

Economic Resilience Assessment (ERA) Factsheet

Ararat, Kotayk, Lori, Syunik Marzes and Yerevan

Armenia, 2021

Context

Clashes between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh (NK) erupted on 27 September 2020. After 44 days of hostilities, a ceasefire was signed on 9 November 2020 following a tripartite agreement between the Russian Federation, Azerbaijan, and Armenia. The conflict resulted in the **forced displacement of 90,000 people** fleeing to the Republic of Armenia, of which an estimated **36,989 remain in a refugee-like situation** as of July 2021.¹ In addition to those who were displaced from NK, host communities in Armenia also likely experienced significant stress, providing basic services and hosting the displaced population. Displaced populations equally experienced **shelter, food, protection, health, education, and livelihood needs**.² This situation is further exacerbated by the COVID-19 pandemic, as the confirmed caseload in Armenia (**231,322** cases as reported to WHO as of 5 August) compared to the general population of approximately 2.95 M people is relatively high. As of 31 July 2021, a total of **173,017 vaccine doses** have been administered; while the vaccine is available for both citizens of Armenia and foreigners, there is no disaggregated data for both population groups.

In addition to the conflict, COVID-19 affected peoples' lives on the macro and micro levels. From the macroeconomic perspective, service-oriented sectors were affected the most, which is evident from the state's budget analysis for 2020.³ During the peak of the lockdown in April 2020, **economic activity slowed down by 16.4%** compared to the previous year, according to the Statistical Committee of Armenia (Armstat). Construction (down by 51%) and trade (down by 33%) were hit especially hard. The economic activity started to resume during the summer months, but in August **overall economic activity remained 9.8% lower** than in the previous year.⁴ Sectors such as tourism and entertainment services were slowly increasing throughout several years and were expected to grow further in 2020, which was not the case due to anti-COVID measures introduced with the start of the pandemic.⁵

To support the planning and implementation of resilience programming in Armenia, REACH conducted an Economic Resilience Assessment (ERA) on the acute and medium-term impact of the conflict and COVID-19 on the people in a refugee-like situation, as well as host communities, in Armenia. As the first phase of the ERA, this factsheet presents the findings from a preliminary secondary data review, compiling key contextual information on the livelihoods situation in Armenia to contextualize findings from the primary data collection in the second phase.

Map 1: Marzes under the scope of ERA assessment



Methodology

This factsheet is an output of a desk review of available sources that contain information regarding main economic and labour indicators. It seeks to provide background information on the job market and the spatially-dependent economic trends in Armenia. Only a limited number of sources is available with the relevant information on the economic trends and livelihoods indicators: the second round of the Multi-Sector Needs Assessment (MSNA) in Armenia, Armstat's updates on the main economic indicators, Organisation for Economic Co-operation and Development (OECD) COVID-19 crisis response in Eastern Partner countries, and the government's portal with economic support programmes linked to the conflict and COVID-19. Based on the available information, the factsheet was structured the following way: information on the existing support programmes; relevant indicators from the MSNA; economic profile of marzes that fall under ERA's focus. Only 4 marzes, together with Yerevan, were selected based on the proportions of remaining refugee-like populations and the geographical variance aiming to cover marzes which range from North to South (to ensure geographic diversity and inclusion). Given the limited room for interpretation of the available indicators, the analysis is done in a descriptive manner. The extracted indicators and information presented here will be used to further contextualize findings from the primary data collection.

¹ [UNHCR Data Portal](#), accessed on 06.08.2021

² [REACH Armenia: Multi-Sector Needs Assessment \(MSNA\) 2nd round](#), accessed on 06.08.2021

³ [Law of Republic of Armenia "On the state budget for 2020". Adopted 6 December 2019](#), accessed on 06.08.2021

⁴ [OECD, COVID-19 crisis response in Eastern Partner countries](#), accessed on 06.08.2021

⁵ [Interactive budget of Armenia, 2020](#), accessed on 06.08.2021

1. Ongoing programmes in Armenia

Before assessing the HHs' food security and livelihood coping strategies, it is important to review the **general economic situation in the regions** that fall under the scope of the assessment. In this regard, the following pieces of information were taken into account: **existing state support programmes** for the population affected by the conflict and COVID-19, as well as indicators related to the **industry, agriculture, labour market, and social services**. The findings on this page cover the achievements and challenges linked to the state support programmes.

