REPUBLIC OF ARMENIA

Towards Reforms Oriented Fiscal Policy-

SOCIAL SECTOR ASPECTS

RESEARCH PAPER

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1.1. Introduction

Fiscal performance in Armenia has been improved considerably over the last decade. The significant achievement in fiscal reform processes was proven by the fact that under every expenditure group of the state budget a specific government strategy was developed, making each budget line an instrument for relevant structural reform. Particularly, the “state order” concept has been implemented in financing of scientific, educational and cultural spheres. The policymaking in the health care system was separated from implementing procedures by establishing Health Care State Agency. The system of public procurement was put in action by adopting a Law on Public Procurement and by establishing the State Procurement Agency.

So, the main objective of the reforms in the fiscal sphere was the introduction of market mechanisms i.e. free competition. To reach higher effectiveness in such a system the process of realization of expenditures has been centralized. As a result it was possible to have proper control and necessary information for each line of budget expenditure. The Treasury System created in 1996 was aimed to provide this centralization.

However, taking into consideration the large proportion of the Armenian population living under the poverty line, the social policy of the government and planning of the state budget expenditures in this field still remain the most delicate issue in overall government policy. This paper summarizes the main achievements and failures in the social policy during the last decade, current developments in regulation and existing problems. It also includes the comments and conclusions of the author dedicated to the future improvement of the government policy for financing the most vulnerable levels of the society.

1.2. Background

Poverty in Armenia has emerged on one hand following the dissolution of the Soviet Union as a result of disruption of integrating economic ties with other union republics. On the other hand it is also result of the blockades of the country since the beginning of the Nagorno Karabakh conflict.

Land privatization in 1991 to some extended cushioned the process of impoverishment in rural areas, but later on, owing, on one hand, to losses caused by adversary weather and natural conditions (floods, storms, hail, freezing, drought, land and mudslides, etc) and, on the other, as a result of inflation, considerable portion of rural households approached poverty line, while many plunged into extreme impoverishment.

Being aware of how critical this issue is, government of the Republic of Armenia spares no effort trying to alleviate expanding poverty and lead the country out of the social and economic crisis through application of financial resources obtained from foreign states and international organization in the form of credits or humanitarian aid. To that end, credits and grants were mainly channeled towards creating principal market economy structures (structural reforms), while to
coordinate the distribution of in kind humanitarian aid intended for the population (fuel, clothing, food, certain household items, health and hygiene products, etc.) the PAROS system was established by the Armenian Ministry of Social Welfare, which initially embraced almost all households in the country. Indeed, in 1992-1996, thanks to allocation of unemployment benefits and PAROS-distributed humanitarian aid, intensification of poverty was to some extent reduced.

However, due to unstable and slow economic growth, postponed results of structural reforms and a sharp drop in the amount of humanitarian aid, the government decided to revise the principles of compensations and allowances allocation, recalculate financial resources made available to various population groups through payments and transfers and reallocate them towards alleviation of poverty based on estimated degree of family impoverishment levels.

The idea in itself is good, because, first of all, market economy does not acknowledge compensation system (I and II group handicapped, single unemployed pensioners enjoyed benefits and compensation payments towards rent, communal services, communications, electricity, water, gas and other bills, transportation expenses), and secondly, the sole fact that a person (or a family members) belongs to a certain social segment, is not enough basis to be qualified as needy. As far as allowances are concerned, they are mostly given to children, single mothers, unemployed women with a child (children) below 2 years old, handicapped breadwinners, etc.

It goes without saying that child allowance system is a basic element of a country’s socio-demographic policy and is designed to supplement the budget of a family with underage children, thus stimulating birth rate, and ultimately, population growth. Yet, in a country with such social and economic conditions, as in Armenia, it is simply impossible and futile to conduct this socio-demographic policy; when funds allocated for it are so insignificant that no matter what, cannot serve their purpose. Also, government today is faced with more challenging and urgent issues, averting poverty growth and, ultimately, its complete alleviation.

Allocation of compensation or other monetary allowances for the needy and the poor is not, undoubtedly, an effective way of poverty alleviation, especially with funds being so small. It is rather a state-undertaken measure aimed at somehow cushioning the almost insolvent problem of supporting themselves for families below the poverty line, and through that, by slowing poverty spreading, save time to implement measures to neutralize and eliminate major underlying causes of poverty, as these measures not only require vast financial resources, but are also very time-consuming.

