

#### Q1. Where are you living/residence area?

[Roll down menu] NEXT

1. Yerevan
2. Aragatsotn
3. Ararat
4. Armavir
5. Gegharkuniq
6. Lori
7. Kotayq
8. Shirak
9. Syunik
10. Vayots Dzor
11. Tavush

#### Q1.1 In which community of your marz do you live THE QUESTION IS OMITTED IF Q6 IS ANSWERED YEREVAN

#### Q2. Sex

[Please select one, then NEXT]

1. Male
2. Female
3. Other -

#### Q3. How old are you?

[Please inset your age in years]

[YEARS]

#### Q4. What is your marital status?

[Please select one, then NEXT]

1. Single
2. Married
3. Living with partner/Cohabiting
4. Married but separated

5. Widowed
6. Divorced

**Q5. What is the highest level of education that you have completed?**

[Please select one, then NEXT]

1. No education
2. Primary
3. Secondary
4. University or equivalent

**Q6. Current nationality or ethnic group**

[Roll down menu] NEXT

1. Armenian
2. Yezidi
3. Russian
4. Assyrian
5. Other

**Q7. How many people live with you?**

[Please select one, then NEXT]

**Q7.1. Number of people living with you by age groups:**

1. Number of children 0-17
2. Number of adults 18-64
3. Number of elderly 65+

**Main source of information**

**Q8. What is your main source of information regarding COVID19 (risks, recommended preventive action, coping strategies)?**

[Please select one, then NEXT]

1. Internet & social media (facebook, Instagram, etc.)
2. Official Government websites
3. Radio/Television/Newspaper
4. Public service announcement/speaker
5. Phone (telegram, viber, whatsapp, or call)
6. Community, including family and friends
7. Health center/Family doctor
8. NGO/Civil Society organization
9. Other
10. Do not know about COVID19 **GO TO Q 9**

**Q8.1 How would you rate the information you received?**

[Please select one, then NEXT]

1. I did not receive any information
2. Clear and helped me prepare
3. Clear, but it came too late for me to prepare
4. Confusing/contradictory

Employment and livelihood resources

**Q9. How would you best describe your employment status during a typical week prior to the spread of Covid-19?**

[Please select one]

1. I worked for a person/company/institutions **GO TO Q 9.1**
2. I had my own business/Freelancer and I employed other people **GO TO Q 9.1**
3. I had my own business/Freelancer, but I did not employ other people **GO TO Q 9.1**
4. I helped (without pay) in a family business **GO TO Q10**
5. I did not work and I was not looking for a job and I was not available to work **GO TO Q10**
6. I did not work, but I am looking for a job and I am available to start working **GO TO Q10**
7. I am retired, pensioner **GO TO Q10**
8. I did not work because I am studying full time **GO TO Q10**
9. I have a long-term health condition, injury, disability **GO TO Q10**
10. Other, specify \_\_\_\_\_ **GO TO Q10**

**Q 9.1 Since the spread of COVID19, has the number of hours devoted to paid work changed?**

[Please select one]

1. Increased
2. No change/It is the same
3. Decreased, but I didn't lose my job
4. I lost my job **GO TO Q10**
999. I do not know

[NEXT QUESTIONS 9.2-9.4 ONLY ASKED FOR Q9 == 1]

**Q9.2. Since the spread of COVID19, have you been imposed to take a leave?**

[Please select one]

1. Yes, full paid leave
2. Yes, partially paid leave
3. Yes, un-paid leave
4. No, I did not take a leave
5. Not entitled for a leave/not applicable
999. I do not know

**Q9.3. Does your employer pay contributions toward pension on your behalf?**

[Please select one, then NEXT]

1. Yes
2. No
999. I do not know

**Q9.4. Since the spread of Covid-19, are there any changes in your typical place of work?**

[Please select one]

1. Yes, I used to work outside and now I am working at my own home
2. No, I used to work outside and now I am still going out for work
3. No, I still work from my own home as previously

**Q9.5. If you could not work for at least two**

**weeks because of the coronavirus what would most likely happen to your earnings?**

[Please select one, then NEXT]

1. I would likely continue to get paid full salary
2. I would likely continue to get paid partially salary
3. I would likely expect not to get paid
999. I do not know

[NEXT QUESTION ONLY ASKED FOR Q9 == 2 OR 3]

**Q9.6 Is your business formally registered?**

[Please select one, then NEXT]

1. Yes
2. No
999. I do not know

**Q9.7 How is your business affected after the spread of COVID-19?**

[Please select one]

1. No change
2. Increased/oversized
3. Decreased/downsized
4. Stopped totally

[NEXT QUESTIONS ASKED FOR ALL RESPONDENTS]

**Q10. Are you currently covered by any form of health insurance or health plan?**

[Please select one, then NEXT]

1. Covered by health insurance
2. Not covered by health insurance
999. I do not know

**Q11. Do you receive any unemployment benefits and/or any financial support from the Government, local municipalities since the spread of COVID19?**

[Please select one, then NEXT]

1. Yes
2. No
999. I do not know

**Q12. Do you receive any in-kind support from the Government and /or local municipalities since the spread of COVID19? (multiple response)**

1. Yes, food
2. Yes, supplies for prevention (gloves, masks, sanitizer, etc.)
3. Yes, personal hygiene supplies (menstrual supplies, baby diapers, etc.)
4. No
999. I do not know

**Q 12.1 Do you receive any in-kind support from Non-Governmental/civil society organi-**

**zation or other non-profit organizations? (multiple response)**

1. Yes, food
2. Yes, supplies for prevention (gloves, masks, sanitizer, etc.)
3. Yes, personal hygiene supplies (menstrual supplies, baby diapers, etc.)
4. No
999. I do not know

**Q13. As a result of COVID19, how have the following personal resources been affected?**

Please mark <input type="checkbox"/> appropriate box			
In-creased	No change	De-creased	Not an income source
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1. Income/earnings from farming			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Income/earnings from own business/ family business, freelancer activity			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Income/earnings from a paid job			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Income from properties, investments or savings -			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Pensions, other social payments			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Food from farming, raising animals or fishing			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Money or goods received from people living abroad			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Support from family/ friends in the country (money, food, etc.)			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Government support			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Support/Charity from NGOs or other organizations			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Income from working abroad			

### Distribution of Household Chores

**Q14. As a result of COVID19, has the number of hours devoted to the following activities changed?**

Please mark <input type="checkbox"/> appropriate box				
	I do not usually do it	In-creased	Un-changed	Decreased
1. Cooking and serving meals				
2. Cleaning and maintaining own dwelling and surroundings (e.g. clothes, household)				
3. Household management (e.g. paying bills)				
4. Shopping for my family/household member				
5. Collecting water/firewood/fuel				
6. Playing with, talking to and reading to children				
7. Instructing, teaching, training children				
8. Caring for children, including feeding, cleaning, physical care				
9. Assisting older/sick/disabled adults with medical care, feeding, cleaning, physical care				
10. Affective/emotional support for adult family members				
11. Pet care				

**Q15. Since the spread of COVID19, in which activity do you spend the most time?**

[Please select one, then NEXT]

1. Cooking and serving meals
2. Cleaning and maintaining own dwelling and surroundings (e.g. clothes, household)
3. Household management (e.g. paying bills)
4. Shopping for my family/household member

5. Collecting water/firewood/fuel
6. Playing with, talking to and reading to children
7. Instructing, teaching, training children
8. Caring for children, including feeding, cleaning, physical care
9. Assisting older/sick/disabled adults with medical care, feeding, cleaning, physical care
10. Affective/emotional support for adult family members
11. Pet care

**Q16. Since the spread of COVID19 have roles and responsibilities within the household been affected?**

Please mark <input type="checkbox"/> appropriate box			
	Yes	No	Not applicable
1. My partner helps me more with household chores and/or caring for family			
2. My daughter(s) helps me more with household chores and/or caring for family			
3. My son(s) helps me more with household chores and/or caring for family			
4. Other family/household members help me more with household chores and/or caring for family			
5. Hired a domestic worker/babysitter / nurse			
6. Domestic worker/babysitter/nurse works longer hours with us			
7. Domestic worker/babysitter/nurse no longer works with us			
8. I am on my own, no one can longer help me with household chores and caring for family			

### Access to basic services and safety

**Q17. As a result of COVID19, did you (personally) experience any of the following:**

Please mark <input type="checkbox"/> appropriate box			
	Yes	No	Not applicable
1. Physical illness			
2. Illness of a family/household member			
3. Death of a family/household member			
4. Psychological/Mental/Emotional health was affected (e.g. stress, anxiety, etc.)			

- 
5. Migrated/moved to different geographical area within the same country
- 
6. Recently returned from abroad
- 
7. Children's school was cancelled or reduced
- 

**Q18 As a result of COVID19, did you (personally) experience difficulties in accessing basic services:**

Please mark <input checked="" type="checkbox"/> appropriate box				
	Major diffi- culties	Some diffi- culties	No diffi- culties	No need
1. Food products/supply				X
2. Medical supplies for personal protection (masks, gloves, etc.)				X
3. Health services/assistance for myself and/or my family member				
4. Hygiene and sanitary products (soap, water treatment tabs, menstrual products)			X	
5. Public transport				
6. Water supply				X
7. Social services/assistance for myself and/or family member				
8. Electricity supply				
9. Gas supply				

**D19. If restrictive measures related to spread of COVID-19 continue, what would most likely to happen to your financial situation?**

Please mark <input checked="" type="checkbox"/> appropriate box			
	Yes	No	Not applicable
1. Would be difficult to keep up with basic expenses (food, hygiene products, etc.)			
2. Would be difficult to pay for renting			
3. Would be difficult to pay for utilities			
4. Will have to stop seeking health services/assistance			
5. Will have to ask help from relatives and friends			
6. Will have to ask help from the local authorities			
7. Will have to take a loan			
8. Will have to transform to alternative heating means			

**Q20. Have you felt increase of any form of discrimination, prejudice in the country/area**

**you live after the spread of COVID-19?**

1. Yes
2. No
999. I do not know
998. Refuse to answer

**Q21. Have you felt/heard about increase of domestic violence since the spread of COVID-19?**

1. Yes
2. No
999. I do not know
998. Refuse to answer

**Q21.1 Do you know where to seek help and support in case of someone experiencing domestic violence such as hotlines, psychological and police support?**

[Please select one, then NEXT]

1. Yes
2. No
999. I do not know
998. Refuse to answer

[NEXT QUESTIONS ASKED ONLY FOR WOMEN]

**Q22. Since the spread of COVID19, did you personally experience difficulties in accessing the gynecological and obstetric care services:**

[Please select one, then NEXT]

- a) Gynecological and obstetric care services for myself
1. No need for these services
  2. Did not face any difficulties
  3. I faced some difficulties
  4. I faced major difficulties
  998. Refuse to answer

**Q22.1 Since the spread of COVID19, did you personally experience difficulties in accessing contraceptives:**

Please select one, then NEXT]

1. No need for these services
2. Did not face any difficulties
3. I faced some difficulties
4. I faced major difficulties
998. Refuse to answer

**Q23. How the spread of COVID19 has influenced on your education?**

[Please select one, then NEXT]

1. My education is continuing
2. My education has been postponed
3. My education has been stopped
4. Not applicable

**Q24. How is your civil activity is in terms of COVID19 spread?**

[Please select one, then NEXT]

1. I actively help my community, by sewing and distributing masks, collecting money for helping medical workers and hospitals
2. I am helping elderly people in my community
3. I am an active member of civil organization, which helps people in need due to COVID19
4. I actively discuss and disseminate news about COVID19 on social media and other

- websites
5. None of the above

**Q25 Would you like to answer to a few questions about community services?**

1. Yes
2. No

**QUESTION IS VALID ONLY IF THE ANSWER FOR Q25 IS YES**

**Q26. Your question about community services for these months?**

##	Community services	How the quality has change during the last 2 months				
		Improved	No changes	Worsen	I do not use	I am not aware
	Preschool education					
	Schools / professional, art, general education, music, etc.					
	Waste collection					
	Street care and lighting					
	Public transport					
	Maintenance of residential buildings					
	Landscaping:					
	Sanitary services					
	Community Medical Service					
	Local tax administration					
	Providing information					
	Administrative decision making					
	Community market					
	<b>Services provided in communities</b>					
11	Emergency services - MES					
	Law enforcement services					
	Gas supply					
	Power supply					
	Water and wastewater					
	Communication and television broadcasting					

**Q23. Are you...- ONLY FOR ON-LINE MOBILE PHONE - SURVEY**

[Please select one, then END]

1. The registered owner of this mobile phone **END**
2. One of the users of the phone which is registered in someone else's name **END**

**END: THANK YOU! If you would like to know the results of the survey in a few weeks, please check:**

<https://www.un.am/>

**SME questionnaire for business survey**

1. Please specify the name of your company.
2. What is the type of your business?
  - Company
  - Individual entrepreneurship

- Cooperative

**Background information on business activity**

**Q1. Please specify the region, in which your business carry out its activity:**

- Aragatsotn
- Armavir
- Ararat
- Gegharkunik
- Kotayk
- Lori
- Shirak
- Syunik
- Tavush
- Vayots Dzor
- Yerevan

**Q2. Please specify the region, in which your business carry out its activity:**



*Community: fill in the text here*

**Q3. What is the main sector of activity of your business?**

*Please select one of the following options.*

- Agriculture
- Agri-food processing and production
- Non-food manufacturing
- Food groceries
- Non-food commerce and trade
- Wholesale and distribution
- Beauty and well-being
- Handcraft
- Tourism and travel services
- Public transport & taxi services
- Construction
- Hotels & accommodation
- Food services (restaurants/cafes/bars)
- Medical services
- Pharmacies
- Information technology
- Mining and natural resources
- Financial services and insurance
- Real Estate
- Other services, please specify:

**Q4. Do you have any auxiliary business activity? If yes, in which sectors?**

*Please select all relevant options*

- No
- Agriculture
- Agri-food processing and production
- Non-food manufacturing
- Food groceries
- Non-food commerce and trade
- Wholesale and distribution
- Beauty and well-being
- Handcraft
- Tourism and travel services
- Public transport & taxi services
- Construction
- Hotels & accommodation
- Food services (restaurants/cafes/bars)
- Medical services
- Pharmacies
- Information technology
- Mining and natural resources
- Financial services and insurance
- Real Estate
- Other services, please specify:

**Q5. What is the age of your business?**

*Please select one of the following options.*

- Less than 1 year

- 1-2 year
- 3-4 year
- 5-10 year
- More than 10 years
- Prefer not to answer

**Q6. How many employees did your company have before the coronavirus outbreak?**

*Please select one of the following options.*

- 1
- Up to 5
- 6-10
- 11-20
- 21-30
- 31-40
- 41-50
- 51-100
- 101-250
- More than 251
- Prefer not to answer

**Q7. What has been the percentage of female employees in your business before the coronavirus outbreak?**

*Please specify the percentage.*

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- 75% or more
- Prefer not to answer

**Q8. Which are the main markets of your business?**

*Please select one of the following options.*

- Mostly community, surrounding settlements and regions
- Throughout Armenia
- Mostly Yerevan
- Mostly export markets
- Both local and exports markets

**Q9. Which tax regime is applied to your business activity?**

*Please select one of the following options.*

- VAT
- Turnover tax
- Family business/Microbusiness
- Prefer not to answer
- Don't know

**Q10. What has been the dynamics of your business development before the COVID-19 outbreak?**

*Please select one of the following options.*

- Increasing
- Decreasing
- Steady over time
- Prefer not to answer

**Assessing COVID-19 impact on business operations**

**Q11. How have your business operations been affected by the COVID-19 pandemic?**

Please select one of the following options.

- Not affected
- Slight negative effect
- Moderate negative effect
- Strong negative effect
- Slight positive effect
- Moderate positive effect
- Strong positive effect
- Prefer not to answer

(Next question appears if the answer to Question 10 is “Slight negative effect”; “Moderate negative effect”; “Strong negative effect”)

**Q12. In which of the following ways does the pandemic negatively affect your business operations?**

Please select all the relevant options.