1.1. Programming to support conflict-affected communities

To support the conflict-affected population, as of 1 July 2021, Armenia has spent **53 billion Armenian Drams (AMD)** in total for the citizens of NK that moved to Armenia and **1.65 billion AMD** for the **hosting HHs**. According to different sources, up to 97% of individuals who moved from NK benefitted from at least one of the programmes, and at least 3,300 hosting HHs benefitted from the state support. Overall, there were **14 completed programmes** of state support, and **20 more** were being **implemented at the time of the data collection**, most of them are **cash programmes**. In 2021, the government has restructured the state budget to **allocate an additional 8 billion AMD** to support the conflict-affected population.⁶ Apart from the support from the Armenian side, those people in a refugee-like situation who lost their jobs and worked in the state sector (e.g. education sector), continued receiving their salary until the end of 2021.⁷ The majority of these programmes offer **one-time or multiple cash assistance**, and only one programme foresees support with re-training for further re-employment. The following types of programmes are currently available for the conflict-affected population⁸:

- One-time cash support to all the NK citizens and specific support to citizens of those settlements where the de-facto authorities lost control;
- One-time cash support to HHs with people who got injured or went missing due to the conflict;
- One-time cash assistance to people who lost their dwellings due to the conflict;
- Cash for rent programmes in the territories of both the Republic of Armenia and NK;
- A programme with two employment and training opportunities;
- One-time cash support for the burial procedures and tombstone expenses reimbursement;
- Reimbursement of tuition fees for students from HHs in a refugee-like population, veterans of war;
- 4-months long cash support programme.

1.2. COVID-19 programming

The government introduced a series of state support programmes to support people to cope with the economic consequences of both COVID-19 and the conflict. Initially, in **response to COVID-19, 25 programmes** were introduced, **13 of which were ongoing at the time of the assessment** (July 2021), aimed at addressing the social impact of COVID-19 for different categories of vulnerable people (those who already received social benefits or those who lost their job).⁹ While most of the programmes offered **one-time cash support**, some of the programmes provided **subsidies to cover some % of utility bills** based on the HHs' consumption. Even though most of the programmes covered March-April 2020, some of the programmes **were extended to cover a longer period** for those who lost a job, especially in sectors such as hotel and hostel services, public catering services; tourism; pre-school education (private kindergartens); sport (gyms, swimming pools); entertainment and other leisure activities; cinema; photography; car rental services; educational activities in the field of culture, music, sports, dance; creative, artistic, and ceremonial activities; casino activities; rehabilitation services to persons in need of healthcare. As of 10 September 2020, the government had spent **163.4 billion AMD** (340 million USD or 2.5% of GDP), **exceeding the initially approved 150 billion AMD** (approx. 313 million USD) support package.¹⁰

While there is no dedicated analysis of the impact of these programmes, the Government of Armenia states that there is a need to introduce new programmes with a more durable effect.¹¹

For the both groups of programmes mentioned above, there is no disaggregated data per location and per activity. This data provided here is supplementary to the indicators on the average income in the regions, as it also feeds into the discussion on the main sources of income for the HHs.