1.3. Family Allowance System

The family allowances system was introduced in Armenia on January 1, 1999 by the November 19, 1998 Decree of the Government of the Republic of Armenia No. 727 “On the Creation of a Family Allowances System in the Republic of Armenia”, which at the same time established the Procedure of Assignment and Payment of Family Allowances in the Republic of Armenia and defined a 5% quota of needy families in each community. And, since family allowances was
meant to replace all previously existing compensations and benefits, by the same
decree, appropriate amendments were made in previous respective government
decrees (July 13, 1997 Decree No. 172 "On the Procedure of Assignment and
Payment of Allowances to Special Groups of Children", “Single Mothers and
Persons Guarding a Child Under Two Years Old”; July 8, 1997 Decree No. 251
Social Security of Disable in the Republic of Armenia”; “On Social Security of
Military Servicemen and their Families”; "On Amending the Laws of the Republic
of Armenia”; "On the Convicts' and Benefits for Certain Groups of Population")
and benefits and allowances provided for by them.

Funds allocated in the state budget for child allowances and the abovementioned
benefits (transfers) – around 24 billion AMD in 1999 – served as a basis for
family allowances, while for targeting and payments of family allowances as a
methodology and ideology the PAROS system was used, which, as it was
mentioned above, served to target, register needy families (based on a
vulnerability index) and distribute humanitarian assistance to respective social
groups. The actual distribution of assistance was performed in regions (formerly,
administrative regions) through regional social services centers.

The November 19, 1998 Government Decree No. 727 "On the Procedure of
Assignment and Payment of Family Allowances" not only established a financial
source for allowance payments – the state budget – but also defined the
procedure of applying and registering for allowance; application review and
response deadlines; methods of allowance eligibility and calculation of its
amount; jurisdiction of community leaders and elders in including additional
families in the above quotas, allowance assignment and payment deadlines and
procedures; necessary paperwork for allowance assignment, allowance
discontinuation conditions and procedures.

As a matter of fact, Armenian Ministry of Social Welfare had been preparing to a
family allowances system long before the government passed the Decree No.
727; by the Minister’s orders several directives and recommendations regulating
the operation of a family allowance system.

Thus, by the May 18, 1998 order No. 53-P of the Social Welfare Minister was
enforced a directive “On the Implementation of Family Allowances Payments and
Reciprocal Accountability”, which addressed rules for allowance payment
paperwork, its submission to paying authorities, reciprocal accountability of
regional social services centers and paying authorities.

The August 20, 1998 order No. 123-P (coordinated with governors and the
mayor of Yerevan) drafted a sample regulation for regional social services
centers; the October 7, 1998 orders (153-P, 154-P, 155-P and 156-P)
established positions of an inspector, head inspector, head accountant and
director for regional social services centers, which, actually laid the groundwork
for preparing regional social services centers and their staff for introduction of
family allowances system.

Perhaps, the most important of documents regulating family allowances system
and elaborating its ideology, is the Evaluation Principles of Family Vulnerability
Degree, passed according to the September 30, 1998 No. 149-P Social Welfare
Minister’s, the September 30, 1998 No. DZ-106 Local Government Minister’s, and
October 1, 1998 No. 336 Finance and Economy Minister’s joint order (which, by
the way, given its importance, should have been approved by a government decree).

Based on the abovementioned “Principles,” Armenian Social Welfare Ministry passed several more directives, which appear to have closed the gap left by legislation and legal normative acts. Hence, October 7, 1998 No. 152 order of the Minister established:

a) “the directive on family allowances distribution documentation and paperwork,” (which regulates the calculation of allowance amount; the begging of allowance distribution term, duration, paperwork rules for regional social security centers; allowance payments via post offices),

b) social groups and a list of supporting documents,

c) allowance application form,

d) allowance allocation documentation guidelines for directors of regional social services centers,

e) filing system for allowance applications, allowance registration forms and family allowance distribution records.

The October 28, 1998 No. 180-P order established:

a) “the directive for filling out a family’s social passport;”

b) list of communities serviced by regional social services centers,

c) regulations for maintaining a family social passport; as well as

d) reviewed social groups and a list of supporting documents.

Furthermore, since the computerized database of the PAROS system, created with different purpose, was accepted as a technical basis for the family allowances system, by the November 19, 1998 No. 199-P order of Social Welfare Minister “On changes in the PAROS computer databases and exchange of information flows” the PAROS system has been modified within the boundaries of the program in accordance with principles and the methodology of the family allowances system.

