Context analysis and the possible implications of the refugee influx to Armenia in September 2023

Food security situation

Since December 2022, a significant shortage of essential supplies (food, fuel, vital medical treatment, and healthcare) for a population of **120,000,** including **30,000** children, has been observed in the Lachin Corridor area.

No external actors have conducted independent assessments. However, a local organization, "Artsakh Hub", conducted a rapid needs assessment in August 2023 which found that **11%** of households reported that adult members had only **one meal** and **35%** had **two meals** on average because of acute food shortages.

Additionally, **65%** of the population had **partially sufficient** and **30% insufficient food** during the seven days preceding the interviews indicating "no food in the market" as the main reason, attributed to recent supply cuts.

Subsequently, **68%** of the households reported a **reduction of the number of meals** eaten in a day, **51%** relied on **less preferred and less expensive food**, **38%** restricted **consumption by adults** in order for small children to eat, and **36% limited portion size** at meals to be able to cope with growing food shortage.

On September 19, 2023, hostilities commenced in the area.

The combination of supply issues into the Lachin Corridor and the conflict in the area resulted in a significant, population-wide humanitarian crisis.

Refugee influx to Armenia and its possible impact

Starting from September 25, 2023, large numbers of ethnic Armenians started fleeing into Armenia. As of October 6, 2023, 100,632 refugees entered Armenia through Lachin Corridor. Out of them **30,000** are **children**. The biggest number of refugees are currently concentrated in **Yerevan** (24,073), **Kotayk** (22,150) and **Ararat** (18,234).
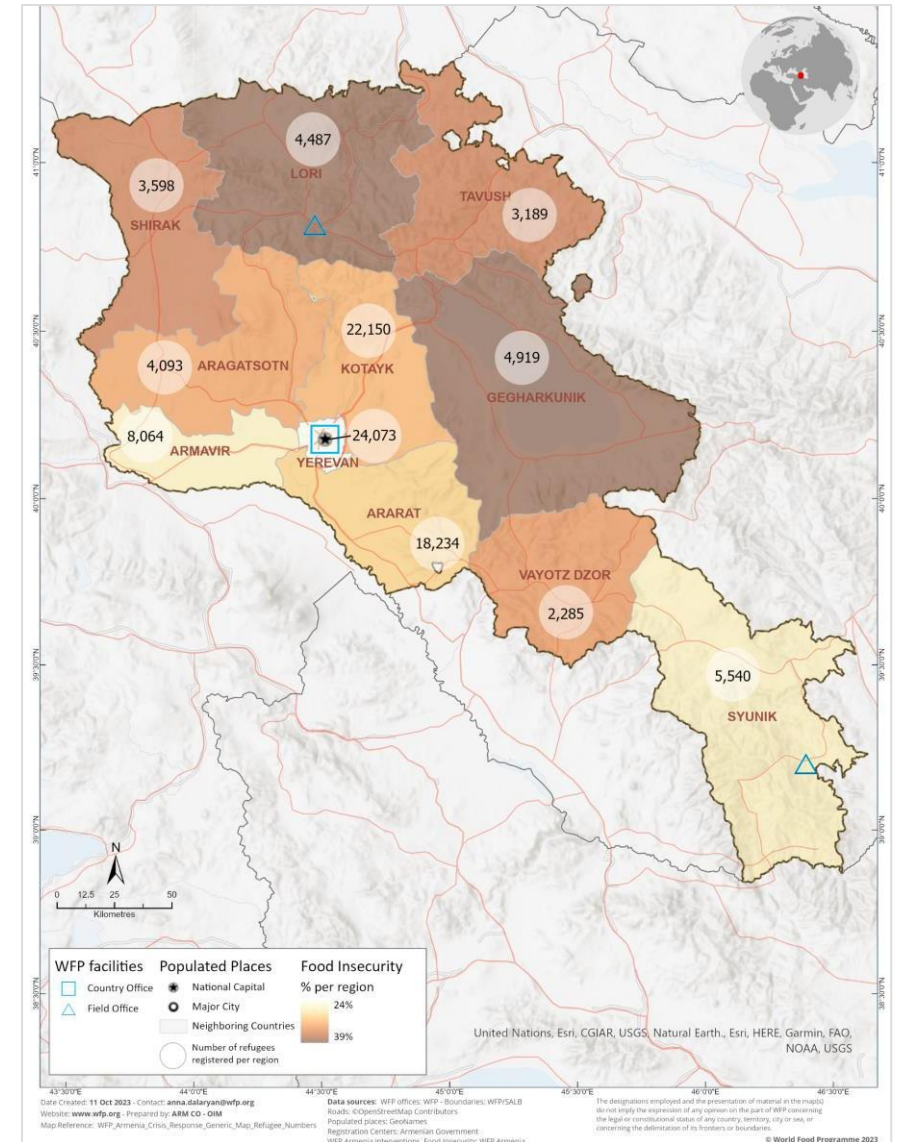
The influx has significant effects on the situation in Armenia. To be able to address the consequences, it is important to analyze both the positive and negative implications for different sectors, including economic, social, infrastructure and social cohesion.