- Temporary forced shutdown/ban of operations
- Decreased demand for our products/services
- Employee absences due to sickness
- Employee absences due to childcare
- Clients not paying their bills
- Disruptions in supply chain
- Reduced logistics services
- New problems with infrastructure, e.g. internet or roads

- None of the above
- Other, please specify:
- Don’t know

**Q13. What challenges have the abovementioned bottlenecks created for your business operations?**

- Difficulties in paying taxes
- Difficulties in paying salaries
- Difficulties and paying rent payment
- Difficulties in paying utility payments
- Difficulties in repaying loans
- Difficulties in repaying suppliers
- Cancellation or deferral of investment projects
- None of the above
- Other, please specify:
- Don’t know

(Next question appears if the answer to Question 10 is “Slight positive effect”; “Moderate positive effect”; “Strong positive effect”)

**Q14. In which of the following ways does the pandemic positively affect your business operations?**

- Increased demand for current products/services
- Emerged demand for new products and/or services
- New sales channels
- New investment projects
- Other, please specify:
- Don’t know

**Q15. How have the following public and utility services and/or services provided by the municipality been affected by the COVID-19?**

	Has been improved	Has not been changed	Has worsened	Do not use	Do not know
Provision of electricity					
Provision of natural gas					
Provision of drinking water					
Communication networks					
Waste management					
Sanitation services					
Provision of permits					
Provision of information and references					
Tax services					
Custom services					
Law enforcement services					
Cadastral services					

**Q15. In what way has the company turnover changed after the coronavirus outbreak?**

Please select one of the following options.

- Turnover was substantially higher than normal
- Turnover was a little higher than normal
- Turnover remained steady
- Turnover was a little lower than normal
- Turnover was substantially lower than normal
- Don't know

(Next question depends on the answer to the above question)

**Q16. How much has the turnover decreased?**

Select a number within the specified range.

10%   20%   30%   40%   50%   60%  
70%   80%   90%   100%

**Q17. How much has the turnover increased?**

Select a number within the specified range.

10%   20%   30%   40%   50%   60%  
70%   80%   90%   100%

**Q18. Has your company taken any of the following measures as a response to the COVID-19 crisis and emergency situation to minimize the risks?**

Please select all the relevant options.

- Reduced production of goods and services
- Rescheduled bank loans
- Applied for new loans
- Increased marketing efforts
- Introduced online sales/services
- Diversified payment methods, e.g. introduction of online payment options
- Customized / new products/services as a response to new demands
- Entrance to new markets
- Started sourcing from local suppliers
- Filed for bankruptcy
- Other, please specify:
- Don't know

**Q19. Have you taken any specific actions related to your staff in the context of COVID situation?**

Please select all the relevant options.

- No change in staffing and remuneration
- Reduced number of temporary workers

- Laid off permanent workers
- Reduced working hours
- Asked workers to take paid leave
- Asked workers to take unpaid leave
- Asked workers to work for reduced pay
- Shifted to distance working and have not laid off employees
- Hired new employees
- Other, please specify:
- Don't know

(Next question appears if the answer to Question 18 is "Reduced number of temporary workers"; "Laid off permanent workers")

**Q20. As a result of the above-mentioned measures, roughly what percentage of your employees lost their jobs?**

Please specify the percentage.

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- More than 75%
- Don't know

**Q21. Out of which women**

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- More than 75%
- Don't know

(Next question appears if the answer to Question 18 is "Reduced working hours"; "Asked workers to work for reduced pay")

**Q22. As a result of the above-mentioned measures, roughly what percentage of your employees got reduced income?**

Please specify the percentage.

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- More than 75%
- Don't know

**Q23. Out of which women**

- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%
- More than 75%

- Don't know
- Q24. Can the absence of work migration or the return of migrant workers have any effect on the labour market?**
- Yes, there is an increase in labour supply
  - Yes, there is a noticeable effect that results or will result in reduced labour cost
  - There is no return of migrant workers
  - No, there is no effect
  - Don't know

(Next question appears, if the answer to the above question is other than "There is no return of migrant workers")

- Q25. Can reduced remittances due to the return of migrant workers have any impact on your business in terms of declining demand?**
- Yes, it has or will have a substantial effect
  - Yes, but the effect is or will be limited
  - No
  - Don't know

- Q26. In your opinion, how long can your company survive if the current restrictions are maintained?**

Please select one of the following options.

- 1 month or less
- 1-3 months
- 3-6 months
- From 6 months to 1 year
- 1 year or more
- Don't know

#### Assessing the risk resilience and management of businesses

- Q27. Which of the following disaster risks have you considered in your business operations?**
- Natural disasters (earthquakes, landslides)
  - Climate change exposed weather extremes (strong winds, hail-storms, drought, frostbite, downpour, early spring floods, forest wildfires)
  - Human-induced risks (technogenic risks - Environmental pollution, emissions, burning of grassy areas)
  - Pandemic risks
  - Conflict escalation
  - Crops and livestock diseases (asked only to farmers)
  - Landmine areas (asked only to farmers)
  - No risk management plans considered

- Don't know
- Q28. Do you use any practical measures and plans to mitigate the above-mentioned risks?**

- Yes
- No
- Don't know

- Q29. How would you rate the awareness and preparedness of your business to operate after the lockdown removal by maintaining the social distancing and other precautionary rules?**

- I am not aware of what actions should be taken
- I am aware of the required actions, but do not have relevant resources
- I am aware of the required actions and have relevant resources
- Don't know

#### Assessing the awareness, accessibility and relevance of government initiatives

- Q30. Are you aware of the government support programmes?**

- Yes
- No

(Skip Questions 28-32 in case of a negative answer in Question 27)

- Q31. Has your business applied to any of the supporting programmes initiated by the government?**

Please select all the relevant options.

- No, we have not applied
- Action 1 (co-financing, refinancing and subsidies for businesses)
- Action 2 (interest rate subsidies to entities or individuals in agriculture)
- Action 3 (low interest rate loans to SMEs)
- Action 5 (one-time grant in the amount of the salary of every 5th employee)
- Action 8 (assistance provided to individual entrepreneurs and employees in several sectors)
- Action 10 (one-time assistance to micro-enterprises in the amount of 10% of the turnover of goods, services provided in the first quarter of 2020, but not more than twice the minimum wage)
- Action 18 (grants from the Tax Revenue Committee)
- Applied, but do not know to which one

*(Next question appears if as an answer to Question 28 any of support programs is selected, in case of negative answer go to Question 31)*

**Q32. Has your business received the support scheme for which it applied?**

*Please select one of the following options.*

- Yes
- No, I was not eligible
- No, the conditions and requirements of the support were not acceptable for me
- I have not received the decision yet
- Prefer not to answer

**Q33. To what extent the state supporting programme(s) contributed to the survival of your business?**

*1 - did not contribute at all; 5 - contributed a lot*

*/scale question/*

**Q34. Is your business planning to apply to any of the supporting programmes initiated by the government?**

*Please select all the relevant options.*

- No, we are not planning to apply
- Action 1 (co-financing, refinancing and subsidies for businesses)
- Action 2 (interest rate subsidies to entities or individuals in agriculture)
- Action 3 (low interest rate loans to SMEs)
- Action 5 (one-time grant in the amount of the salary of every 5th employee)
- Action 8 (assistance provided to individual entrepreneurs and employees in several sectors)
- Action 10 (one-time assistance to micro-enterprises in the amount of 10% of the turnover of goods, services provided in the first quarter of 2020, but not more than twice the minimum wage)
- Action 18 (grants from the Tax Revenue Committee)
- Yes, we have planned, but have not decided to which one

*(Next question appears if the answer to Questions 28 and 31 are “No, we have not applied” and “No, we are not planning to apply”, respectively)*

**Q35. What is the reason(s) of not applying to the government support programmes?**

*Please select all relevant options*

- No need for support
- My company does not meet the requirements
- The offered support programs are not addressing the main issues
- My business is over-indebted, so I can not take additional loans
- Availability of other means of support
- Distrust in Government support
- Heavily-loaded application systems
- Lack of transparency
- Other, please specify
- Don't know

**Q36. What are the main issues in the application procedure of the government support programmes?**

- Long procedure
- Bureaucracy
- Incomprehensible requirements
- Complicated procedure
- Heavily-loaded application systems
- Lack of transparency
- Other, please specify
- There are no issues

***Assessing the risks and opportunities of the post-COVID-19 period***

**Q37. In your opinion, how will the economy of Armenia develop within the upcoming 1-2 years?**

*Please select one of the following options.*

- There will be a substantial decline
- There will be a limited decline
- It will neither decline, nor increase
- There will be a moderate increase
- There will be a substantial increase
- Don't know

*(Next question appears if the answer to question 11 is “Slight negative impact”, “Moderate negative impact”, “Strong negative impact”)*

**Q38. Assuming that the pandemic and emergency situation end next week, in your opinion how long it might take for your business to recover and reach the pre-crisis turnover level?**

*Please select one of the following options.*

- From 1 to 3 months
- From 3 to 6 months
- From 6 months to 1 year
- From 1 year to 2 years
- More than 2 year
- Don't know

**Q39. What will be the major challenges for your business in its recovering process?**

*Please select all the relevant options.*

- Loss of customers/markets
- Nature of product or service become less-demanded
- Lack of relevant knowledge and skills for digital technologies
- Liquidity problems
- Disruptions in supply chains
- Disruptions in sales and distribution chains
- Price fluctuations for supplies and other resources
- Low level of energy efficiency
- Automation of business processes and productivity growth
- Lack of financial management skills
- Exchange rate fluctuations of AMD
- Exchange rate fluctuations in export markets (i.e. Russia, Iran)
- Other, please specify
- None
- Don't know

**Q40. What kind of support does your business need to operate effectively after the crisis?**

*Please select all the relevant options.*

- Support in the development of new business strategy
- Support in reskilling of personnel
- Psychological support to personnel for working in new conditions
- Support in finding new markets
- Support in applying new technologies
- Support in logistic services
- Support in exporting
- Improved access to financing
- Legal consultancy
- Knowledge and expertise in disaster risk management
- State support through tax deductions/holidays
- There will be no support need
- Other, please specify:

*(The options for farmer respondents differ)*

- Support in secured realization channels of

my produce

- Support in logistic services
- Support in accessing inputs (e.g. seeds, fertilizers, etc.)
- Support in trade and deliveries of fodder
- Improved access to financing
- Support in improving the productivity (production of high value products, increasing the yield)
- Enhancement of irrigation system
- Supporting and capacitating of agricultural cooperatives
- Knowledge and expertise in climate change exposed weather extremes risks mitigation
- State support through subsidies
- Support for on-farm pest management and/or animal welfare
- Other, please specify:

**Q41. What are the most reliable sources and institutions to support your business recovery process?**

*Please select all the relevant options.*

- Government
- Marzpetaran
- Municipality
- National business support centers
- Local business support organizations
- NGOs and business associations/Chamber of Commerces
- Business consulting companies
- Local financial organizations
- International donor organizations
- International financial organizations
- Other
- None of the above

**Q42. In your opinion, will proactive government interventions be effective in helping the business sector?**

- Yes, definitely
- No, it may have adverse effects on competition in the market
- No, it may result in an increased level of control
- Don't know
- Other, please specify

**Q43. What has been the annual turnover of your business in 2019?**

*Please select one of the following options.*

- Up to AMD 24,000,000
- AMD 24,000,000 - AMD 50,000,000
- AMD 50,000,001 - AMD 115,000,000

- AMD 115,000,001 - AMD 300,000,000
- AMD 300,000,001 - AMD 500,000,000
- More than AMD 500,000,000
- Prefer not to say

**Thank you for your time and interest to participate in this survey.**

**Q44. For obtaining additional information or making clarification, we might need to contact you again. Hereby we would like to ask if you agree to leave your contacts in our database.**

- Yes, I agree
- No, I do not agree

**Q45. Do you have any suggestions or remarks that you think we have missed and would like to add?**

*Please specify how the questionnaire was filled in.*

- I filled in myself (Please provide the name of your company or your name and surname if you are individual entrepreneur)
- I filled in with the help of an interviewer (Please specify the name and surname of the interviewer)

#### Business survey questionnaire for farmers

**Q1. Please specify the region and community, where you live:**

- Marz
- Community: fill in the text here
- Residence:

**Q2. Can you name the sectors of agricultural activity that are your main income sources?**

*Please select all the relevant options.*

- Cereals and legumes
- Potato cultivation
- Vegetables
- Fruits (trees)
- Berries
- Animal husbandry
- Poultry
- Fish
- Beekeeping
- Non-food products (fibers, flowers)
- Greenhouse products (food products)
- Other: please specify

**Q3. How many of your family members are involved in your agricultural activity?**

*Please specify the number*

X

**3.1 Do you engage permanent or temporary hired labour in your agricultural activity?**

- Yes
- No
- Prefer not to answer

*(Next two questions appear if the answer to 3.1 is yes)*

**3.2 How many temporary hired labour do you engage during high season?**

- 1-5
- 6-10
- 11-20
- More than 20
- Prefer not to answer

**3.3 How many permanent hired labour do you engage during the year?**

- 1-5
- 6-10
- 11-20
- More than 20
- Prefer not to answer

**Q4. Your income from the agricultural activities generally is:**

*Please select all the relevant options.*

- Not enough for satisfaction of basic needs
- Sufficient for satisfaction of basic needs such as food, clothing and health
- Sufficient for purchase of durable goods such as home electronics (phone, home appliances)
- Sufficient for leisure activities and purchase of car
- Prefer not to say

**Q5. What percentage of your family income is generated through income sources other than agricultural activity?**

*Please specify the percentage.*

- None
- Up to 10%
- Up to 25%
- Up to 50%
- Up to 75%

- 75% or more
- Prefer not to say

(Next question appears if the answer to question 5 is other than “None”)

**Q6. What are the main sources of your family income other than agricultural activity?**

- Work abroad
- Money transfers of relatives living abroad
- Employment in private sector
- Employment in public sector (including school, healthcare institutions etc.)
- Other
- Refuse to answer

(Next question appears if the answer to question 6 is “Work abroad”)

**Q7. Has the pandemic prevented you (your family member) from working abroad this year?**

Yes

- No
- Prefer not to say

**Q8. Which are the main markets for selling your agricultural produce?**

*Please select all the relevant options.*

- Mostly community and surrounding settlements
- Food processing companies
- Mostly Yerevan
- Sales to exporters
- Sales to resellers/wholesalers/restaurants, hotels
- Prefer not to say

**Q9. What were your plans and expectations for 2020 before the outbreak of pandemic?**

- I was planning to expand my agricultural operations (land plot under cultivation or livestock)
- No change
- I was planning to decrease agricultural operations

Assessing COVID-19 impact on agricultural activity

**Q10. How has your agricultural activity been affected by the COVID-19 pandemic?**

*Please select one of the following options.*

- Not affected
- Slight negative effect
- Moderate negative effect
- Strong negative effect
- Slight positive effect
- Moderate positive effect
- Strong positive effect
- Don't know

(Questions 11 and 12 appear if the answer to Question 10 is “Slight negative effect”; “Moderate negative effect”; “Strong negative effect”, Question 14 appears if the answer to Question 10 is “Slight positive effect”; “Moderate positive effect”; “Strong positive effect”)

**Q11. In which of the following ways does the pandemic negatively affect your agricultural activities?**

*Please select all the relevant options.*

- Difficulties with preparatory activities (e.g. land tilling, pruning, pest treatment, vaccinations, sowing, etc.)
- Difficulty accessing inputs (seeds, seedlings, chemicals, fertilisers, veterinary products) domestically
- Difficulty importing inputs from abroad
- Couldn't sell the products due to movement restrictions
- Lower domestic sales to consumers
- Lower domestic sales to processing companies
- Termination of or lower domestic sales to restaurants and hotels
- Delays in payments by processors/resellers/wholesalers
- Interruptions in the supply of utility services (energy, water, gas)
- None of the above
- Other, please specify:
- Don't know