It should be noted that the introduction of a family allowances in the Republic of Armenia in its scope, coverage and significance was quite a courageous step, especially given the fact of Armenia’s leadership among CIS countries in this area (the PAROS system was also first of the kind and has since been duplicated in other CIS countries), hence the higher degree of mistakes and inaccuracies amplified by the absence of a corresponding law.

For that reason, a republican headquarter for the family allowances system headed by the Territorial Management Minister was established which on December 1, 1998 adopted “Directive on the application of most vulnerable families’ community quotas.” This directive established that community elders create permanent committees, which are authorized to estimate the social status of a family, defined committees’ agenda, composition, regulations, gave guidelines for including needy family not registered in family allowances rosters in the lists for compensation towards electricity bills, and other issues.

Although some issues related to organization and coordination had not been solved yet, Armenian government on December 31, 1998 by its No. 365 Decree
“On family allowances (point of a family vulnerability boundary value, base allowance, supplement amount given to each family member)” has established:

1. family vulnerability boundary value (36,00 points)
2. base allowance amount (3,500 AMD),
3. supplement amount given to each family member (1,300 AMD),
4. family allowance amount as per every member for families consisting only of two or more not working pensioners living in an area with public transportation (3,500 AMD).

In 1999, according to the January 11, No. 9 Order of the Director of “Haypost” Closed State Joint Stock Company (coordinated with Armenian Social Welfare Ministry), a directive on the procedure of family allowances payments through enterprises of “Haypost.” The January 16, 1999, Decree No. 26 of the Government of Armenia “On the Provision of Compensation for Socially Vulnerable Families in the Republic of Armenia Following the Establishing a Unified Electricity Tariff” has established (in connection with the establishment of unified electricity tariffs) a monthly compensation in the amount of 1,450 AMD for families with 33,70 and above vulnerability grades and defined a ceiling for the compensation amount (as per 5% of families receiving compensation).

The family allowances system introduced on January 1, 1999 started working and, gradually, imperfections of the adopted legal acts and faults in the system administration have begun to surface. Despite that, throughout the entire year neither the Government nor the Ministry of Social Welfare passed new acts regulating or improving the family allowances sphere, and, in the result, by the end of the year all the mistakes had revealed themselves and it could have been possible to learn from them and somehow improve and develop the existing system.

Study of the operation of the family allowances system has shown that it has not served the main purpose, poverty alleviation, for two principal reasons:

1. faults in the system of family vulnerability evaluation,
2. deficiency in system administration.

While analyzing “Family Vulnerability Assessment Procedure,” it becomes very evident that it is built on a subjective basis and lacks scientific backing, because main vulnerability criteria were not applied, moreover, no methodology was used. Hence, for family vulnerability assessment the following criteria was used:

1. family members’ belonging to certain predefined social groups,
2. number of post-retirement family members and handicapped of I and II group,
3. area of residence,
4. family’s housing conditions,
5. existence of a personal car,
6. existence of a family enterprise or involvement in private entrepreneurship,
7. conclusion on family’s socio-economic conditions by either a regional social service center or community elders,
8. total family income.

The above parameters are not only incomplete (for example, communal conditions are excluded), but some of them are either meaningless or superfluous. For instance, if a total family income is included, then existence of a family enterprise or involvement in private business should not have been in the list, especially, since, according to the procedure, such families are left out of the list regardless of an income amount. The same applies to point 7 of the list, either this point is redundant, or all other points are, because a family either makes it to the list or is left out of it based on the very conclusion mentioned in point 7.

Factors applied to these criteria and grades assigned to definitions of various degrees of poverty (which are used in a formula determining the poverty degree) are also unfounded and lack any logical backing. To support this argument, let us point out that these grades (ratio) fluctuate in the 20-50 range. For example, vulnerability grade defined for an unemployed, is 27, while that for children deprived of both parents, is 50; pregnant women, 30; pensioners, 34; child of a single mother, 26; students below 23 studying by state order, 22. In our opinion, these are random figures, since a person’s/family’s vulnerability or well-being is defined either by expenditures or by incomes, neither of which underlies the above grades. Certainly, with that in mind, both an unemployed and a student would have been assigned a higher grade.