The arrival of refugees is expected to increase requirements related to shelter, food, healthcare, education, and other essential services. On the other hand, refugees can participate in the local labor market, potentially filling gaps in the workforce and strengthening the competition for jobs. Also, they may start businesses or contribute to the local economy through other entrepreneurial activities.

The arrival of the refugees may also aggravate the national capacity to address the social burden. The number of households included in the Family Livelihoods Enhancement Benefit Programme (FLSEBP) in Armenia as of September 2023 is **72,923** (10 percent of total number of HHs)**.** The biggest number of existing beneficiaries of state social assistance are concentrated in **Lori** (11,254), **Shirak** (11,034), **Yerevan** (10,654), and **Gegharkunik** (9,474).

The social protection system might expand state social assistance to include more beneficiaries in the system. However, this process might require a longer time to conduct needs assessments and ultimately to include refugee vulnerable families. As a temporary solution different types of assistance will be designed and provided to help the refugees meet their urgent needs. Namely, AMD 10,000 and AMD 40,000 per person is planned to be allocated to support utilities and shelter costs of the refugees as well as a one-time donation of AMD 100,000 per person as state social assistance. However, the influx of refugees may strain social cohesion and create tensions between communities and newcomers as happened after the hostilities in 2020, especially if resources are scarce.

Given Armenia's low level of self-sufficiency for staple food commodities, it is important to prioritize and focus on improving food availability and accessibility within the country. Particular attention should be directed toward addressing the challenges related to securing an adequate supply of essential food items and ensuring that people can easily obtain and afford these items.

Map 1. The map of distribution of displaced population in the regions of Armenia

🍚 Vulnerability Analysis per regions

	Food Insecurity, %	Poverty, %	Stress Coping, %	Crisis Coping, %	FLSEBP, %	No. of refugees among local population, %
Yerevan	24	16	27	31	4	2
Syunik	27	3	37	33	6	4
Kotayk	32	24	30	40	11	9
Ararat	30	28	32	36	10	8
Shirak	36	47	35	37	17	1
Aragatsotn	33	14	34	35	13	3
Armavir	27	38	27	38	9	4
Tavush	36	38	36	35	12	3
Vayots Dzor	34	27	31	38	12	5
Lori	39	22	33	37	17	2
Gegharkunik	39	49	34	38	19	3