(the next question appears if the answer to the question 11 is “Difficulty accessing inputs”)

**Q12. Which of the following inputs became difficult to access?**

- Labour
- Seeds
- Seedlings
- Chemicals/Pesticides
- Fertilizers
- Feed



- Fuel
- Tools and materials
- Other: please specify

**Q13. What challenges have the above-mentioned bottlenecks created for you?**

Difficulties in paying rent

- Difficulties in paying utilities
- Difficulties in repaying loans
- Difficulties in repaying suppliers
- Difficulties benefitting from state support packages (e.g. subsidies)
- Postponement / putting on hold/cancellation of planned investment
- Harvest loss due to gas or electricity outages
- Forced to use wood as a source of energy
- None of the above
- Other, please specify:
- Don't know

*(Next question appears if the answer to question 11 was "Difficulties with preparatory activities")*

**Q14. How do you think the disruptions of planned preparational activities will affect your future revenues from agricultural activities?**

- Will be substantially lower than normal
- Will be slightly lower than normal
- Will remain the same
- Don't know

**Q15. In which of the following ways does the pandemic positively affect your agricultural activity?**

- Increased production level
- Increased sales level
- New sales channels
- None of the above
- Other, please specify:
- Don't know

*(Next question depends on the answer to the question 10, in case of a positive effect appears the option of "increased", otherwise – "decreased")*

**Q16. How much have your sales: ?**

*Select a number within the specified range.*

- Decreased: 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
- Increased: 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

**Q17. How have your farm gate prices of agricultural produce changed?**

- Increased substantially
- Increased slightly
- Did not change
- Decreased slightly
- Decreased substantially
- Don't know

**Q18. How do you think will change the demand for your produce?**

- Will increase slightly
- Will increase substantially
- Will not change
- Will decrease slightly
- Will decrease substantially
- Don't know

**Q19. Do you plan to change the scale of your current production and/or adopt new segments of agricultural activity?**

- Decrease the current scale
- Decrease the current scale and adopt new segment
- No change
- Increase the current size
- Increase the current size and adopt new segment
- Don't know

**Q20. Are you planning to adopt new the direction of your agricultural activities in any one of the following sectors?**

- No, I don't plan to
- Cereals and pulses
- Potato cultivation
- Vegetables
- Fruits (trees)
- Berries
- Animal husbandry
- Poultry
- Fish
- Beekeeping
- Non-food products (fibers, flowers)
- Greenhouse (food products)
- Other: please specify
- Don't know

**Q21. How has the quality of services changed as a result of pandemic?**

	Im- proved	No change	Wors- ened	I don't use	Don't know
Provision of electricity					
Provision of natural gas					
Water and sanitation					
Irrigation					
Transport					
Technical services (veterinary, agronomist, etc.)					
Other					

### Assessing the risk resilience and management of businesses

**Q22. Which of the following risks have you considered in your agricultural activity?**

Natural disaster (earthquakes, landslides)

- Climate change exposed weather extremes (strong winds, hail-storms, drought, frostbite, downpour, early spring floods, forest wildfires)
- Human-induced risks (technogenic risks - Environmental pollution, emissions, burning of grassy areas)
- Pandemic risks
- Crops and livestock diseases
- Conflict escalation
- Landmine areas
- No risk management plans considered
- Don't know

**Q23. Do you use any practical measures and plans to mitigate any of these risks?**

- Yes
- No

### Assessing the awareness, accessibility and relevance of government initiatives

**Q24. Are you aware that the Government issued social support programmes related to COVID-19?:**

- Yes
- No
- Don't know

*(Skip Questions 25-30 in case of a negative answer in Question 24)*

**Q25. Have you applied to one of the supporting programmes initiated by the government?**

*Please select one of the following options.*

- No, I have not applied
- COVID-19 - Action 2 (interest rate subsidies to entities or individuals in agriculture)?
- Subsidizing interest rates on loans to the agricultural sector
- State Support Program for Financial Leasing of Agricultural Equipment
- State Support Program for Financial Leasing of Agro-food Equipment
- State support program for the construction or reconstruction of small and medium-sized smart buildings and their technological support
- Interest rate subsidies for cattle supply
- State support program for the establishment of vineyards, intensive orchards and berry orchards developed with modern technologies
- State program for subsidizing interest rates on loans for the introduction of hail protection networks in agriculture
- Co-financing program for the introduction of modern irrigation systems

*(Next question appears if the answer to Question 25 if any of support programs is selected, in case of negative answer go to Question 28)*

**Q26. Have you received the support scheme for which you applied?**

*Please select one of the following options.*

Yes

- Don't know, waiting for an answer
- No, I couldn't meet some of the requirements
- No, the conditions and requirements of the support were not acceptable for me

**Q27. To what extent the state programme(s) supported your agricultural activities?**

*1 - did not contribute at all; 5 - contributed a lot /scale question/*

**Q28. Are you planning to apply to the supporting programmes initiated by the government?**

*Please select one of the following options.*

- No, I am not planning to apply
- COVID-19 - Action 2 (interest rate subsidies to entities or individuals in agriculture)?
- Subsidizing interest rates on loans to the agricultural sector

- State Support Program for Financial Leasing of Agricultural Equipment
- State Support Program for Financial Leasing of Agro-food Equipment
- State support program for the construction or reconstruction of small and medium-sized smart buildings and their technological support
- Interest rate subsidies for cattle supply
- State support program for the establishment of vineyards, intensive orchards and berry orchards developed with modern technologies
- State program for subsidizing interest rates on loans for the introduction of hail protection networks in agriculture
- Co-financing program for the introduction of modern irrigation systems

*(Next question appears if the answer to Questions 25 and 28 are “No, we have not applied” and “No, we are not planning to apply”, respectively)*

**Q29. What is the reason(s) of not applying to the government support programmes?**

*Please select all relevant options*

- No need for support
- I don't meet the requirements
- The offered support programs are not addressing the main issues
- I am over indebted, so I cannot take additional loans
- Availability of other means of support
- Distrust in Government support
- Other

**Q30. What are the main issues in the application procedure of the government support programmes?**

- Long procedure
- Bureaucracy
- Incomprehensible requirements
- Complicated procedure
- Heavily-loaded application systems
- Lack of transparency
- Other
- There are no issues

**Assessing the risks and opportunities of the post-COVID-19 period**

**Q31. In your opinion, how will change the economic situation in Armenia within the upcoming 1-2 years?**

Please select one of the following options.

- There will be a substantial decline
- There will be a limited decline
- It will neither decline, nor increase
- There will be a moderate increase
- There will be a substantial increase
- Don't know

**Q32. What kind of support do you need to overcome the economic difficulties after the crisis?**

*Please select all the relevant options.*

- Support in secured realization channels of my produce
- Support in logistic services
- Support in accessing inputs (e.g. seeds, fertilizers, etc.)
- Support in trade and deliveries of fodder
- Improved access to financing
- Support in improving the productivity (production of high value products, increasing the yield)
- Enhancement of irrigation system
- Supporting and capacitating of agricultural cooperatives
- Knowledge and expertise in climate change exposed weather extremes risks mitigation
- State support through subsidies
- Support for on-farm pest management and/or animal welfare
- Other, please specify:

**Q33. What are the most reliable sources and institutions to support your agricultural activities?**

*Please select all the relevant options.*

- Government
- Marzpetaran
- Municipality
- National business support centres
- Agricultural cooperatives
- Local agricultural support organizations
- NGOs
- Local financial organizations
- International donor organizations
- International financial organizations
- Partners from abroad, including Diaspora
- Other
- None of the above

**Q34. Are you a member of an agricultural cooperative?**

- Yes
- No

**Q35. In your opinion can agricultural cooperatives contribute to the development of agricultural sector in Armenia?**

- Yes
- No
- Don't know

**Q36. To what extent are you ready to collaborate with other farmers from your community or surrounding communities in the following aspects?**

(scale question 1 - not ready at all, 5 – very ready)

	1	2	3	4	5
Joint purchase of inputs (seeds, fertilizers, chemicals, etc.)					
Joint purchase and operation of agricultural machinery					
Sales of agricultural produce					
Usage of technical services (veterinary, agronomy, etc.)					

**Q37. Would you like to add any other considerations or suggestions that we missed during the interview?**

\_\_\_\_\_

**Q38. Sex of the interviewee**

- Male
- Female

**Q39. Name of the interviewer**

\_\_\_\_\_

***Thank you for your time and interest to participate in this survey.***

## Global Situation

The overall growth rate of the tourism industry during the last seven years accounts for more than 53 percent, with an annual average growth of about 7 percent. The tourism sector accounts for 7 percent of global exports and 10.3 percent of global GDP, with 330 million jobs worldwide, accounting for 1 in 10 jobs.

Due to the rapid spread of coronavirus and government restrictions on travel around the world, the tourism industry is at the very centre of one of the most challenging periods to date. UN WTO forecasts a 20–30 percent decline in the number of arrivals in 2020, 5–7 times worse than in 2009. The WTTC has projected job losses of 31 percent, thereby increasing unemployment by 2.9 percentage points and a 30 percent loss in the share of GDP.

The COVID-19 pandemic also affected international trade due to new procedures and restrictions for cross-border trade. According to the WTO international trade costs may increase by up to 25 percent, which will damage foreign competitiveness of products. There was a 3 percent drop in global trade values in the first quarter of 2020. The downturn is expected to vary from 9.5 percent (OECD) to 31.9 percent (WTO).

The contribution of the manufacturing sector to the global GDP is more than 15 percent (UNIDO). The impact of the current pandemic on the manufacturing industry is happening through the lockdown of major manufacturing plants, supply chain disruption and declining demand. Industries such as precision instruments, machinery, automotive, and communication equipment (UNCTAD) whose operations are more globalized were most exposed to initial supply chain disruption.

The mining industry is being profoundly affected by the pandemic, too. The viability of this sector is strongly dependent on stable and predictable market conditions and functioning supply chains. According to IISD, many investment projects are now delayed and put on hold.

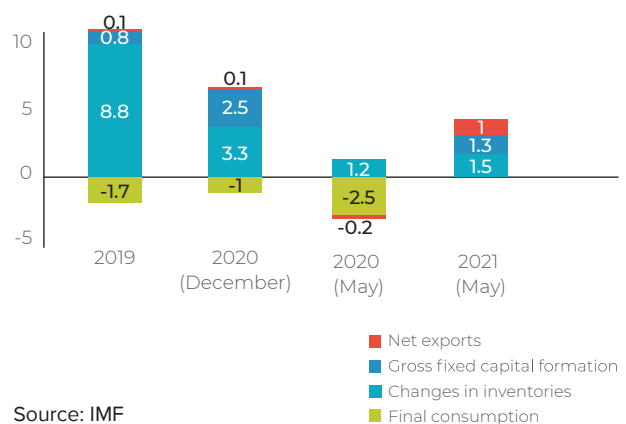
However, agriculture, construction and IT sectors show stronger resilience to the crisis. The sector of engineering and construction has been among the industries which faced the minimum limitations

of business operations all over the world. The estimations for construction vary between 0.5<sup>7</sup> and 0.9 percent<sup>8</sup> growth with a loss of US\$138 billion compared with pre-crisis projections.

The impact of the pandemic on the agricultural sector may come through a decrease in income combined with uncertainty leading to a reduction in demand. The lower-middle and low-income countries will be most affected as agriculture highly contributes to their economies: 15–26 percent of GDP and 38–60 percent of employment, respectively.

## Situation in Armenia

**Figure A2.1.** Real GDP growth, %, 2019 and projections for 2020-2021



Source: IMF

All in all, the coronavirus crisis and the global economic situation have disrupted Armenia's economic growth. Given that the pandemic reached Armenia in March, economic growth of 3.8 percent was recorded during first quarter. The household consumption explains 87.4 percent of GDP growth with an increase of 2.7 percent while investment declined by 21.5 percent due to changes in inventories.

According to IMF projections, there will be a 1.5 percent decrease in real GDP against the previous forecast of 5.9 percent growth. This decrease will come mostly from negative changes in inventory and a lower increase in final consumption expenditure.

### ***The output dropped in all sectors except mining***

7 Global Construction Outlook to 2024 (COVID-19 Impact), 3 April 2020.

8 Covid-19: Assessing The Impact On Construction & Infrastructure. Fitch Solutions, Global / 09 Apr, 2020.

**Figure A2.2.** Change in output, % compared with the respective months of 2019



Source: SC RA

The largest drop was recorded in the construction sector where the output halved in April compared to the same period in 2019. As a result, it ended with a 23.4 percent decline during January-May.

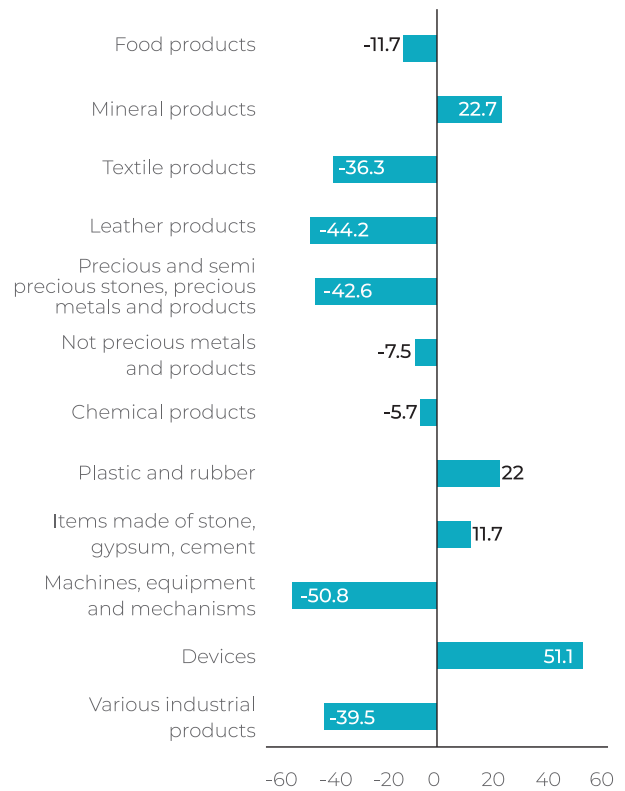
Favourable prices for gold and copper on international markets as well as the revitalization of Teghut mining project boosted sector performance. Mining was also in the exemption list of business activities forced to seize or limit operations.

Although the decrease in manufacturing was only 1.7 percent, some subsectors such as pharmaceuticals, furniture production and food production recorded notable increases in output.

**Armenia may lose more than a billion dollars in exports of goods and services**

The exports of goods and services in Armenia are highly sensitive to external shocks. There was a sharp decline in 2009 (-23%), as well as in 2015 (-5%) during the global and regional crises. However, the recovery of exports was quick and lasted around a year in both cases, by reaching a level higher than in 2008 and 2014, respectively. IMF forecasts a 22.4 percent decrease (over \$1 billion) in the export of goods and services, with a quick recovery in 2021.

**Figure A2.3.** Change in exports in January-April, 2020, % compared with the same period of 2019



Source: SC RA

Merchandise exports from Armenia showed a high potential for significant growth at the beginning of 2020, as the levels were higher than in January 2019 by more than 22 percent. However, as the first wave of the coronavirus outbreak reached Armenia growth began to retract. Armenia lost about \$120 million in exports during the period between March and May.