⁶ [Press-release](#) on the Cabinet meeting on 01.07.2021, accessed on 06.08.2021

⁷ [Decree](#) of the de-facto NK government

⁸ [Support measures](#) introduced by the Government of Armenia to the conflict-affected populations

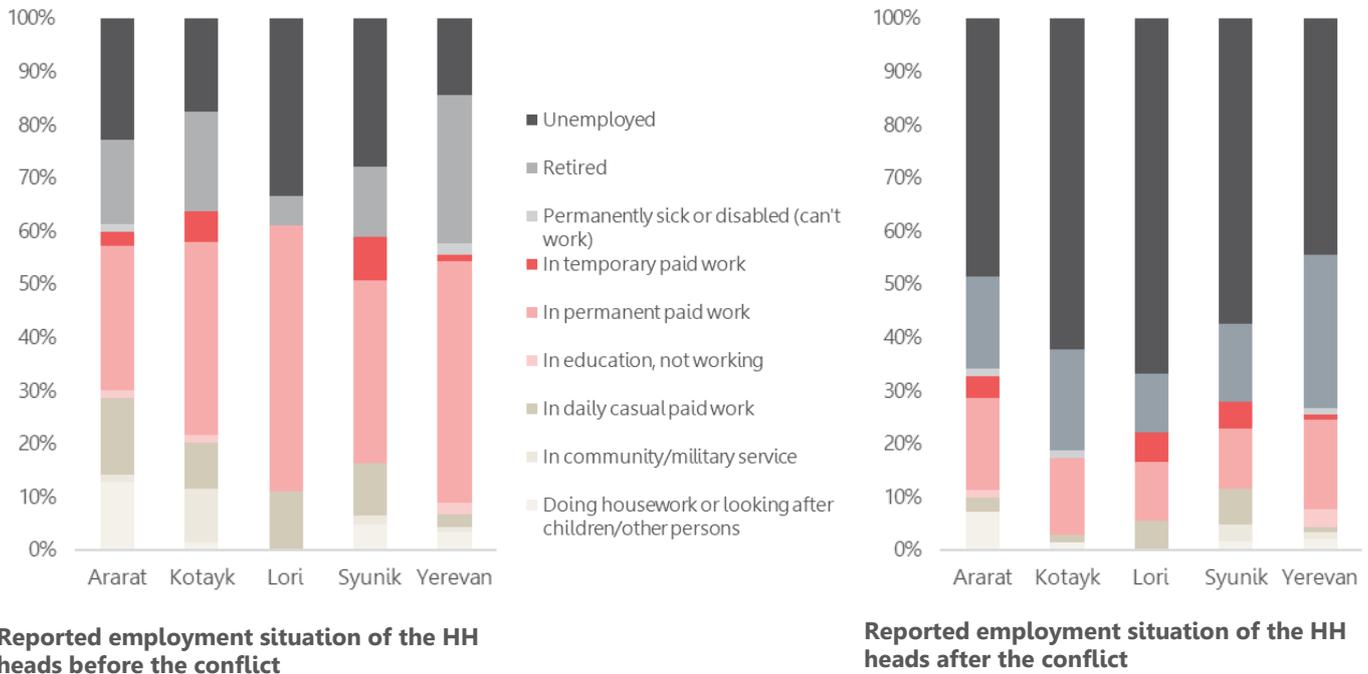
⁹ [Programmes to address the social impact of COVID-19](#), accessed 06.08.2021

¹⁰ [OECD, COVID-19 crisis response in Eastern Partner countries](#), accessed on 06.08.2021