Table 1. The vulnerability situation of the regions in Armenia

UN WFP World Food Programme

Food insecurity in Armenia and the possible implications of the refugee influx
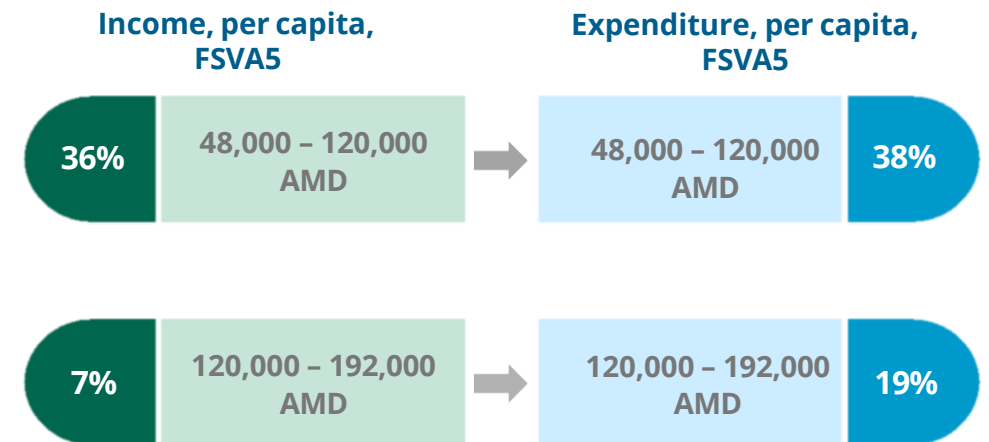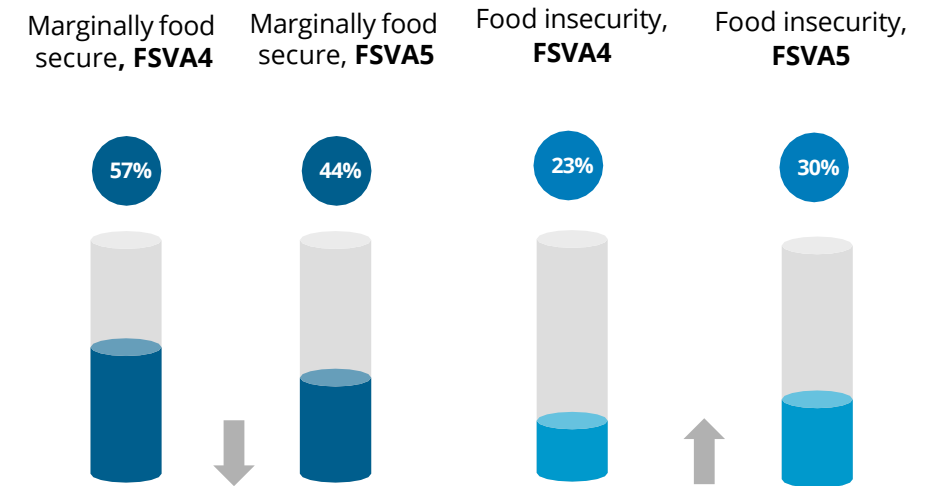
Further analysis of the socio-economic situation of Armenia and the possible implications of the refugee influx on social and economic aspects of the country is necessary to determine the food security picture in the country. According to the Fifth Food Security and Vulnerability Assessment (FSVA5) conducted in Armenia in December 2022 and January 2023, **30%** of the households in Armenia are categorized as food insecure. The proportion of marginally food secure households was 44%, meaning that these people may easily become food insecure in case of any shocks or adversities. Compared with the fourth FSVA conducted in July 2022, the proportion of food insecure population was 23% while marginally food secure households comprised 57%.

Evidence shows that the emerging winterization expenses during FSVA5 disrupted the limited resources of households and caused a part of the marginally food secure households in FSVA4 to become food insecure during the FSVA5: the 57% of people who were found to be marginally food secure in July 2022 deteriorated to just 44% by January 2023, resulting in increase of food insecurity levels from 23% during FSVA4 to 30% during FSVA5. Winterization costs clearly constituted a shock, disrupting the limited resources of households and resulting in households that were comparatively food secure falling into the food insecure category.