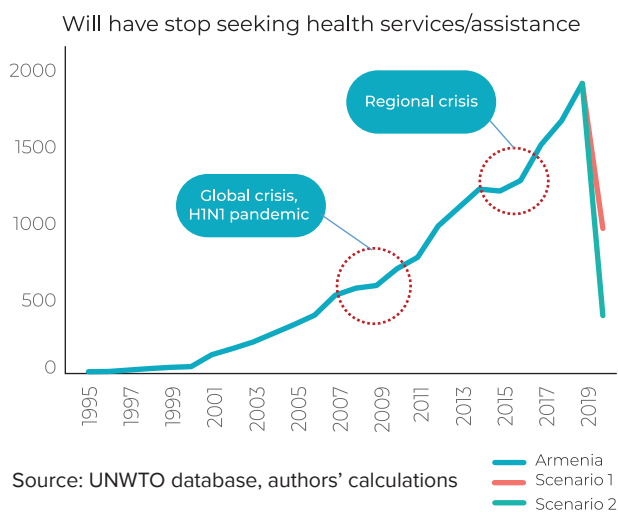
The largest drops in exports were recorded during the period of January to April for machines and equipment, leather products, precious and semi-precious stones, precious metals, textiles and industrial products. The main reason for the decline was the forced temporary closure of some non-food manufacturing factories. However, a significant increase was recorded in the export of mineral products and devices.

**Tourism and travel will experience the worst falls since independence**

The travel and tourism industry is one of the priority sectors in Armenia. It had been dynamically growing since the beginning of the 2000s. This sector also demonstrated resilience during the past

crises as it mostly relies on Armenian tourists from the Diaspora who comprise the largest segment of international visitors. However, the current pandemic will affect the tourism sector significantly as Armenia, like most countries, has closed its borders to non-citizens.

**Figure A2.4.** International tourism, number of arrivals, thousands



Source: UNWTO database, authors' calculations

— Armenia  
— Scenario 1  
— Scenario 2

The overall growth rate of arrivals of tourists during the last 10 years is more than 170 percent with an annual average growth rate of about 17 percent. According to the WTTC estimates, the indirect contribution of the tourism sector to Armenia's GDP is 14.1 percent (\$1.8 billion). In 2019 the tourism sector provided 36,900 direct jobs and contributed to 137,000 jobs in Armenia, accounting for 12.9 percent of total employment. That accounts for more than 17 billion AMD (about \$35 million) in total monthly incomes for people working in the sector (with monthly average wages of about 99,000<sup>9</sup> AMD). Loss of this much income will significantly decrease demand in Armenia, despite the financial assistance provided by the government to people who lost their jobs.

During the first quarter of 2020, the number of arrivals was 311,000 (-14.6%). The Armenian government closed its borders to non-citizens in mid-March, and the closure could yet be prolonged. Thus during the second and third quarters no international tourism is expected. Moreover, even after the borders open it may take some time until arrivals resume. Assuming that Armenia will open its borders in September or October, we have built two scenarios: optimistic (-75%) and pessimistic (-83%). According to the first scenario, the number of arrivals will reach 473,000,

and in the second scenario there will be no international tourists until the end of 2020 and the number of arrivals will remain at 311,000 for the year. Given the current situation worldwide, the pessimistic scenario is more probable.

Armenia may lose about \$1 billion in GDP from the tourism and travel sector. As a result, unemployment in Armenia will likely increase which will lead to even more dramatic consequences.

However, since the Armenian borders are closed outbound tourism will stop as well. A considerable share of money may be spent on internal tourism, the net flow of which might even be positive.

### **The COVID-19 pandemic is strongly affecting manufacturing and construction**

The manufacturing sector of the Armenian economy is highly sensitive to economic conditions as well as pandemics. During the global financial crisis and the regional crisis manufacturing fell by 27 percent and 13 percent, respectively. However, the recovery period for this sector is only one year, after which steady rates of growth are seen again. The GDP contribution of the manufacturing industry has increased slightly during the last five years reaching 10 percent, while the share in employment has been rising steadily since 2015 reaching 9.3 percent. Moreover, according to ILO projections, it may reach 11 percent by 2024.

Despite the increase at the beginning of 2020, the manufacturing sector in Armenia experienced a decline of 5.2 percent in March, with a further drop by 16.2 percent in April. However, we should highlight that during March and April food manufacturing increased by 5.5 percent and 0.1 percent, respectively, while clothing manufacturing declined by 11.5 percent and 80 percent, respectively.

Armenia's construction sector was expanding until the global financial crisis. This sector has yet to recover from the sharp fall in 2009. Its contribution to the country's GDP, which reached nearly 25 percent in 2008, is now 6.5 percent. Employment in this sector has also been falling for the last 11 years and is now about 3.4 percent.

The COVID-19 pandemic has hard hit Armenia's construction sector. During the first weeks of the lockdown beginning in March most construction work was restricted. So, despite a slight increase

during January and February, this sector experienced a decline of 9.4 percent during the first quarter of 2020, while the drop of output during March accounted for 26.2 percent, with a further reduction of 51 percent during April.

***The agricultural sector is resilient to this crisis***

The study of statistical data shows that economic factors profoundly influence Armenia's agricultural sector. During the global financial crisis, it decreased by more than 23 percent, followed by a recovery period of two years. However, after the regional crisis of 2014-2015, it fell by 13 percent

during the first year and has been in stagnation ever since. The agricultural sector's contribution to GDP has been declining for the last six to seven years but remains significant, accounting for about 14 percent. Moreover, as of 2019, more than 29 percent of the labour force is employed in this sector, which shows its vital importance for the Armenian economy, especially in rural areas. More than 32 percent of women are employed in this sector.

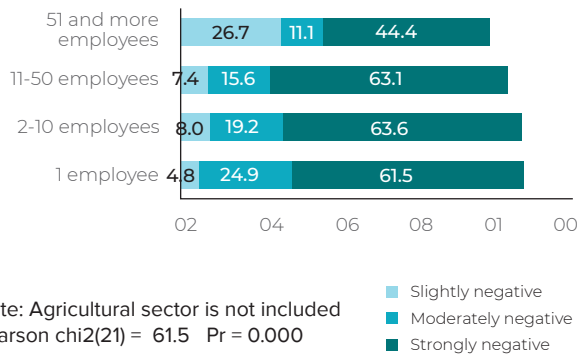
The agricultural sector is more resilient to the pandemic. Like many other countries, Armenia saw an increase of 4.5 percent in agricultural production during the first quarter of 2020 compared with the same period in 2019.



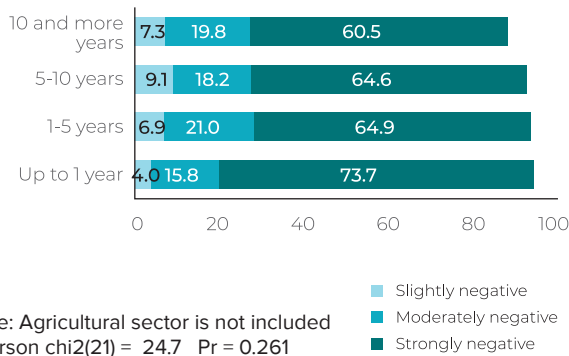
# ANNEX 3. COVID-19 IMPACT ON ARMENIAN SMES BY THEIR CHARACTERISTICS AND BUSINESS AREAS

## Overall impact

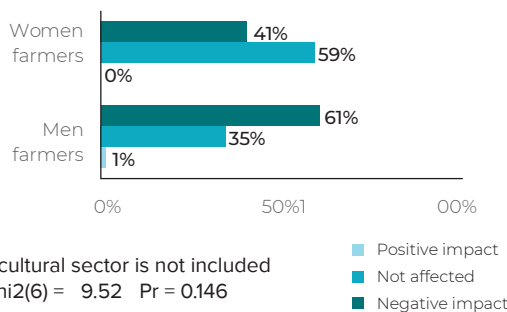
**Figure A3.1.** The magnitude of impact of COVID-19 on SMEs by size, %



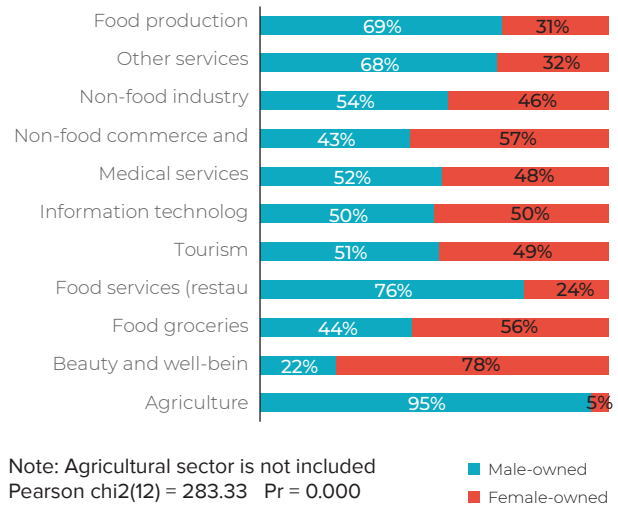
**Figure A3.2.** The magnitude of impact of COVID-19 on SMEs by age, %



**Figure A3.3.** Impact of COVID-19 on farmers by gender, %

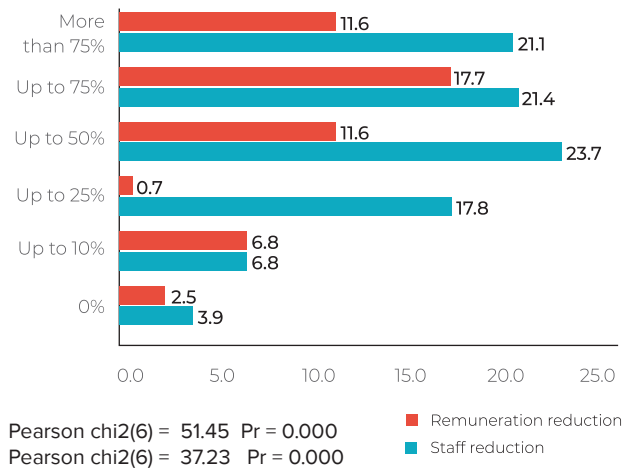


**Figure A3.4.** Negative impact of COVID-19 by sector and gender, %

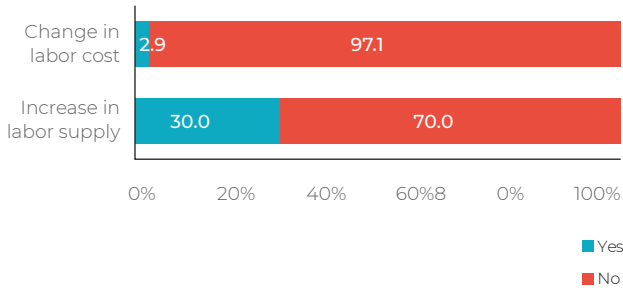


## Impact on employment

**Figure A3.5.** Staff changes in surveyed companies by share of female employees, %

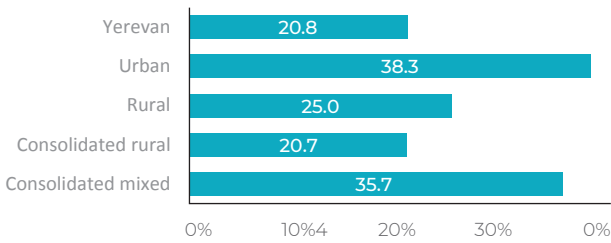


**Figure A3.6.** Impact of return migration on labour market according to respondents by community type, %



Source: Survey data  
 Pearson chi2(4) = 40.1 Pr = 0.000

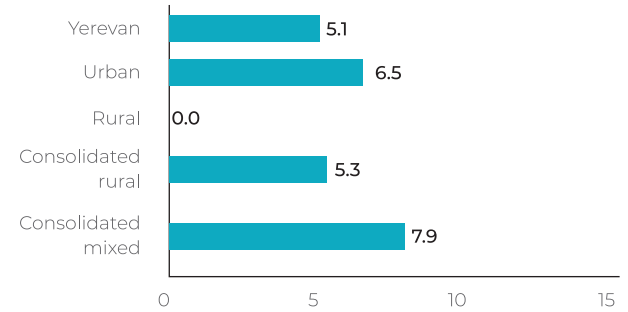
**Figure A3.7.** Impact of return migration on labour market according to respondents, %



Source: Survey data  
 Pearson chi2(4) = 40.1 Pr = 0.000

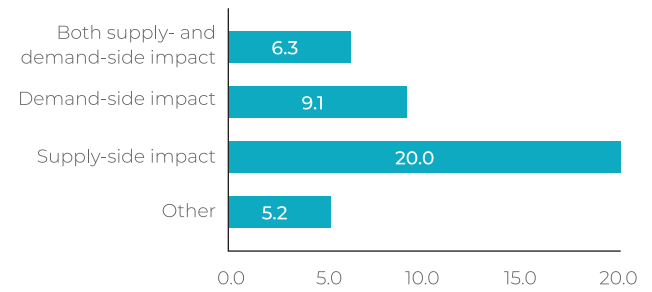
## Impact on business continuity

**Figure A3.8.** Public transport problems according to respondents by community type, %



Source: Survey data

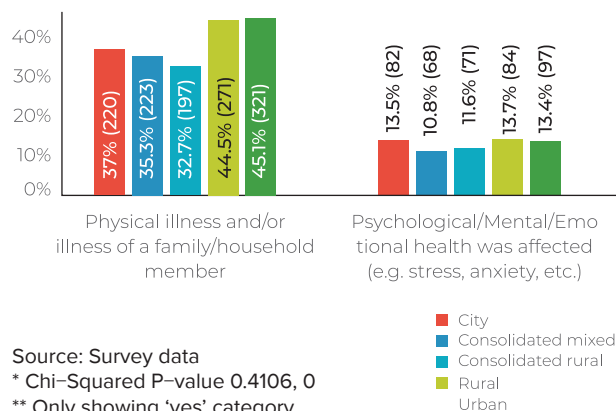
**Figure A3.9.** Impact on respondents by type, %



Source: Survey data

## ANNEX 4: IMPACT ON HEALTH

**Figure A4.1.** Health issues as a result of COVID-19 across community clusters



Source: Survey data

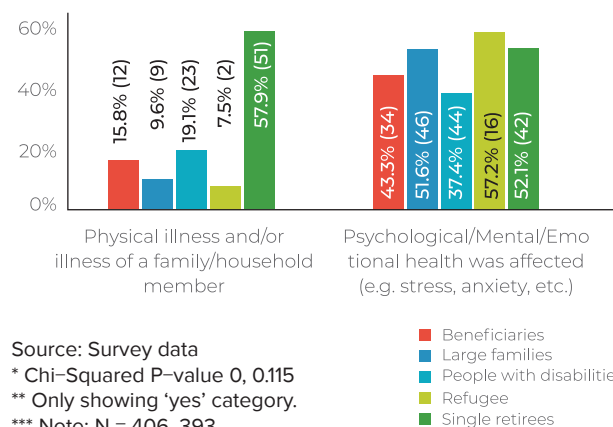
\* Chi-Squared P-value 0.4106, 0

\*\* Only showing 'yes' category.

\*\*\* Note: N = 3182, 3150

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**Figure A4.2.** Health issues as a result of COVID-19 across vulnerable groups



Source: Survey data

\* Chi-Squared P-value 0, 0.115

\*\* Only showing 'yes' category.