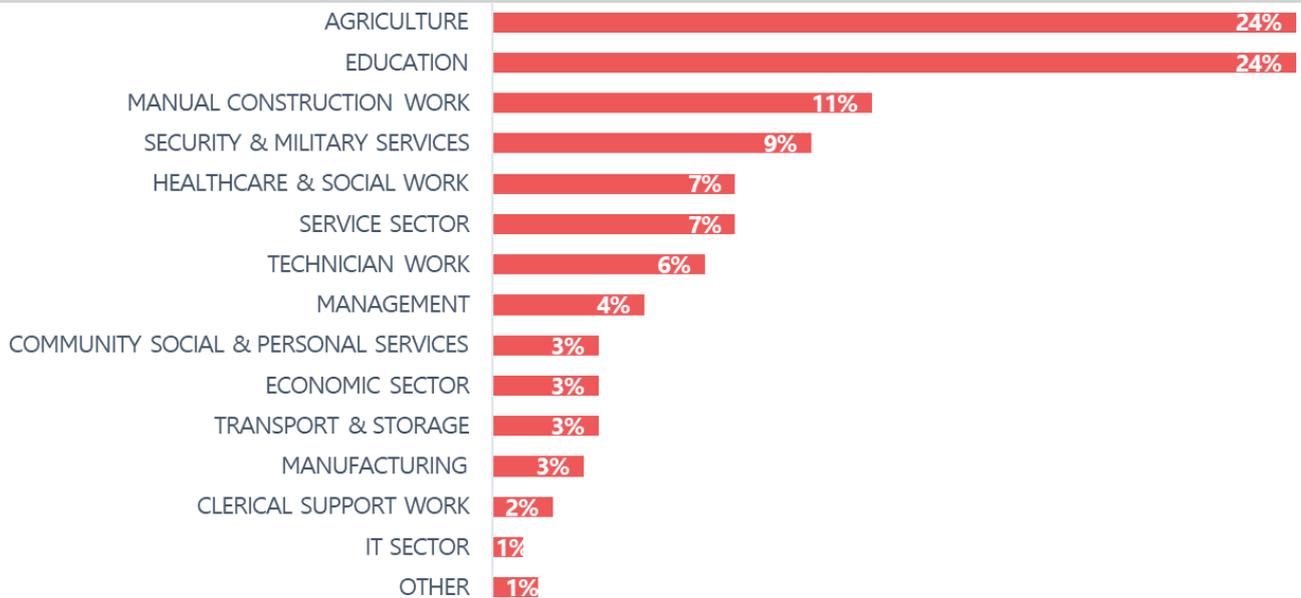
¹¹ [Press-release](#) on the Cabinet meeting on 01.07.2021, accessed on 06.08.2021

2. MSNA Key Findings on the Employment & Livelihoods

Findings from the 2nd round of the MSNA, the data collection period of which took place between 23 March and 29 April 2021, provide some basic overview on the livelihoods situation of the conflict-affected population. Findings suggest that the employment status among the population in a refugee-like situation changed considerably after the conflict, with the share of unemployed HHs seemingly having tripled, while the share of those holding permanent jobs has decreased noticeably. The charts below illustrate the change in the distribution of HHs based on their employment status before and after the conflict, and the chart after shows reported professional sector of HH heads in a refugee-like situation before displacement.



The charts above show the data related specifically to the HHs in a refugee-like situation extracted from the findings of the 2nd round of the MSNA. In all five marzes included in the scope of analysis of ERA, the proportion of HHs with HH heads in permanent paid work has decreased considerably since before the conflict, while the proportion of HHs with unemployed HH heads has respectively increased.



% of employed HH heads per main employment sector

In terms of the professional sectors before the conflict, most of the heads of HH were reportedly employed in two sectors: agriculture and education. Given the fact that most of the HHs in a refugee-like situation moved to Yerevan and marzes of Kotayk, Syunik, and Ararat, it is quite challenging for them to find employment within the same sectors. In the education sector, there is generally a low turnover of staff¹², which makes it challenging to find a new position coming from a different region. To continue working in the agriculture sector requires some investments and access to a land plot; in addition, according to the second round of the MSNA, most of those HHs who had a livestock in NK did not manage to bring their livestock with them when they were displaced.

¹² The statement is based on the indicators comparison extracted from [ArmStatBank](#). The indicator on the # of persons employed in the education sector through 2018, 2019, 2020 did not have major changes (more than 10%), while the amount of new vacancies in the sector was relatively low (5-7%)

3. Area profiles

This section will provide an overview of the indicators related to the economic situation of the marzes that fall under the scope of the ERA Assessment. Armstat is the main source of information for such indicators since this is the only source that provides systematic overviews of the relevant sectors. The data on the Armstat is updated each year retrospectively to the previous one. Since there was no update done in 2021 considering the indicators in 2020, the only data available is the one submitted in 2020 that relates to 2019, highlighting a limitation of the inclusion of Armstat data in the current review, with most of the data relating to the period prior to the conflict and COVID-19. The indicators extracted from Armstat provide some basic understanding of the economic and labour situation in the selected marzes, but should ideally be triangulated with more updated information to further contextualize the findings in a time-sensitive manner.