Considering the large number of refugees residing in Armenia relying on government support, upcoming winterization needs and the limited resources, there is a possibility that the food security situation in the country will become even more aggravated.
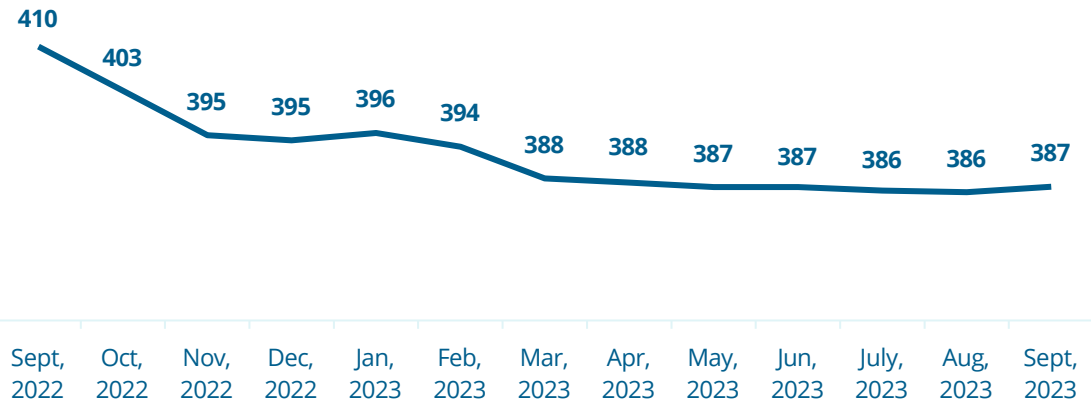
Meanwhile, given the non-income change reported by 55% of the population and 45% reporting a reduced income over the year, there was also a noticeable disruption between per capita income and per capita expenditure, causing more people to apply different coping strategies to be able to meet their existing and emerging needs.

31% of the Armenian population applied stress coping strategies, either spending their savings, purchasing food on credit or borrowing money. 34% applied crisis coping mechanisms by reducing non-food expenses on health and education to be able to have adequate food for their families. The regions where **stress coping** strategies for obtaining food were mostly applied were Syunik (37%), Tavush (36%), Shirak (35%), Gegharkunik (34%), Aragatsotn (34%). **Crisis coping** mechanisms were the highest in Kotayk (40%), Armavir (38.3%), Gegharkunik (38%), Vayots Dzor (38%) and Lori (37%). (See Table 1).

Marginally food secure, **FSVA4** — 57%

Marginally food secure, **FSVA5** — 44%

Food insecurity, **FSVA4** — 23%

Food insecurity, **FSVA5** — 30%

Income, per capita, FSVA5

| 36% | 48,000 – 120,000 AMD | → | 48,000 – 120,000 AMD | 38% |

Expenditure, per capita, FSVA5

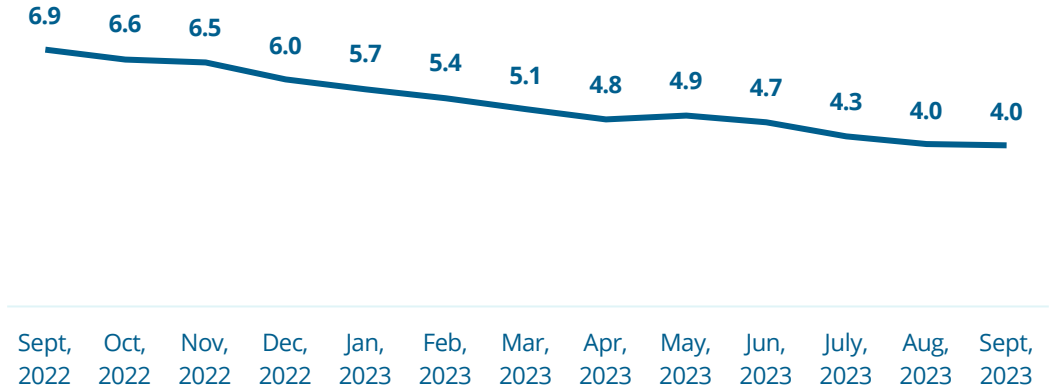| 7% | 120,000 – 192,000 AMD | → | 120,000 – 192,000 AMD | 19% |