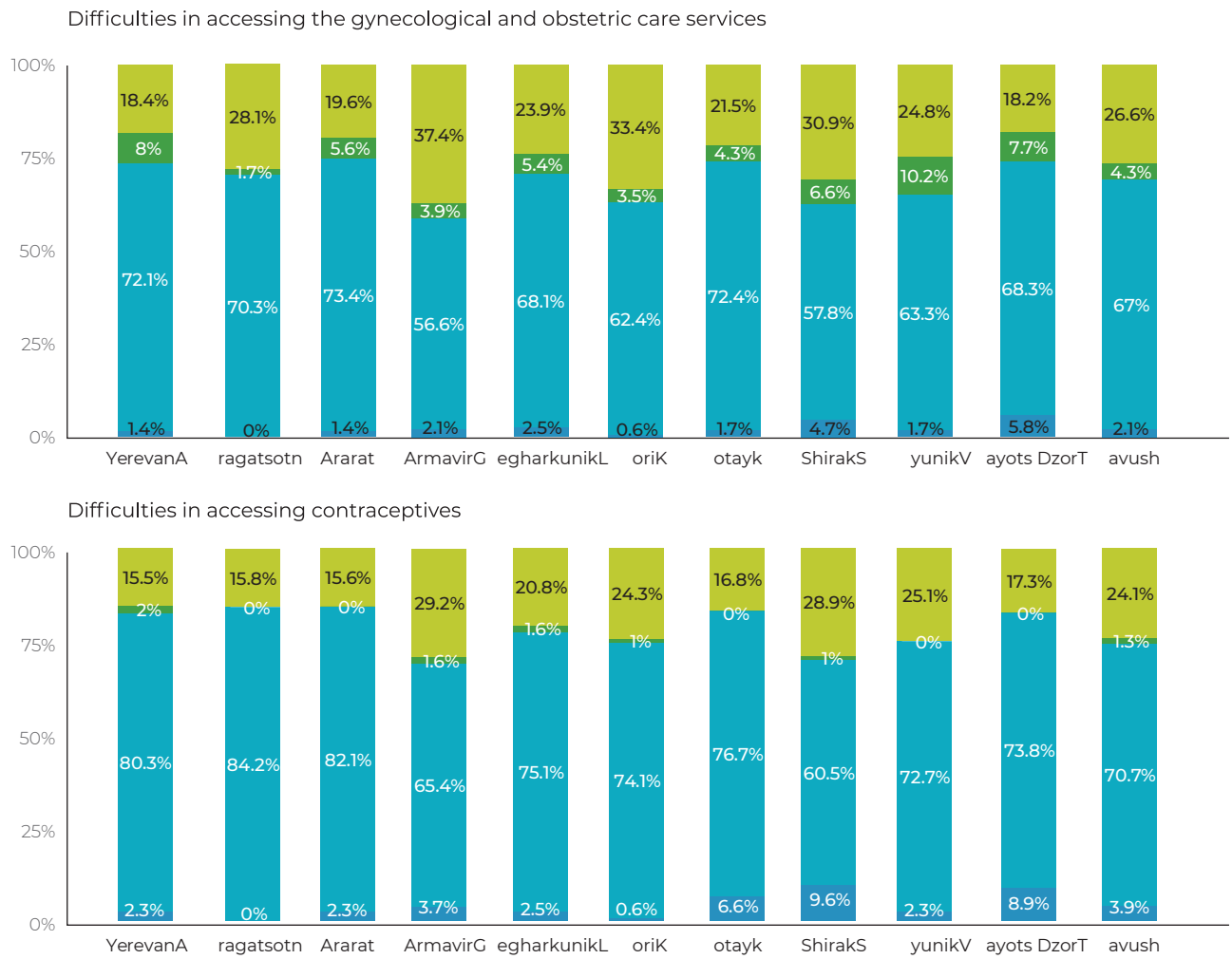
\*\*\* Note: N = 406, 393

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**Figure A4.3.** Satisfaction with medical services by gender, region and community cluster

	Total (N)	Improved (%)	No Changes (%)	Worsen (%)
<b>Gender (P-value = 0.622)</b>				
Man	445	31.7	62.3	6.0
Woman	465	34.3	60.6	5.1
<b>Marz (P-value = 0)</b>				
Yerevan	104	17.0	75.0	8.0
Aragatsotn	57	38.0	57.0	4.0
Ararat	100	30.0	62.0	8.0
Armavir	72	43.0	57.0	0.0
Gegharkunik	100	46.0	50.0	4.0
Lori	69	44.0	54.0	1.0
Kotayk	101	39.0	57.0	4.0
Shirak	113	28.0	61.0	11.0
Syunik	69	35.0	63.0	2.0
Vayots Dzor	65	21.0	73.0	6.0
Tavush	61	24.0	68.0	7.0
<b>Community Cluster (P-value = 0.006)</b>				
City	104	17.0	75.0	8.0
Consolidated mixed	181	36.0	60.0	4.0
Consolidated rural	229	34.0	62.0	4.0
Rural	219	37.0	59.0	4.0
Urban	178	33.0	58.0	9.0

**Figure A4.4.** Experienced difficulties in accessing gynaecological and contraceptive services across regions



\* Chi-Squared P-value 0.0019, 2e-04

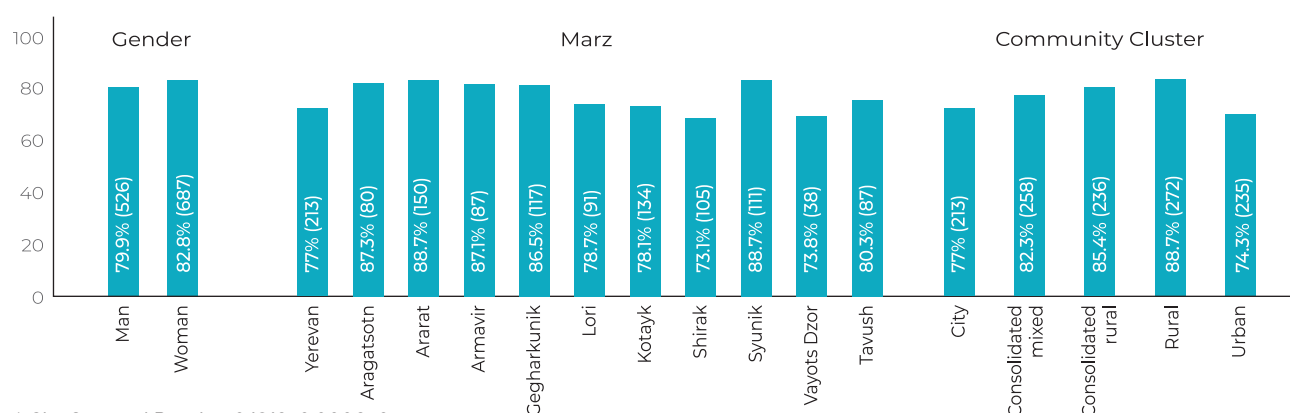
\*\*\* Note: N = 1732, 1732

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

■ Did not face any difficulties  
■ I faced some or major difficulties  
■ No need for these services  
■ Refuse to answer

## ANNEX 5: IMPACT ON ACCESS TO PUBLIC GOODS

**Figure A5.1.** Children’s schooling cancelled or cut back



\* Chi-Squared P-value 0.1819, 0.0006, 0

\*\* Only showing 'yes' category.

\*\*\* Note: N = 1488, 1489, 1490

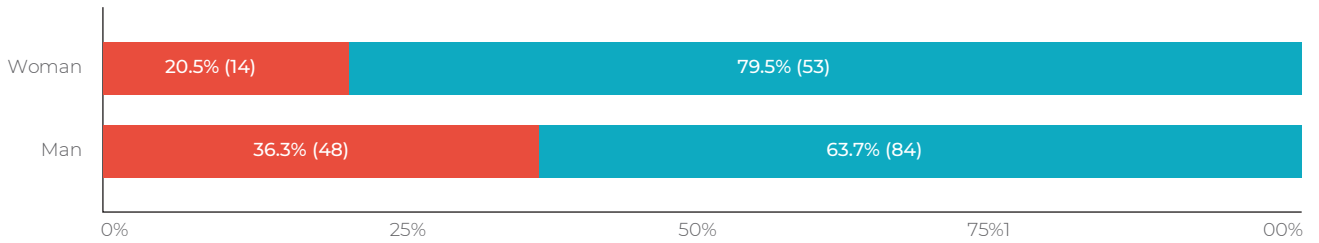
\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**Figure A5.2.** Frequency of Internet usage by age and community cluster

			How often do you use the Internet?							Total
			Don't know	Every day	At least once a week	At least once a month	Less often	Never	Do not know what the internet is	
Capital	Age groups	18/35	0.0%	88.4%	3.1%	1.6%	0.8%	6.2%	0.0%	129
		36/55	0.0%	84.7%	6.6%	0.7%	1.5%	5.8%	0.7%	137
		56+	0.0%	46.4%	9.7%	1.1%	1.5%	40.1%	1.1%	267
	<b>Total</b>	<b>0.0%</b>	<b>66.4%</b>	<b>7.3%</b>	<b>1.1%</b>	<b>1.3%</b>	<b>23.1%</b>	<b>0.8%</b>	<b>533</b>	
Urban	Age groups	18/35	0.0%	85.8%	5.8%	1.7%	2.5%	4.2%	0.0%	120
		36/55	0.0%	70.8%	8.1%	0.6%	7.5%	12.4%	0.6%	161
		56+	1.1%	30.5%	7.9%	1.7%	7.3%	48.0%	3.4%	177
	<b>Total</b>	<b>0.4%</b>	<b>59.2%</b>	<b>7.4%</b>	<b>1.3%</b>	<b>6.1%</b>	<b>24.0%</b>	<b>1.5%</b>	<b>458</b>	
Rural	Age groups	18/35	0.0%	75.8%	9.2%	0.8%	6.7%	7.5%	0.0%	120
		36/55	0.6%	47.2%	16.1%	2.2%	11.7%	21.7%	0.6%	180
		56+	1.0%	23.0%	3.0%	1.5%	5.0%	62.0%	4.5%	200
	<b>Total</b>	<b>0.6%</b>	<b>44.4%</b>	<b>9.2%</b>	<b>1.6%</b>	<b>7.8%</b>	<b>34.4%</b>	<b>2.0%</b>	<b>500</b>	
Total	Age groups	18/35	0.0%	83.5%	6.0%	1.4%	3.3%	6.0%	0.0%	369
		36/55	0.2%	65.9%	10.7%	1.3%	7.3%	14.0%	0.6%	478
		56+	0.6%	34.8%	7.1%	1.4%	4.2%	49.1%	2.8%	644
	<b>Total</b>	<b>0.3%</b>	<b>56.8%</b>	<b>8.0%</b>	<b>1.3%</b>	<b>5.0%</b>	<b>27.2%</b>	<b>1.4%</b>	<b>1491</b>	

## ANNEX 6: IMPACT ON INCOME OF HOUSEHOLDS

**Figure A6.1.** Registered and unregistered businesses, by gender



\* Chi-Squared P-value 0.0352

\*\*\* Note: N = 197

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

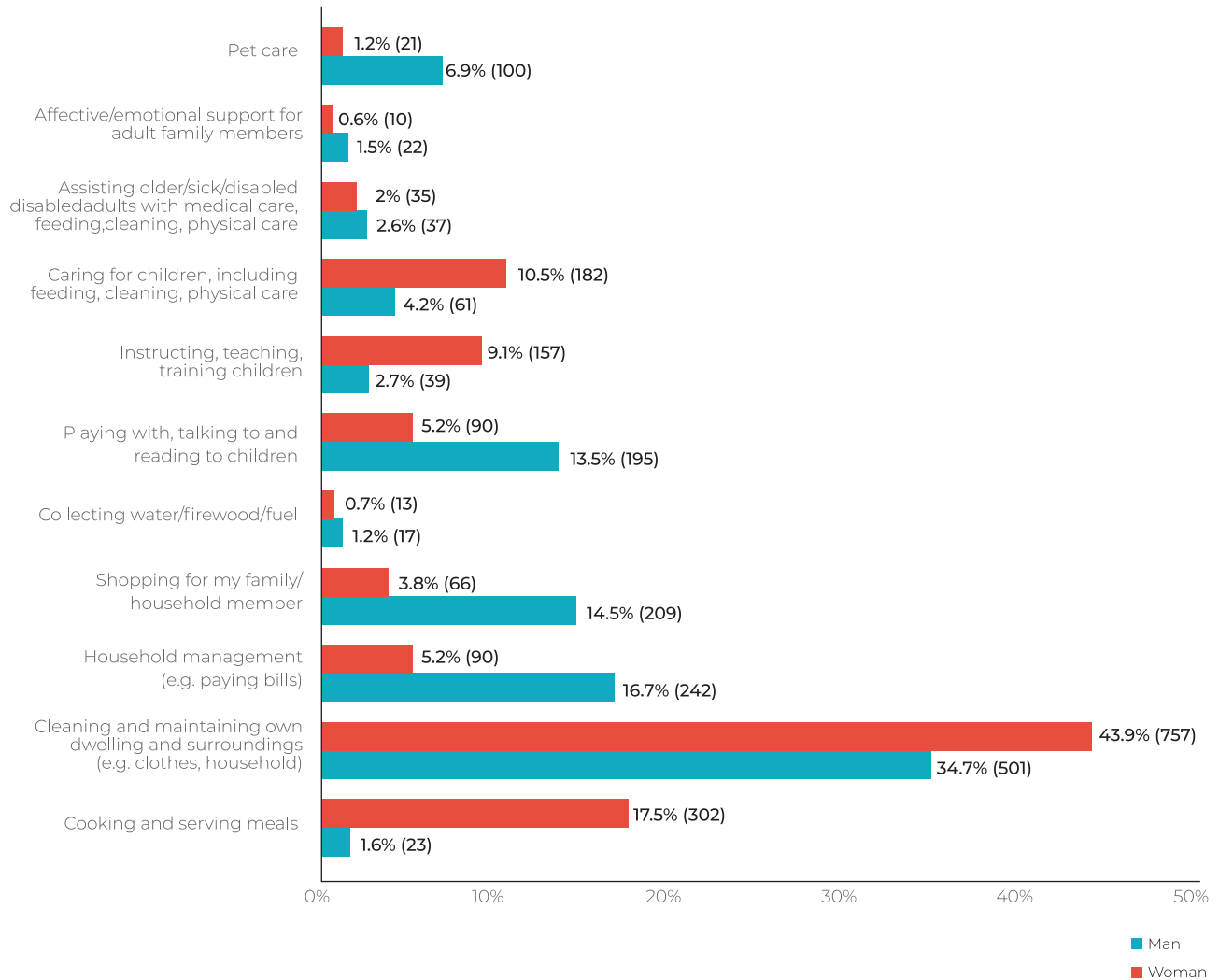
■ Yes  
■ No

**Figure A6.2.** Access to governmental aid for businesses

Do you receive any unemployment benefits and/or any financial support the Government?			
	Size	Yes	No
Yes	134	52.3	47.7
No	61	27.4	72.6

# ANNEX 7: IMPACT ON SOCIAL ROLES IN HOUSEHOLDS AND COMMUNITIES

**Figure A7.1.** Time spend on household tasks, by gender



\* Chi-Squared P-value 0

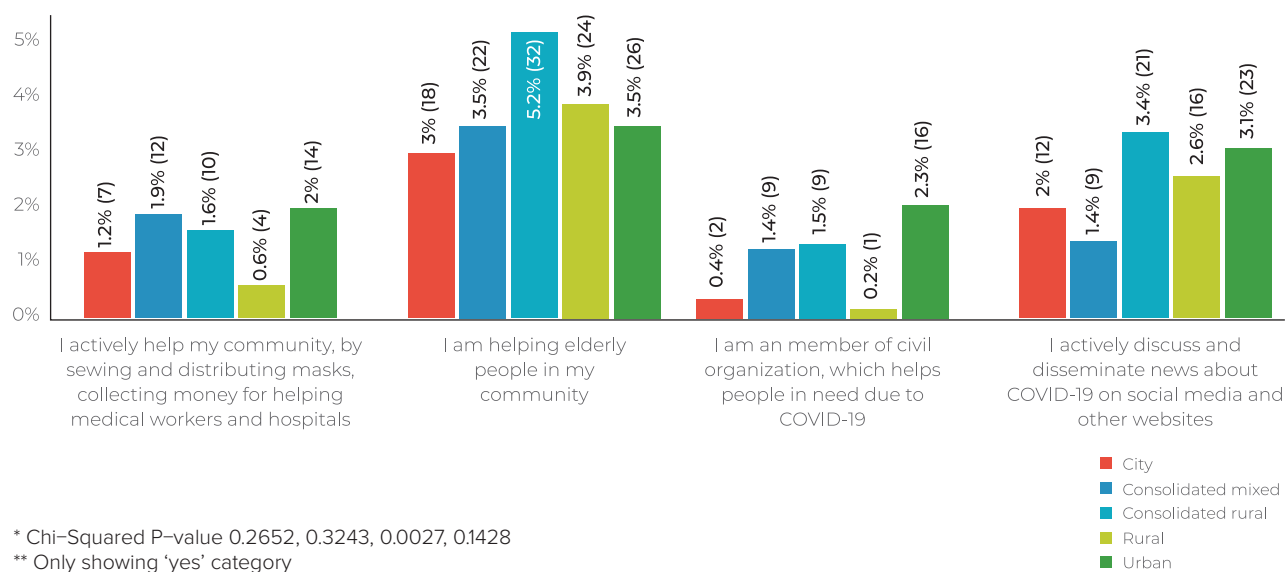
\*\*\* Note: N = 3167

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**Figure A7.2.** Time spent on household tasks, by region