Area Profile: Ararat Marz¹³

Area: 2,090 sq. km

Host population: 256,600 individuals

Population in a refugee-like situation:
4,195 individuals

Working age population: 111,500 individuals



Map 2: Geographic boundaries and the biggest cities in Ararat marz

General information

 The marz of Ararat is considered to be mostly rural, with 4 urban communities out of 97 communities in total and more than 70% of the marz population residing in rural areas. The marz occupies 7% of the total area of the Republic of Armenia. It is considered to be one of the most economically developed marzes of Armenia due to its proximity to Yerevan.¹⁴

 There are no higher educational facilities (academies, universities or institutes) in Ararat.

Economic activity

 In 2019, Ararat had a share of 14.2% of the country's industrial production. Manufacturing is the dominant sector in Ararat's industry – 95.9% of all goods were produced in this sector.

 In terms of agriculture, Ararat had a share of 14.9% of the country's overall gross agricultural production. On the marz level, the majority of its output is crop production (74%, while livestock is a mere 26%).

 The share of the service sector in Ararat's overall economic activity profile is limited, with the sector's regional income also only making up 1.7% of the country's total income in the service sector. On the marz level, financial and insurance activities are the major activities in the sector.

Labour resources

 In 2019, Ararat's total estimated labour resource¹⁵ was 213,000 individuals, 129,000 of whom were considered as a labour force. According to the official data, 111,000 individuals were officially employed or self-employed, while 17,300 were unemployed or did not have official employment. In Ararat, according to the MSNA, 71% of HHs in a refugee-like population reported having social support as a primary source of income.

 According to Armstat, the average monthly salary in the region was 168,027 AMD (approx. 336 USD), with 118,121 AMD on average in the state/public sector (which is smaller compared to country's average of 161,669 AMD), and 199,725 AMD in non-public sectors.

 In Ararat marz, the share of the HHs that received pensions and social benefits constituted 8% out of all HHs who received social benefits in Armenia.

¹³ All the sector-specific indicators are taken from [Statistical atlas of Armenia 2020](#), Ararat in numbers

¹⁴ [RA Marz of Ararat](#), accessed on 06.08.2021

¹⁵ "Labour resources / Working age population is the sum of labour force (both employed and unemployed persons) and population not in labour force (neither in employment nor in unemployment (not having job and not searching for a job))." Armstat, [Key Indicators of labour market](#), 2019, accessed on 06.08.2021

Area Profile: Kotayk Marz¹⁶

Area: 2,086 sq. km
Host population: 250,900 individuals
Population in a refugee-like situation: 7,269 individuals
Working age population: 118,400 individuals