UN WFP World Food Programme

Socio-economic situation of Armenia

The USD vs AMD exchange rate declined for the period of September 2022 – September 2023. However, at the end of September and in the beginning of October 2023, the USD exchange rate started marginally increasing and as of October 5, 2023, it was AMD 418.5 per 1 USD. This shift may result in fuel price increase and price hikes of imported goods. As for the Russian Ruble, it has also been decreasing for September 2022 – September 2023.
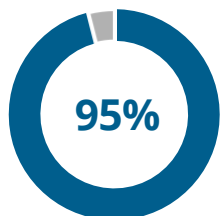

Sept, 2022	Oct, 2022	Nov, 2022	Dec, 2022	Jan, 2023	Feb, 2023	Mar, 2023	Apr, 2023	May, 2023	Jun, 2023	July, 2023	Aug, 2023	Sept, 2023
410	403	395	395	396	394	388	388	387	387	386	386	387

Exchange rate: **USD vs AMD,** September 20233 – September 2023
Source: Central Bank of RA

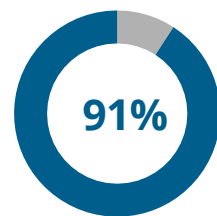| Sept, 2022	Oct, 2022	Nov, 2022	Dec, 2022	Jan, 2023	Feb, 2023	Mar, 2023	Apr, 2023	May, 2023	Jun, 2023	July, 2023	Aug, 2023	Sept, 2023
6.9	6.6	6.5	6.0	5.7	5.4	5.1	4.8	4.9	4.7	4.3	4.0	4.0

Exchange rate: **RUB vs AMD,** September 20233 – September 2023
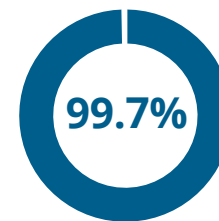**Source:** Central Bank of RA

Russia continues to remain the main trade partner for Armenia. There are vitally important goods for which Armenia's self-sufficiency rate is extremely low and which are imported predominantly from Russia. For example, 99.7% of imported oil, 91% of imported buckwheat, 72% of imported pasta, and 95% of imported wheat flour comes from Russia.
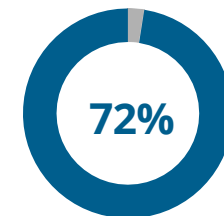

95%

Wheat flour

91%

Import rates

99.7%

from Russia, %
Source: UN

72%

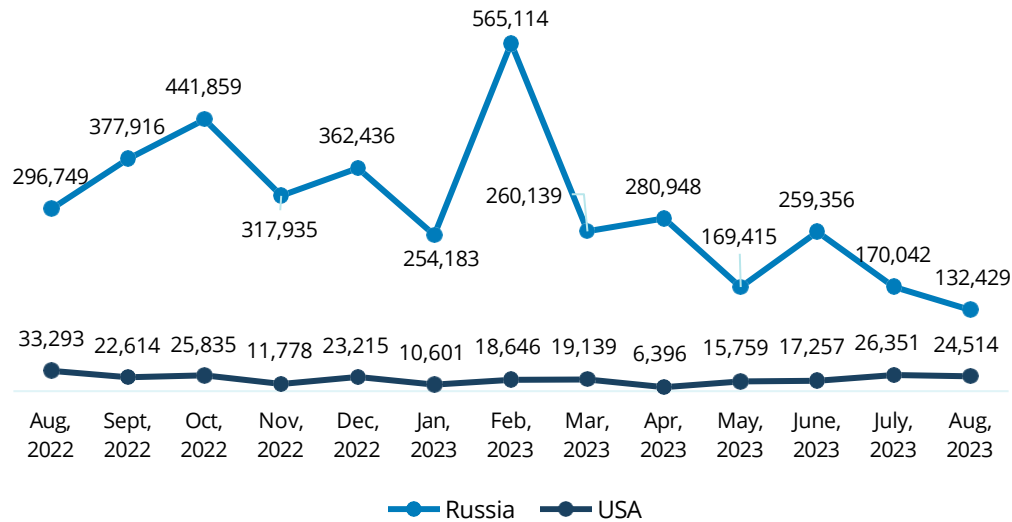Comtrade database

Buckwheat

Vegetable Oil

Pasta

Socio-economic situation of Armenia

In 2022, according to the Central Bank of Armenia, the country received a record-breaking $2.5 billion in net remittances, with approximately 70% of these remittances originating from Russia. Additionally, the World Bank, in its December 2022 report, classified Armenia as one of the top countries in terms of the remittances-to-GDP ratio, which stood at an impressive 18.9%. This indicates the significant impact of remittances on Armenia's economy, highlighting their importance as a source of income and financial support for many Armenian households.