	Yerevan	Aragat-sotn	Ararat	Arma-vir	Ge-gharkunik	Lori	Kotayk	Shirak	Syunik	Vayots Dzor	Tavush
Size	607	172	867	197	274	288	871	809	246	144	198
P-value	0										
Cooking and serving meals	12.8	5.8	4.8	9.8	10.2	8.9	13.5	11.9	6.9	11.1	14.6
Cleaning and maintaining own dwelling and surroundings (e.g. clothes, household)	39.2	40.7	43.8	41.1	31.8	39.6	41.1	33.6	46.4	49.4	34.4
Household management (e.g. paying bills)	6.6	11.3	14.1	8.9	12.6	12.2	9.9	12	6.6	14.1	12.2
Shopping for my family/household member	11.5	9.7	7.4	6.7	14.1	9.1	6.4	9	6.1	4.6	5.4
Collecting water/firewood/fuel	0.8	1.1	0	0.6	2.7	2.8	0.7	0.5	1.7	0.4	0.9
Playing with, talking to and reading to children	13.2	9.4	10.2	5.9	5.9	7.8	9	7.6	8.1	8.8	9.2
Instructing, teaching, training children	6.2	5.9	5	7.4	8.9	5.4	4.7	7	7.9	3.8	5.7
Caring for children, including feeding, cleaning, physical care	7	6.3	8.7	9.3	7.2	7.6	7.5	9.2	8.2	5.2	7
Assisting older/sick/disabled disabled adults with medical care, feeding, cleaning, physical care	1.4	4.6	1.9	4.9	2.4	1.3	2.2	2.8	0.2	0.6	5.3
Affective/emotional support for adult family members	0.8	1.9	1.2	1.3	0.6	0.4	1.5	0.8	1	1.7	0.6
Pet care	1	9.4	2.9	4.4	9.6	5.5	3.7	5.6	6.9	5.2	4.6

**Figure A7.3.** Civic activities performed, by community cluster



\* Chi-Squared P-value 0.2652, 0.3243, 0.0027, 0.1428

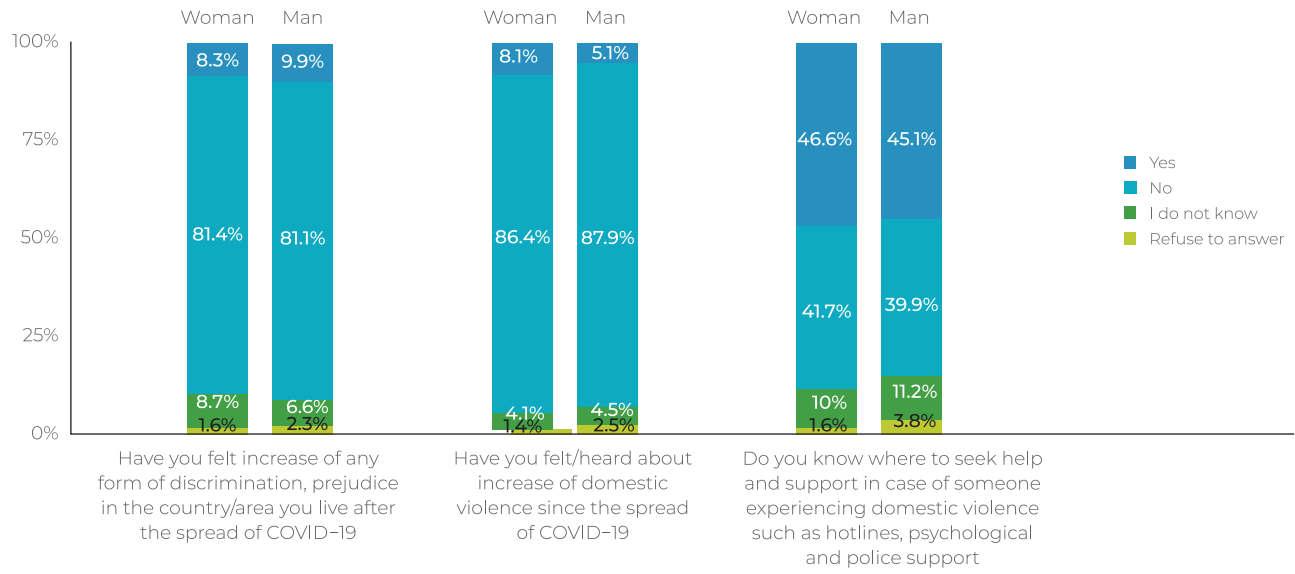
\*\* Only showing 'yes' category

\*\*\* Note: N = 3191, 3191, 3191, 3191

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'



**Figure A7.4.** Domestic violence and discrimination awareness, by gender



\* Chi-Squared P-value 0.0326, 0.0016, 0.0012

\*\*\* Note: N = 3191, 3191, 3191

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

## ANNEX 8: VULNERABILITY ASSESSMENT OF ECONOMIC SECTORS

The overall scale and scope of the economic impact due to the COVID-19 pandemic will be assessed after countries combat the health crisis and all containment measures are eliminated. The situation in the world economy is changing very fast which makes it challenging to estimate the long-lasting effects of the crisis.

At this stage, the most vulnerable sectors exposed to the risks caused by the COVID-19 crisis are tourism and hospitality, textile and apparel, food services, and domestic trade.

### Vulnerability assessment of economic sectors

Economic sector	Tourism and hospitality	Textile and apparel	Food services	Domestic trade
Magnitude of impact	High	Medium	Medium	Medium
Geographic concentration	Yerevan and those in regions focusing on international tourists	Yerevan, Vanadzor and Gyumri	Yerevan and those in regions focusing on international tourists	All regions
Impact on women	Medium	High	Medium	High
Type of affected business	All	Large	SME	SME
Economic impact	High	Low	Medium	Medium
Number of JOBS at risk	High	Medium	Medium	Low
Number of employees, March 2020	9,688	12,293	28,821	112,427

Source: SEIA Assessment

The tourism and hospitality sector suffered the most because of the closure of Armenia's borders to foreign nationals. However, the regions still benefit from domestic tourism, while the hotel and accommodation sector in Yerevan is on the verge of bankruptcy as they catered to international tourism. For large hotels located in Yerevan highly qualified jobs are at risk, which may lead to the labour migration of highly skilled people resulting in a "brain drain." During March-April, the job layoff rate in this sector accounted for 18 percent (1,762 jobs) of total employment in the industry, with more than 67 percent of cuts in companies with up to 50 workers.

In addition to the temporary closure and fear among locals, the fall in international tourism also affected the food services sector in the regions focusing on international tourists. During March-April, there was a 20 percent job layoff rate (5,708 jobs), with 78 percent in companies with up to 50 employees.

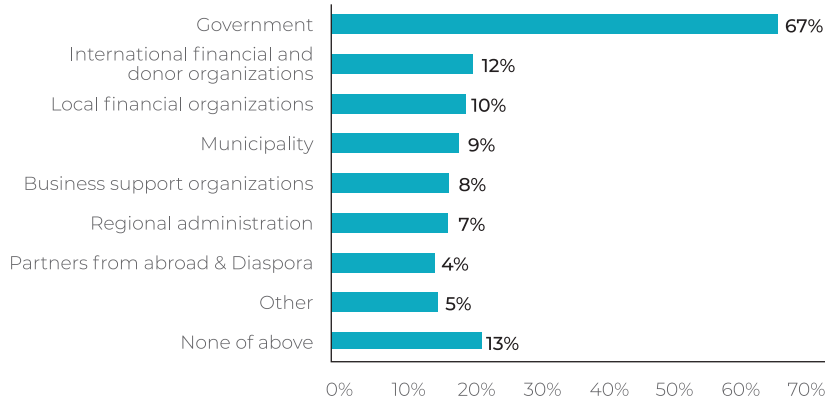
The domestic trade sector suffered during March-April, with non-food retail stores being temporarily closed. However, the crisis didn't significantly harm the food retail sector. Overall there was a 9 percent

job layoff rate in the sector (9,558 jobs), with more than 67 percent of cuts in companies with up to 50 workers.

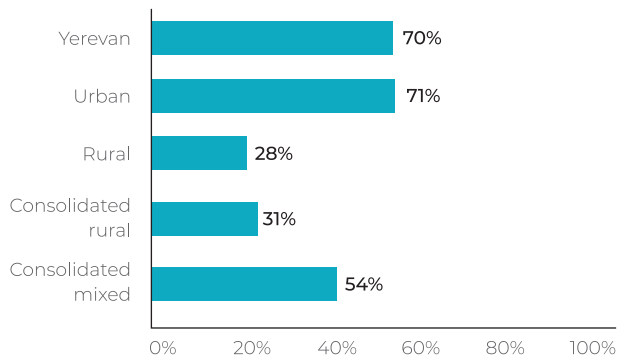
In the textile and apparel sector, the job layoff rate was the highest during March-April at 29 percent (896 jobs), with approximately 64 percent of cuts in companies with more than 50 employees. At the same time export volumes in this sector fell significantly. This sector is conditioned by global circumstances, as there is a high share of Armenian textile and apparel companies working for foreign brands which have closed their stores worldwide due to restrictions in most countries.

# ANNEX 9: RECOVERY PERSPECTIVES AMONG THE BUSINESSES

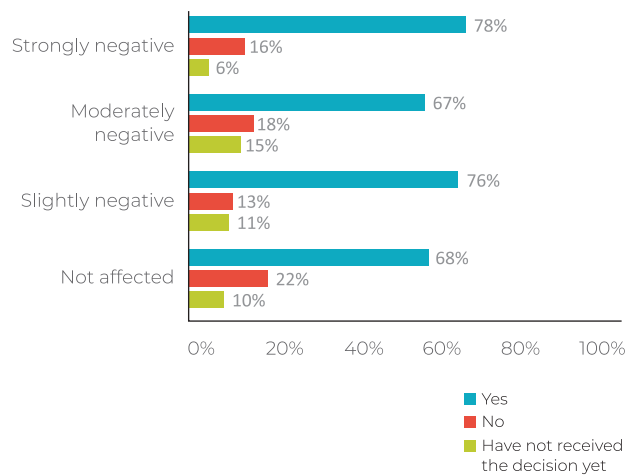
**Figure A9.1.** Most trusted institutions for support, %



**Figure A9.2.** Respondents that applied to government support programmes, by community type, %



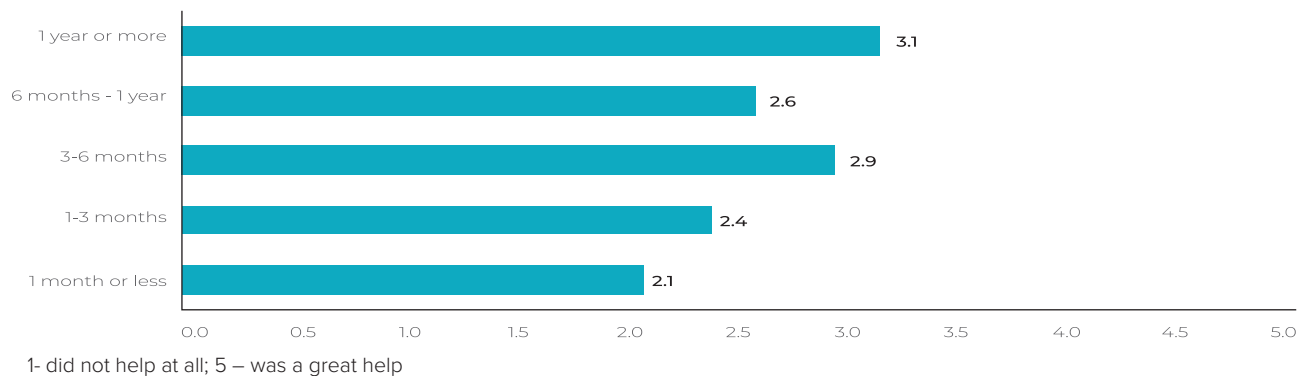
**Figure A9.3.** Provision of state assistance by magnitude of negative impact, %



Pearson Chi-squared (8) = 228.9203 Pr = 0.000

Pearson Chi-squared (28) = 30.81 Pr = 0.006

**Figure A9.4.** Evaluation of the effectiveness of support programmes by estimated survival period



## ANNEX 10: GOVERNMENT COVID-19 ECONOMIC ASSISTANCE PROGRAMS

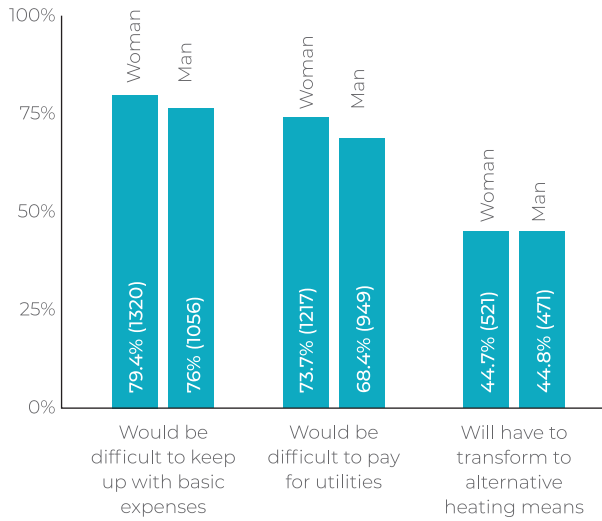
Action	Brief description	Number of applications as of June 15, 2020	Proportion of approved applications	Perception of respondents on support effectiveness* 1 – did not help; 5 – helped a lot (Mean value)
1	Co-financing, refinancing and subsidies for businesses	1,331	62%	3.35
2	Interest rate subsidies to entities or individuals in agriculture	24,191	52%	3.25
3	Low interest rate loans to SMEs	1,646	50%	3.1
5	One-time grant in the amount of the salary of every 5th employee	24,753	60%	2.84
8	Assistance provided to individual entrepreneurs and employees in several sectors	294,045	48%	2.65
10	One-time assistance to micro-enterprises in the amount of 10% of the turnover	5,388	100%	2.86
18	Labour subsidies to business with 2-100 employees that preserved jobs	25,031	49%	3.71
Other				2.68

Source: Government of Armenia (2020)

\* Based on the evaluation of survey respondents

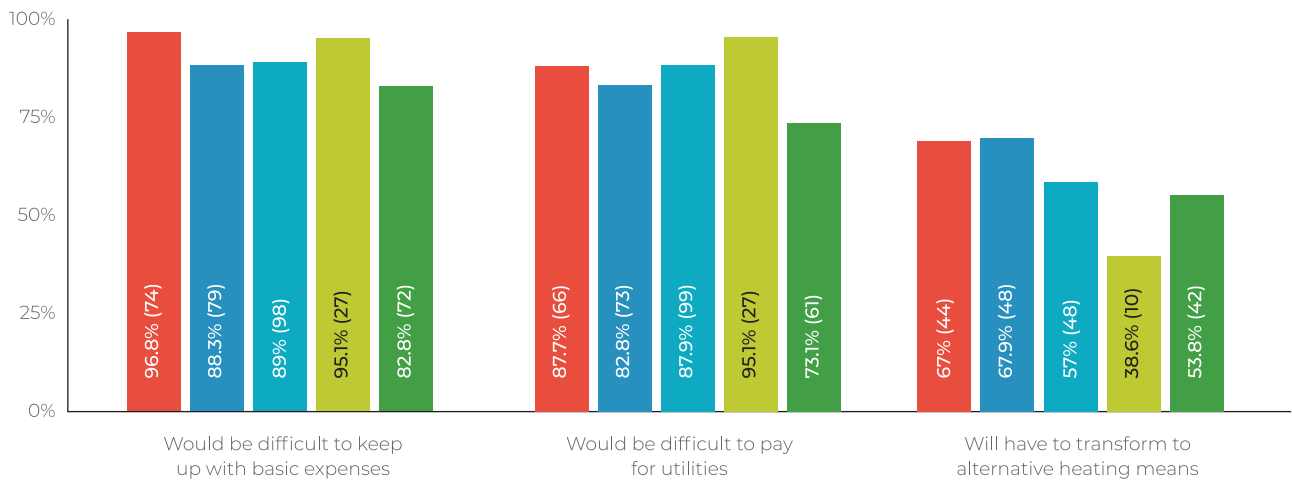
# ANNEX 11: SOCIAL VULNERABILITIES OF HOUSEHOLDS