Area of residence and housing conditions factors also appear to be groundless. For instance homeless people between 1,00 and 1,20 branches are assigned 1,07, while people living in temporary shelters are given the maximum 1,20. If this approach stems from the fact that temporary shelters are mostly typical of the disaster zone, and drafters of this document wished to give the family allowance eligibility priority to residents of the disaster zone, all other factors being equal, then, we think, that should have been done by correctly assessing the area of residence factor, rather than applying incorrect grades to housing conditions.

The facts, however, back our assertion that here too no assessment mechanism whatsoever had been applied, and factors assigned to the area of residence criterion, which stretch from 1,00 to 1,05, are the result of a purely arbitrary approach. Thus, 172 areas of residence included in the area list were given between 1,03 and 1,05 grades, other areas received 1,0. Puzzling is not only why neither of these areas were given 1,01, 1,02, or 1,04 grades, but it is also unclear what was the basic principle of such assessments or based on what such grades (area’s altitude, location in the disaster zone or proximity to the borderline, climate, area’s being underpopulated, region’s ruggedness, population size, unemployment rate, or some other factors?) and how, based on these, were the areas differentiated. We can only add that 95 (above 55%) of the 172 areas mentioned above are located in the Syunik (50 areas) and Tavush (45 areas) regions; 161 of the areas were assigned 1,05 grade, while the remaining 11, 1,03. Meanwhile, only 9 areas located in the Shirak region were included in this list, and the towns of Gyumri, Maralik and Artik received 1,03 grade.

Summarizing the analysis of “Family Vulnerability Assessment Procedure,” we’ve come to the following conclusions:
1. factors selected for assessing family vulnerability degrees duplicate and sometimes even contradict, rather than supplement, each other,

2. factors are assigned such grade system where either one, actually, becomes decisive (factor of family’s belonging to a certain social group) in assigning allowance to a family (because unit weights of other factors become minimal in comparison), or the other (community elders’ decision or involvement in private entrepreneurship), in which case all other factors lose their meaning,

3. grades assigned to any single factor are totally groundless,

Addressing imperfections in the administration of family allowances system, it must be stressed that they are basically caused by the following reasons:

1. deficiency of family targeting for the family allowances system (the most important of which we presented above),

2. lack of information and necessary mechanisms for operative administration of the system,

3. lack of methodology and mechanisms for optimal regional administration of the system.

The first group of reasons is closely related to and derives from the purpose and the ideology of introduction of a family allowances system in general, since any system methodology and administration principles are based on its purpose and ideology. In this case, since, as mentioned before, the introduction of the family allowances system is targeted at preventing further expansion of poverty and lessening its effects on the population, it was necessary to elaborate a methodology aimed at reaching that target. Whereas, the facts unambiguously attest to that the ideology of the current family allowances system in Armenia, revealed through its implementation methodology, cannot help the system serve its purpose. To support the above mentioned, few facts: the family allowances system in 1999 embraced 230,000 families (around 1,035,000 people), for which about 21 billion AMD was allotted – nearly 8,000 AMD per family, or 1,780 per person, while in 2000 the figures were 198,500 families, 19,2 billion, 7,500 and 1,670 AMD respectively. Also, for 2001 the state budget allotted 16.7 billion AMD for distribution among 183,200 families, with average per family again 7,500 AMD, or 1,670 AMD per person.

Taking into account the fact that food, especially bread, is the top priority for poor families, it becomes strikingly clear that, firstly, the system does not come close to solving even this critical issue, and that the allocated funds do not serve their purpose. Secondly, if family allowance are directed at solving the most crucial of a poor family’s problems – the bread problem, then is it really more than a million people in the country that have a daily bread problem? If so, then why families with unemployed members have, according to the methodology, the slimmest chances to make it into the lists.

The above facts explicitly demonstrate that due to poor methodology, in the family allowances system are included not the families with daily bread problem, which is the very reason why the allowance amount per family or per person is so insignificant that it barely makes any difference in their living.

The point here is that the methodology in some instances bypassed the logic of Armenian legislation, did not account for some very important provisions, which
resulted in the inclusion in the family allowances system of rural households, for example, the overwhelming majority of which, in our opinion, at least do not have a daily bread problem. Thus, according to the “Law on Population Employment” of the Republic of Armenia, people occupied within rural household are considered employed (as individual entrepreneurs) and are not eligible for the status of unemployed and, consequently, unemployment benefits.