General information

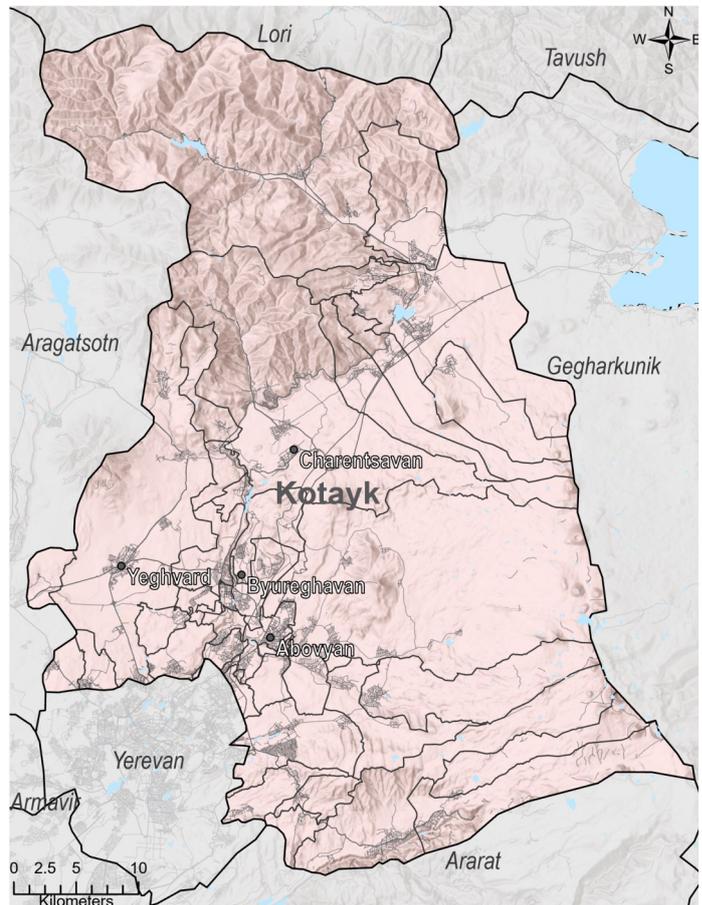
 The marz of Kotayk is considered to be rather urban, as around 57% of the marz population live in 7 urban communities. Cities such as Charentsavan and Byureghavan were specifically planned as industrial cities. The marz occupies 7% of the total area of the Republic of Armenia.¹⁷ After Yerevan, it has the second highest share of the population in a refugee-like situation.¹⁸

 There is one higher educational facility, namely a university, in Kotayk.

Economic activity

 In 2019, Kotayk had a share of 10.5% of the country's industrial production. While manufacturing is the dominant sector in Kotayk's industry – 68.6% of all goods were produced in this sector, electricity and gas have also a relatively high share with 28.5% in marz's industry.

 In terms of agriculture, Kotayk had a share of 8.3% of the country's overall gross agricultural production. On the marz level, the majority of its output is a livestock (71%, crop production is 29%).



Map 3: Geographic boundaries and the biggest cities in Kotayk marz

 The service sector in Kotayk makes up 6% of the country's gross income in the sector. On the marz level, culture, entertainment, and leisure activities are the most income-generating services in the service sector.

Labour resources

 The total estimated labour resource in 2019 was 219,000 individuals, 127,000 of whom were considered as a labour force. According to the official data, 101,000 individuals were officially employed or self-employed, while 26,300 were unemployed or did not have official employment. In Kotayk, according to the MSNA, 62% of HHs in a refugee-like population reported having social support as a primary source of income.

 According to Armstat, the average salary in the region was 137,388 AMD (approx. 275 USD), with 125,680 AMD in the state/public sector, and 143,220 AMD in non-public sectors. Both values are considerably lower than country's average values.

 In Kotayk marz, the share of the HHs that received pensions and social benefits constituted 9% out of all HHs who received social benefits in Armenia.