**Figure A11.1.** Difficulty with maintaining household expenses, by gender



\* Chi-Squared P-value 0.0264, 0.0013, 1  
 \*\* Only showing 'yes' category  
 \*\*\* Note: N = 3054, 3039, 2220  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

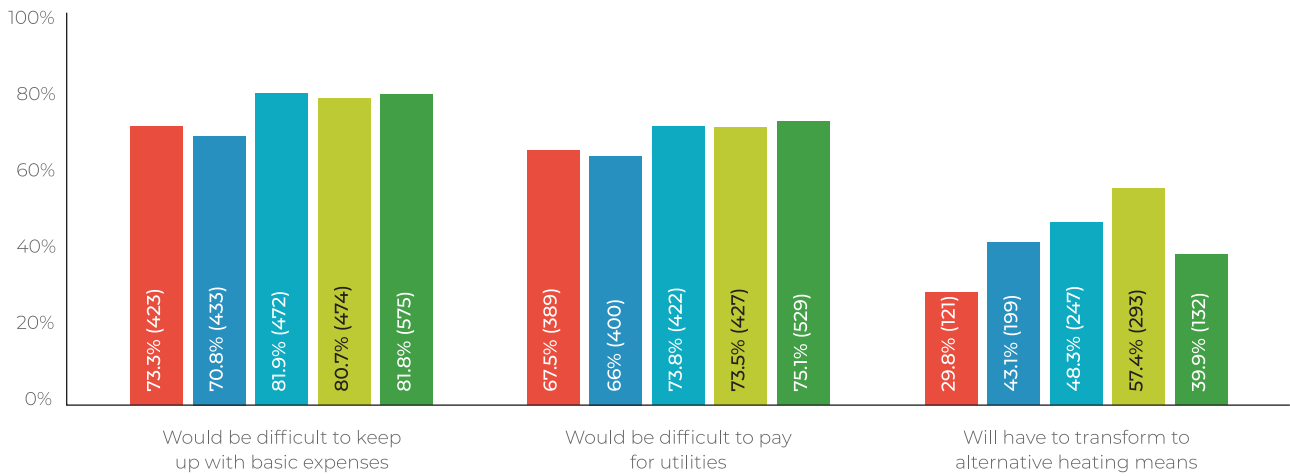
**Figure A11.2.** Difficulty with maintaining household expenses, by vulnerable group



- Beneficiaries
- Large families
- People with disabilities
- Refugee
- Single retirees

\* Chi-Squared P-value 0.0507, 0.0165, 0.0464  
 \*\* Only showing 'yes' category  
 \*\*\* Note: N = 390, 388, 325  
 \*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

**Figure A11.3.** Difficulty with maintaining household expenses, by community clusters



\* Chi-Squared P-value 0, 0.0004, 0

\*\* Only showing 'yes' category

\*\*\* Note: N = 3054, 3039, 2220

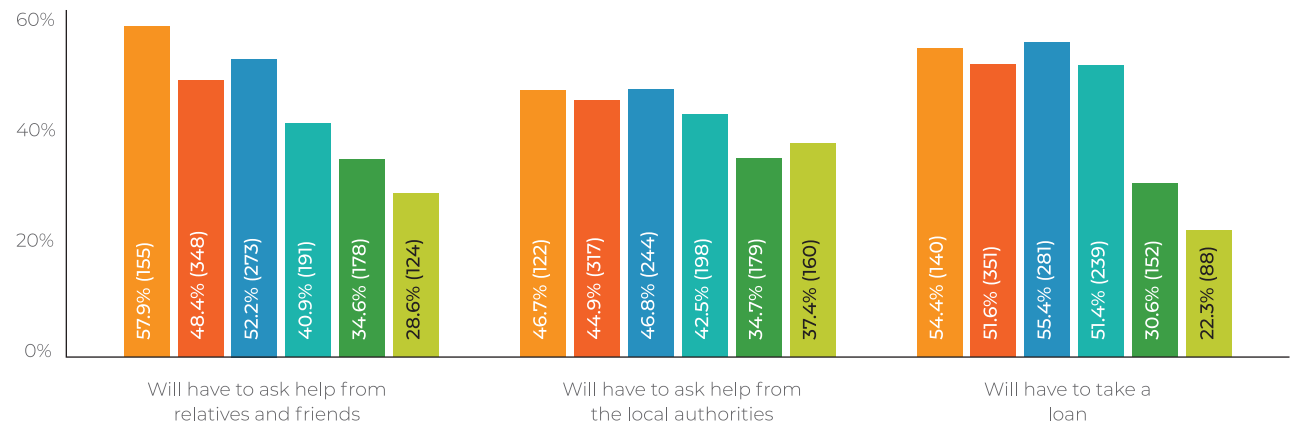
\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

■ City  
 ■ Consolidated mixed  
 ■ Consolidated rural  
 ■ Rural  
 ■ Urban

**Figure A11.4.** Impact of health insurance on health related behaviour

	Size	Will have to stop seeking health services/assistance	
		Yes	No
Yes	616	24.9	75.1
No	2171	37.3	62.7

**Figure A11.5.** Possible sources of financial support, by age group



\* Chi-Squared P-value 0, 0.0002, 0

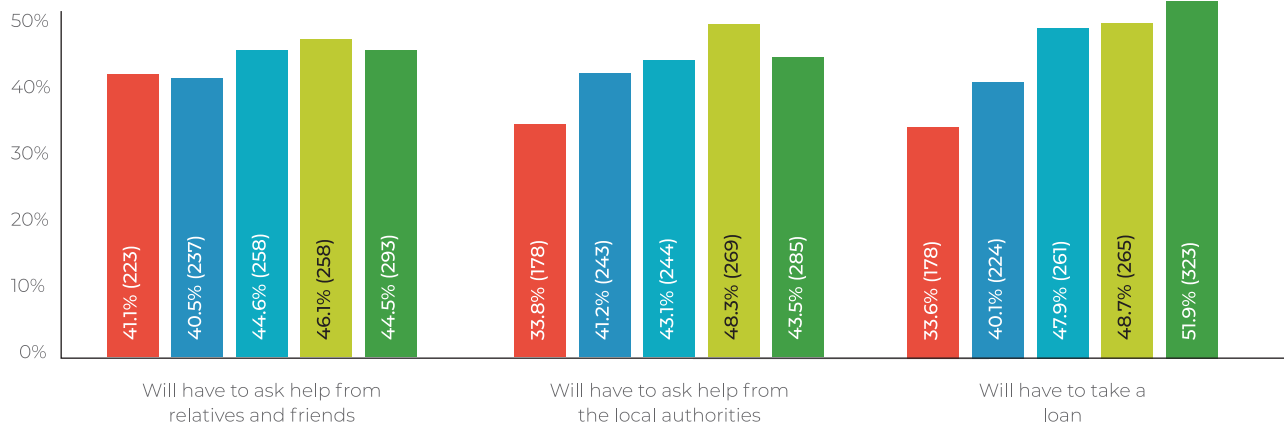
\*\* Only showing 'yes' category

\*\*\* Note: N = 2926, 2895, 2801

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

■ 18-24  
 ■ 25-34  
 ■ 35-44  
 ■ 45-54  
 ■ 55-64  
 ■ 65+

**Figure A11.6.** Possible sources of financial support, by community cluster



\* Chi-Squared P-value 0.2368, 0.0001, 0

\*\* Only showing 'yes' category

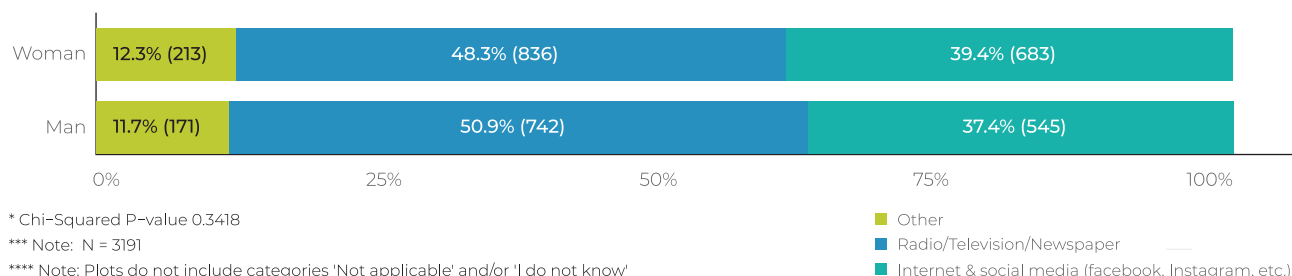
\*\*\* Note: N = 2926, 2895, 2801

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

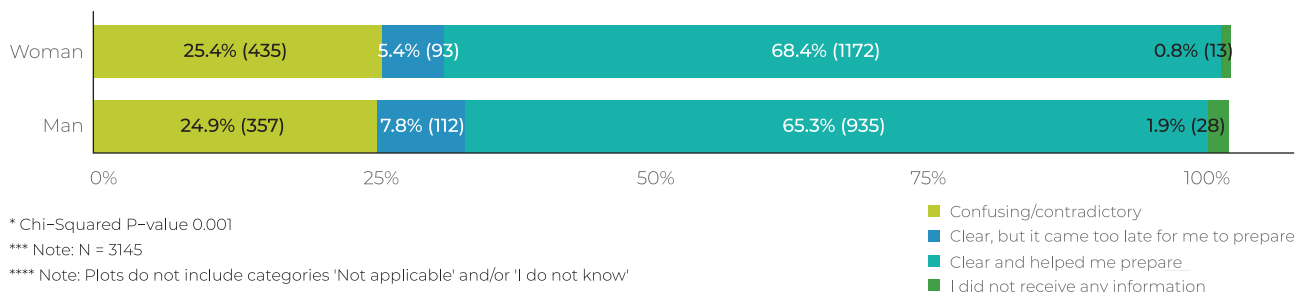
- City
- Consolidated mixed
- Consolidated rural
- Rural
- Urban

# ANNEX 12: GOVERNMENT SOCIAL ASSISTANCE SUPPORT PACKAGES: COVERAGE, RELEVANCE AND IMPACT

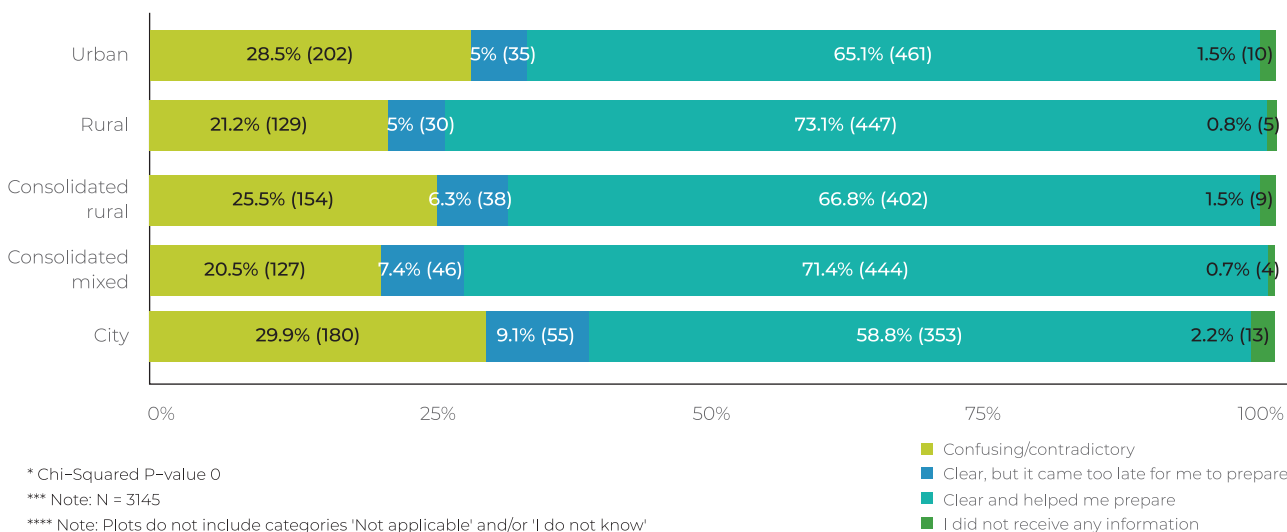
**Figure A12.1.** Distribution of main source of information regarding COVID-19, by gender



**Figure A12.2.** Distribution of information evaluation, by gender



**Figure A12.3.** Distribution of information evaluation, by community cluster



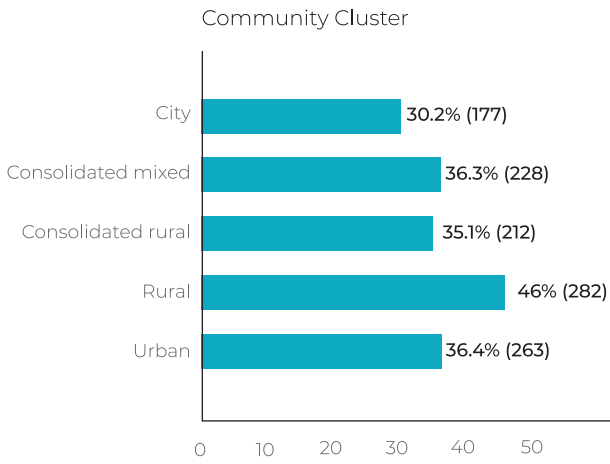


## ANNEX 13: SOCIAL SUPPORT PROGRAMS IMPLEMENTED BY THE ARMENIAN GOVERNMENT (AS OF JULY 15, 2020)

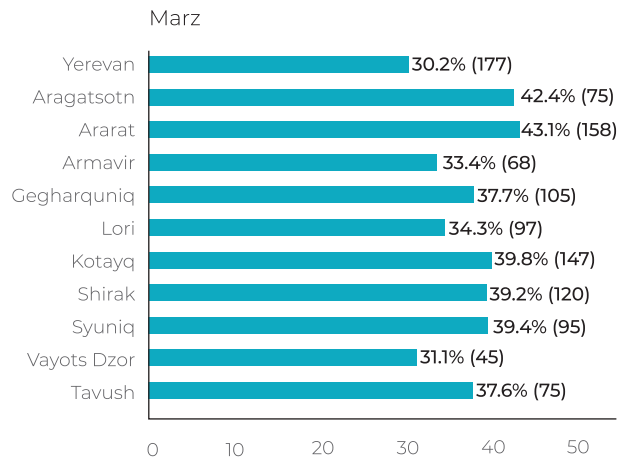
Table A13.1

Activity number	Description of target group	Number of beneficiaries	Total amount provided by the Government in AMD	Amount per beneficiary in AMD
4th	<p><b>Beneficiary</b> A family with a child under the age of 14, where both parents or one parent lost their registered job between March 13 and 25 and as of March 25, neither parent has a job.</p> <p><b>Limitations</b> -During the last 2 months salary has not exceeded monthly 500,000 AMD</p>	2,093	209,300,000	100,000
6th	<p><b>Beneficiary</b> A person who lost their job between March 13 and 25.</p> <p><b>Limitations</b> -During the last 2 months the monthly salary did not exceed 500,000 AMD -Has not worked in financial organizations or for betting companies</p>	8,091	550,188,000	68,000
7th	<p><b>Beneficiary</b> Pregnant woman who as of March does not have a job and her husband also does not have a job or a pregnant woman who does not have a husband as of March 30</p>	9,719	971,900,000	100,000
8th	<p><b>Beneficiary</b> Individuals who worked from March 13 to 30 in an affected industry: - Hotel and hotel services, - Public catering services, - Tourism, - Hairdressing and beauty salon services, - Retail services (except for food shops and pharmacies) - Land transport activities (route transport); - Preschool education (private kindergartens). - Sport activities (sport clubs, swimming pools) - Entertainment and other leisure activities</p>	133,003	8,973,341,631	67,467.21
9th	<p><b>Beneficiary</b> A family with a child aged 0-18, where both parents do not have a registered job.</p> <p><b>Limitations</b> Children and at least one of the parents live in Armenia, do not receive a family allowance, if they had a job before March 1, the salary did not exceed 500,000 AMD.</p>	190,770	5,055,458,000	26,500.28
13th	<p><b>Beneficiary</b> Socially vulnerable families</p>	86,718	1,221,308,000	14,083.67