Moreover, according to tax legislation, agricultural farms as subjects of economic activities, pay taxes to the state budget, whereas, as stipulated by the law of the Republic of Armenia “On Compulsory Social Security Payments”, compulsory social security payments are made to the State Social Security Fund of the Republic of Armenia. That is, just like any other taxable employer, an agricultural farm is obliged to make payments out of its income into the state treasury.

As a paradoxical consequence, state budget sets aside funds to be paid to agricultural farms in the form of family allowances, part of which the farms return in the form of taxes, or vice versa. No doubt, rural households and even farmers should be provided assistance, yet not as a tiny allowance (regarding them as poor families), but as a development measure aimed at strengthening farming (as interest-free loans or various grants) facilitating profitability growth, and, consequently, increasing state budget tax income, which, ultimately, helps alleviate poverty in the country.

Another paradox of methodology of the family allowances system introduction is that, as mentioned before, families with members involved in private entrepreneurship are excluded from the family allowance lists, while rural households engaged in similar activities (land ownership is a principal production means) continue receiving family allowances.

Summarizing our analysis of the family allowances system methodology, it should be added, based on the data by the Armenian National Statistical Service¹, in comparison with rural population, urban population is more susceptible to impoverishment as per food affordability. In that sense, food for the rural population is more accessible and affordable. Besides, according to statistical data, jobless persons, families with many children and large families top the vulnerability lists, while pensioners and the disabled (contrary to family allowances methodology) are closer to the bottom.

The second group of reasons underlying the faultiness of the family allowances system administration creates a situation when state institutions actually implementing the administration of the family allowances system (Ministry of Social Welfare, Finance and Economy Ministry, Minster of Territorial Management and his staff, Governors and their offices, the Mayor of Yerevan and the city hall) do not have complete information about the system, which is why many pressing issues are either not addressed at all, or their solutions are delayed, thus undermining their urgency.

Social Welfare Ministry (which bears the main responsibility for the installation of the system) does not obtain necessary information as it needs it, either, which greatly hinders the Ministry’s ability to interfere and preclude erroneous or illegal activities as they occur within the system as well as promptly react to its financial needs. The problem is that the system’s function is based on a

computer network, which is not administered by the Ministry or one of its subordinate institutions; but is contractually operated by PAROS from within a joint-stock company created on the basis of what formerly was the Research and Development Institute of Calculating Machines, and according to that contract, the company owns the information. In other words, information that is subject to change goes from regional social service centers directly to PAROS and returns back in the form of a directive (adjusted list of allowance recipients). This is the reason why the abovementioned state authorities which de-jure administer the family allowances system, de-facto are unable to execute tactical supervision of the system and are left with a passive role of performing certain functions.

As far as the third group of reasons is concerned, they too, in their own turn, predetermine the non-functionality of the family allowances system. The following structure of the system’s administration (not to mention PAROS again) clearly proves that:

1. the family allowances system methodology and financial provision applications (and responsibility) are presented by Social Welfare Ministry of RA,
2. funding of the system comes from the Ministry of Finance and Economy through their local treasury branches,
3. regional social services centers operate under the supervision of marzpets’ offices (city hall in Yerevan),
4. allowance payments are made through the post office network of “Haypost” State Closed Joint-Stock Company,
5. regional social services centers, which are mostly located in the former administrative centers (some of them also operate in relatively large towns), serve population of former administrative regions,
6. community elders, within their 5% quotas, can make changes, which can seriously alter lists of community families on allowance, thus creating unsolvable social and financial problems.

It becomes instantly obvious that, such structure of the already methodologically faulty system of family allowances, not only makes it impossible to solve problems emerging within the system and supervise the application of the legislation, but it also provokes a fully justified discontent equally among families on allowance and families discriminatorily left out of the lists, which manifests itself in numerous complaints addressed to all (up to the President) state authorities.

Two principal shortcomings can be singled out.

The first one relates to the fact that Social Welfare Ministry being responsible for the family allowances system has not authority whatsoever over regional social services centers (despite the fact that it provides training and methodology instruction for their personnel, it has no say on staffing and personnel reshuffling). With such administration and such high unemployment rate, laying off of trained personnel and replacing them with outside people, unfamiliar of the system requirements or not having adequate education, is simply inevitable. That, of course, increases the number, or at least the probability, of illegal actions.
The second shortcoming stems from the fact that regional social services centers, which are mostly located in former administrative regional centers, serve the population living in the respective areas, which means that the program’s authors did not take into account the new territorial-administrative division (by regions), which very often results in a situation when people residing in one area in order to collect their allowances, have to go to a center dozens of kilometers away, while other regional center is geographically much closer. This is not just a problem of excessive unnecessary travel, but, more importantly, an issue of financial flows.