Considering the large number of Armenia's economic migrants in Russia, the largest volume of remittances are received from there. Despite decreasing tendency of the remittances from Russia during the last three months, it still remains the leading country among others from where the transfers are received. Notably the USA is the 2nd leading country by the amount of transfers sent to Armenia. Yet the difference between the remittances received from the US and Russia per month is remarkable.

Remittances received from Russia and USA, August 2022 vs. August 2023, US Dollar
Source: Central Bank of Armenia

N	Food Items	Actual Daily Consumption per capita, gram	Daily Calories per capita, kcal	Food consumed in a month Cost per capita, AMD	Food Consumed in a month per adult equivalent, AMD
1	Bakery goods	461.1	1,355	9,672.9	10,771.6
2	Meat	48.3	87.6	3,852.2	4,289.8
3	Fish	2.5	2.4	227.8	2,53.7
4	Dairy		144.3	5 251.5	5,848.0
5	Eggs	18.6	27.2	396.3	441.3
6	Fat, oil	30.5	229.9	2,658.7	2,960.7
7	Fruits	113.9	47.7	3,753.9	4,180.3
8	Vegetables	203.7	76	5,227.7	5,821.5
9	Potatoes	145.6	109.2	1,539.2	1,714.0
10	Sugar	24.4	94.4	309.7	344.9
11	Non-alcoholic beverages	4.2	1.1	75.5	84.1
12	Other food items	35.6	57.2	1,859.9	2,071.2
13	**Total**		2,232.0	**34,825.3**	**38,781.1**

Monthly per capita food basket
Source: Armstat, Socio-economic condition of RA, January-June 2023

The monthly per capita food basket calculated by the Statistical Committee of Armenia and World Bank based on the prices of the 2nd quarter of 2023 is AMD 34,825. It serves as a basis for calculation of transfer values when WFP plans assistance. According to the FSVA5, the proportion of households with less than AMD 24,000 per capita income was

24% and the share of households with AMD 24,001 – 48,000 per capita income was 25%.

👤 WFP Armenia Crisis Response

In-Kind food

- Food parcels include diversified ration with adequate nutritious value.
- Support also includes hot and Ready to Eat meals to meet urgent needs.
- In case of market accessibility and food availability issues, food parcels are a good solution.
- In case of mobility issues of beneficiaries, food parcels are an effective solution to free them from going to shop.

Food Card

- The Food Card enables a beneficiary to receive and utilize the assistance in a dignified and safe way.
- It gives beneficiaries an opportunity to choose food items they want to purchase according to the needs and preferences of family members.
- It enables beneficiaries to choose the shops/supermarkets freely considering their location, proximity and prices of goods.
- It gives an opportunity to purchase bigger quantities of staple food in storage purposes for the later use.
- Having restrictions on other items except for food helps them prioritize food needs and allocate their other free resources on meeting other needs.
- People receiving the food card also receive financial literacy and nutrition education

N	Commodity	Quantity	Packaging in kg	Total per parcel, kg
1	Sunflower Oil	2	0.92	1.84
2	Buckwheat	2	1.000	2
3	Black tea	1	0.200	0.2
4	Pasta	3	1.000	3
5	White Sugar 150	1	1.000	1
6	Rice White	1	1.000	1
7	Canned Sardines in oil	4	0.250	1
8	Canned Beef	2	0.525	1.05
9	Dried Yeast	8	0.010	0.08
10	Wheat Flour	5	1.000	5
11	Total Weight			16.17