**Figure A13.1.** Received benefits and/or financial support from the government since the spread of COVID-19, by region and community cluster



**Figure A13.2.** Relationship between government support and changed status of employment



\* Chi-Squared P-value 0.0034, 0

\*\*\* Note: N = 3155, 3155

\*\*\*\* Note: Plots do not include categories 'Not applicable' and/or 'I do not know'

## ANNEX 14: MACROECONOMIC POLICY: REFLECTIONS ON THE CONTEXT AND THE CURRENT SITUATION

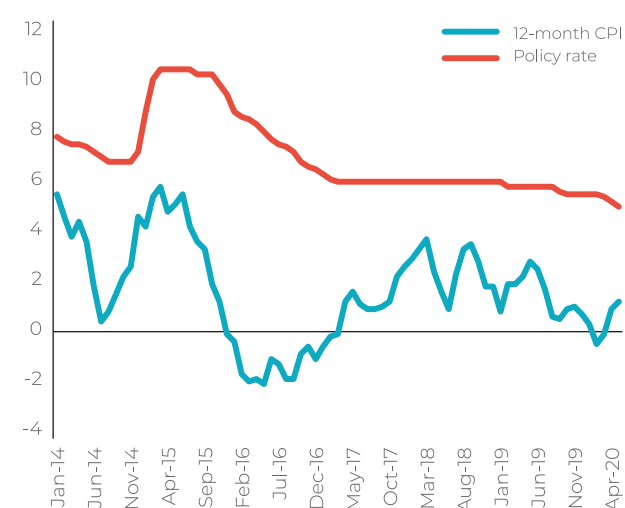
Historically, Armenia's macro policies have been prudent: Fiscal and monetary policy responses to external shocks used to be effective to ensure macro stability.

The last shock to the Armenian economy before COVID-19 was back in 2014 due the spillover effect from Russian economic sanctions. The effects of the slowdown in the Russian economy transmitted to the Armenian economy through various channels including remittances, trade and FDI. The reaction of the macroeconomic policy to the crisis was prudent and well-coordinated, aimed at maintaining the macro-financial stability while containing the severe drop of aggregate demand.

The monetary policy reacted by dramatically increasing the policy rate and a significant adjustment of the reserve requirement ratio for dollar deposits in order to cease speculative expectations of the dram's depreciation. It was obvious that in case of materialization of the mentioned risk, an overshoot in the speculative expectation-based exchange rate could cause FX market distortions, with a pass-through effect that would drive up inflation and further fuel inflation expectations.

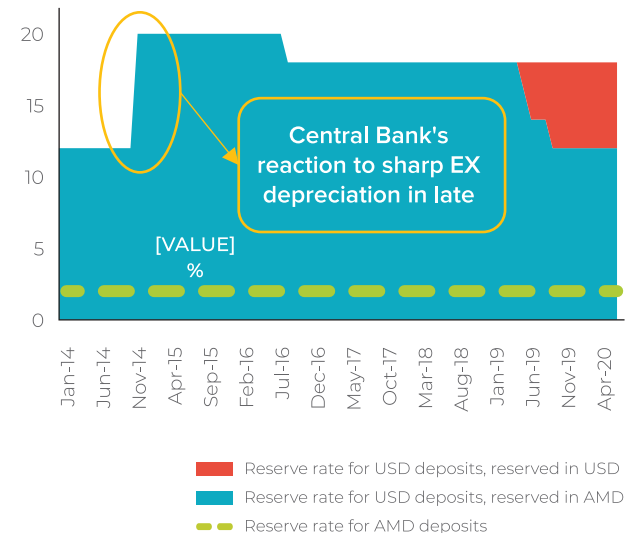
When the speculative expectations were well anchored, starting from November 2015 the monetary policy gradually lowered the policy rate as the economy entered the stubbornly low inflation phase. However, despite the low inflationary environment until the end of 2019, the reserve requirement ratio after some downward adjustment (regarding the currency structure of the reserves) still remained high compared to the pre-crisis level of 2014, which allowed the Central Bank of Armenia (CBA) to ease this rate to reduce costs if necessary.

**Figure A14.1.** Monetary Policy Rate and 12-month CPI



Source: Central Bank of Armenia

**Figure A14.2.** Monetary Policy Rate and 12-month CPI

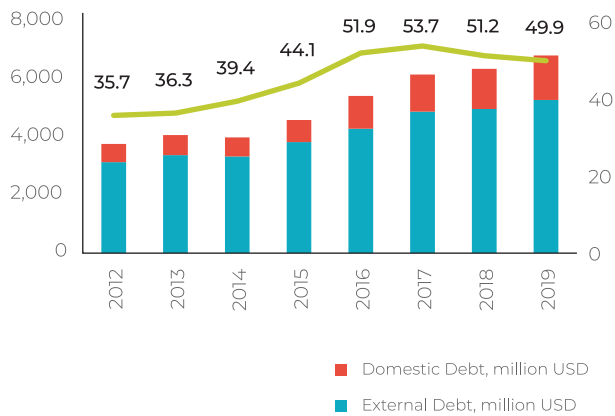


Source: Central Bank of Armenia

Since 2014, Armenia's fiscal policy was eased dramatically to cope with falling demand, compensate the contractionary effect of monetary policy and keep the momentum of economic growth potential. Because of the significant fiscal stimulus, the budget deficit grew during 2014 and the following two years, resulting in an increase of government debt/GDP ratio of up to 53.7% in 2017.

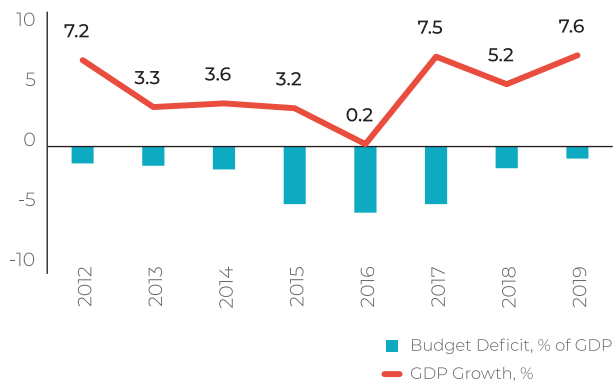
Since 2017 the government took bold actions for fiscal consolidation to bring back the debt/GDP ratio and free up additional fiscal space to react timely in case of a new shock. In 2018 and 2019 the budget deficit decreased significantly, which helped bring government debt level below 50% of GDP in 2019. The effective consolidation was also driven by new fiscal rules that were introduced in 2017 to strengthen the counter cyclical component of the fiscal policy to act effectively as a shock absorber during the crisis (see Box 1 below).

**Figure A14.3.** Government Debt Level and Ratio to GDP



Source: Ministry of Finance of the Republic of Armenia, Statistical Committee of the Republic of Armenia

**Figure A14.4.** Real GDP Growth and Budget Deficit



Source: Ministry of Finance of the Republic of Armenia, Statistical Committee of the Republic of Armenia

**Reaction of Macroeconomic Policies to COVID-19 in Armenia**

Starting March 2020, the coronavirus reached Armenia forcing the government to swiftly prepare a crisis response package to mitigate the negative effects. The fiscal and monetary bodies declared their intention to support economic activity and inject the

needed liquidity into the economy. The fiscal policy reacted to the shock by declaring a fiscal loosening and tolerating deficit to reach up to 7.5% of GDP. The government introduced an anti-crisis measurement package with 150 billion AMD (about 2.3% of GDP). The monetary policy reacted very cautiously by twice adjusting the policy rate downwards by 0.25 p.p. and once more, comparatively stronger, by 0.5 p.p. No movement to the reserve requirement ration has been taken yet.

As a result, despite the loosening of fiscal and monetary policies, economic agents are signalling about bolder actions from policy makers for liquidity injection and support in coping with deteriorating corporate sector’s balance sheets. It is anticipated that the fiscal policy shall accelerate the speed of capital spending and other type of competitive procurements of goods and services. For the monetary policy, additional measures needs to be implemented for diminishing the cost of capital in the banking system by further adjusting the policy rate and (or) utilizing other instruments, including diminishing the rate of reserve requirement.

**KEY MACROECONOMIC POLICY CONSIDERATIONS**

Below are a few thoughts on potential fiscal and monetary policy considerations that can be useful for the Government of Armenia during the policy deliberation within the cabinet and a dialogue with IFIs.

**Fiscal Policy**

- To meet the new economic reality, there might be a need to redesign the current fiscal policy and revisit budget expenditures urgently.** In April 2020, the Armenian National Assembly adopted changes in the 2020 budget; however, only the size of the deficit was changed, but the anticipated changes in revenues and expenditures was not disclosed. The current expenditure plan for 2020 state budget is out of date and the government might want to consider revisiting the budget urgently and thoroughly. It needs to be done following the agreed criteria and principles. Criteria and principles could be developed with the support and close cooperation of IFIs, including the International Monetary Fund and the World Bank. An expenditure review exercise must be done with an emphasis

on reallocating resources to address effectively and timely issues in health care, social and economic support measures.

2. **To avoid negative surprises and react timely to new risks, developing different economic scenarios with an appropriate fiscal response should be considered.** The pandemic increases the level of uncertainty in all fields of the economy and these uncertainties create major budget risks. This highlights the urgent need for the government to develop different scenarios of economic developments with the proper fiscal responses on each scenario. The government would benefit from different scenarios of economic growth, budget revenues, expenditures, deficit and sources of financing the deficit. Furthermore, all those scenarios would ideally be disclosed and clearly communicated to the public. This would positively contribute to the credibility of the government, increase the confidence of economic agents in the economic policy and signal that the government is ready to handle any potential development.
3. **Swiftly levelling up the monetary and fiscal coordination would enable the utilization of internal savings at an affordable price for deficit financing.** The economic slowdown and fiscal policy reaction will inevitably lead to a higher budget deficit and challenge the government to find an affordable resource to finance the deficit. In the situation of declining tax revenue, the first option can be to utilize local resources. Fiscal bodies with support of the CBA can effectively attract local savings to finance the budget deficit. To mitigate the crowding-out effects, the CBA can purchase government securities to directly inject liquidity into the market. Furthermore, government spending efficiency that can directly affect economic activity can mitigate the risk of inflation. Local debt financing can also support the government debt profile by lowering the negative effect of exchange rate depreciation threats.

to increase, resulting in compulsory provisioning and driving up the costs of the banks and credit organizations. The scale of such adjustment along with other factors will depend on the structure of portfolio of the banks and credit organizations. Recent three-year increase in banks' and credit organization's loan portfolio was driven mostly by the mortgage and consumer credit growth while the household income recorded very modest growth. Significant cuts in household incomes and job losses are very likely to continue during the course of this year. This would elevate the risk of increasing non-performing loans (NPL) dramatically. This urges the Central Bank of Armenia, preferably in cooperation with IMF, to develop scenarios that include an appropriate intervention plan and tools to mitigate the risks endangering financial stability.

2. **To support the economy to cope with liquidity drain up, the CBA can consider ways for further easing monetary conditions, including a decrease in the reserve requirement.** Another possible direction for the CBA to react to the negative shock and liquidity drain up is the revision of the reserve rate requirement. It remained very high since December 2014 without major changes. By decreasing the reserve rate requirement for US dollar deposits, the CBA can decrease the cost of capital for the banks to allocate resources in the economy in line with diminishing profitability margins of economic agents with more affordable prices for businesses. Furthermore, in light of lower imports with weak pressure on the dollar exchange rate and sufficient coverage of the CBA's reserve, speculative behaviour in the foreign exchange markets will not prevail.

## Monetary Policy

1. **Develop scenarios for financial market distress with appropriate actions from monetary bodies.** During the crisis it is expected that non-performing loans are inevitably going

## ANNEX 15. SEIA PROCESS. LESSONS LEARNED

The socio-economic impact assessment of COVID-19 on Armenian communities was initiated by the UN Country Team upon the request of the Government of Armenia. The SEIA process was led by UNDP in collaboration with UNFPA, UN Women and UNAIDS and supported by UN Agencies working in Armenia. Asian Development Bank and IFIs provided important input to the SEIA.

The SEIA implementation included several key interconnected milestones and outputs. It was executed in a highly participatory manner. All key stakeholders, including UN Agencies, the Government of Armenia and regional and community stakeholders provided invaluable support to the SEIA Expert Team in conducting a nationwide assessment in a relatively short period during the country's declared state of emergency, including a lockdown and other restrictions.

Figure A15.1 below presents the SEIA process, key steps, outputs and engagement of key stakeholders in each important step of the process.

**Figure A15.1.** Structure of the Overall SEIA Process

### SEIA Lessons

The SEIA was an interesting learning process, full of unexpected challenges and important lessons learned. Those lessons are discussed below.

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*The online survey required intensive preparation and proper allocation of time.*

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The SEIA was conducted online and via phone conversations, without physical interaction between stakeholders. These virtual interactions included stakeholder meetings, discussions and surveys. Use of virtual modes of communication imposed several challenges, including both psychological and technical difficulties. It complicated the process and substantial time was required to organize online meetings or gather necessary information. The critical issue was developing a database of contact information of survey respondents. The details of the SEIA methodology are presented in the Introduction section of this report.

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*Participation of stakeholders is important;*

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*however, it has associated 'costs' such as additional inertia in the process and delays.*

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The SEIA was implemented with the participation of many stakeholders. This significantly enhanced the results of the study and strengthened the ownership of outcomes for local stakeholders. It also creates possibilities for the implementation of recommendations and suggestions of the SEIA, thus increasing the potential impact of the process. At the same time, the participation of stakeholders, and iterative process connected with it, requires time and efforts to solicit the input from parties and engage key stakeholders in decision-making processes. The goal is to find a reasonable balance between participation and its "costs".

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*Online assessment and analysis tools increase the efficiency of the process and expand the participation of key stakeholders.*

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During the SEIA several online tools were applied and tested. The main tool of data collection was KoBo Toolbox. It proved to be a very useful instrument for data collection and creating databases of provided responses. However, it does not provide effective options for online analysis and producing analytical charts and reports. Community stakeholders took strong interest in implementing these online analytical tools, and they engaged additional community stakeholders in the data collection and analysis.

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*The SEIA process initiated a momentum for improving governance and engaging citizens in decision-making processes at national and local levels.*

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Regional and community stakeholders in the SEIA process showed genuine interest in adopting the approach and participating in local decision-making processes. The main challenge is to have ready-made online tools for data collection and analysis. This task can be implemented by modifying the SEIA methodology, further improving KoBo Toolbox to be able to provide online analysis and training relevant personnel in national, regional and community governments to apply the online tools. These efforts can help strengthen the e-governance in the country and increase participation in decision-making at all levels.