The Government of the Republic of Armenia, along with other state institutions involved in the system administration, has taken certain measures to improve the system. However today, despite the measures, the family allowances system remains faulty, because both the government and other institutions involved in the administration of the family allowances system, in their decrees and directives have not yet directly addressed the root of all system malfunctions, the methodology.

The Government of the Republic of Armenia, with its July 3, 2000 Decree No. 350 “On the Procedure of Assigning and Paying Family Poverty Allowances and Lump-Sum Financial Benefits in the Republic of Armenia” by defining the mentioned procedure and nullifying the December 31, 1998 Decree No. 365 “On Procedure of Assigning and Paying Family Allowance in the Republic of Armenia”, actually, tried to soften the population’s discontent aroused by the methodology’s deficiencies by establishing rules for assigning and paying lump-sum financial benefits to very poor families left out of the family allowances system. By the same decree, adjacent to regional social security centers, social assistance councils were created (yet, their obligations were not defined), 5% of the state budget allocations for family allowance were earmarked for lump-sum financial benefits, approved for January-March, 2000 numbers of families on allowance and funding volume (including lump-sum financial benefits) as per regions and regional social security centers.

Furthermore, although Armenian Social Welfare Minister’s September 7, 2000, No. 58-P, Armenian Transport and Communications Minister’s October 18, 2000, No. 295 and Armenian Finance and Economy Minister’s November 1, 2000, No. 268 joint decrees established “methodology of a family vulnerability assessment,” therefore nullifying the previous (analyzed above) methodology, however, with the exception of a few additions (for instance, a 20 grade worth point of an “absent family member” was included in the social group, or a “temporary construction” 1,06 grade worth indicator was inserted in the living conditions assessment system), the assessment methodology has basically remained unchanged. In the new methodology, 8 indicators assessing a family’s vulnerability degree were carried over from the previous one and augmented with 5 new indicators, while the indicator of a community elders’ decision was dropped in favor of regional social service centers’ opinion and social assistance councils’ suggestions. The added indicators are as follows:

1. electricity used by a family during the summer months,
2. electricity used by a family during the summer months and subscription to gas supply service,
3. average long distance calls bill,
4. customs duties paid on importing or exporting goods,
5. purchase of real estate.

Certainly, as a positive trend, the addition of the above indicators is a step towards an adoption of the expenditures method of evaluating a family’s vulnerability degree. However, in comparison with most of the other family vulnerability indicators, these factors’ influence can become critical, which, in our opinion, does not necessary preclude a situation when, due to the inclusion of these factors, poor families end up excluded from the family allowances system.

1.4. Conclusions

Summarizing our analysis of the installation and implementation of the family allowances system, we have come to the following conclusions:

1. family allowance system was installed in 1999 in Armenia with serious shortcomings (both in methodology and in administration) and rectifying measures implemented during the last two years have not produced the desired effect,

2. family vulnerability assessment methodology is in urgent need of correction and improvement,

3. it is high time a family allowance institute is established and assessment principles of family vulnerability degree are determined; the system made open, transparent, manageable and accountable,

4. if the operation of the family allowances system aimed at poverty alleviation is not accompanied by additional poverty prevention measures, dissipation of state budget resources allocated for family allowance system will continue accelerating deepening and spreading of poverty with all its social consequences.

Government of the Republic of Armenia together with state administration bodies took urgent measures to improve legislation, reduce and prevent poverty, revive economy and lead the country out of crisis.

Thus, Armenian Social Welfare Ministry has prepared a draft law “On State Allowances,” with a separate chapter dealing with family poverty allowances, and the Finance and Economy Ministry has drafted and the government has accepted a “Poverty Alleviation Intermediate Strategic Program,” providing for steps, which, together with measures supporting the government’s activity (related to perfection of taxation and finance and crediting legislation, installation of a coded personal social security system for the citizens of the Republic of Armenia, improvement of the family allowances system, etc.) can become pivotal in alleviation and gradual elimination of poverty in the country.