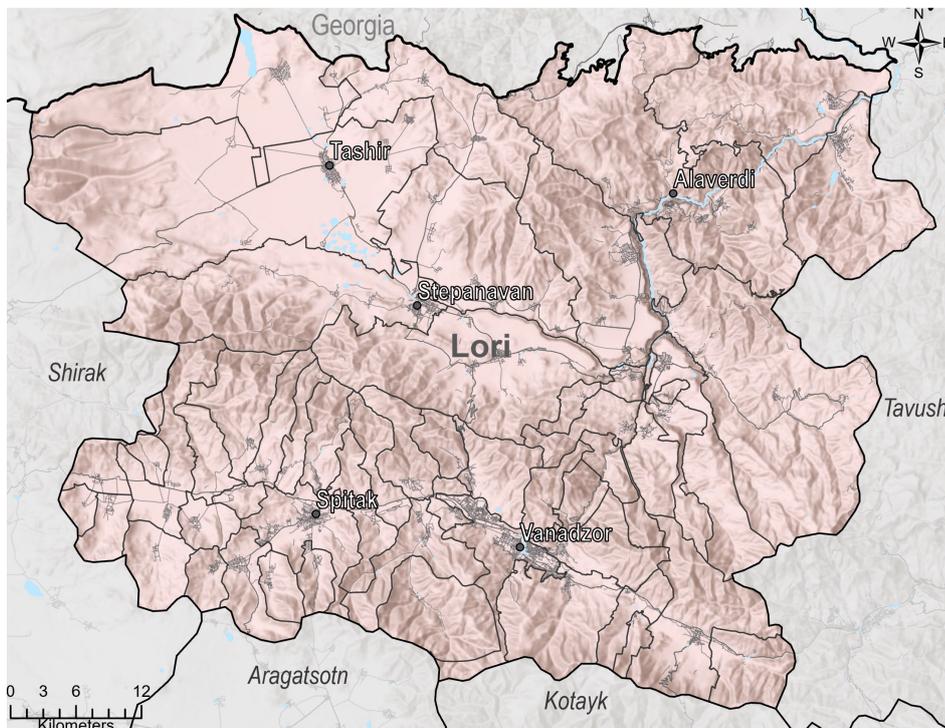
¹⁶ All the sector-specific indicators are taken from [Statistical atlas of Armenia 2020](#), Kotayk in numbers

¹⁷ [RA Marz of Kotayk](#), accessed on 06.08.2021

¹⁸ [UNHCR Data Portal](#), accessed on 06.08.2021

Area Profile: Lori Marz¹⁹

Area: 3,799 sq. km
Host population: 213,300 individuals
Population in a refugee-like situation: 1,302 individuals
Working age population: 107,500 individuals



Map 4: Geographic boundaries and the biggest cities in Lori marz

General information

 Lori is the third biggest marz in Armenia. Its area constitutes 12.67% of the total area of Armenia. It is considered to be more urban, as there more than 59% of the marz population reside in urban communities.²⁰

 There are two main campuses of universities and two satellite campuses of other Armenian universities in Lori.

Economic activity

 In 2019, Lori had a relatively small share of 4.2% of the country's industrial production. Manufacturing and mining are comparably dominant sectors in Lori's industry – 48% and 40.8% respectively of all goods were produced in these sectors.

 In terms of agriculture, Lori had a share of 8% of the country's gross agricultural production with a focus on livestock growing (68% of output, while 32% in crop production on the marz level).

 The share of the service sector in Lori's overall economic activity profile is limited, with the sector's regional income also only making up 1.5% of the country's total income in the service sector. On the marz level, financial and insurance activities are the major activities in the sector.

Labour resources

 The total estimated labour resource in 2019 was 208,000 individuals, 100,000 of whom were considered as a labour force. According to the official data, 80,400 individuals were officially employed or self-employed, while 20,000 were unemployed or did not have official employment. In Lori, the most commonly reported primary source of income among HHs in a refugee-like situation was formal paid work (39%), while a still considerable proportion reported social support as the primary source of income (33%). A higher share of HHs in a refugee-like situation (39%) reported that official paid work is their primary source of income.

 According to Armstat, the average salary in the region is 124,293 AMD (approx. 248 USD), with 122,165 AMD in the state/public sector, and 126,296 AMD in non-public sectors. These values are among the lowest in Armenia and are considerably lower than the average values for the country.

 In Lori, similar to Yerevan, the share of HHs receiving pensions and benefits constituted 15% of all HHs receiving pensions and benefits in Armenia.

¹⁹ All the sector-specific indicators are taken from [Statistical atlas of Armenia 2020](#), Lori in numbers

²⁰ [RA Marz of Lori](#), accessed on 06.08.2021

Area Profile: Syunik Marz²¹

Area: 4,506 sq. km
Host population: 137,300 individuals
Population in a refugee-like situation: 4,451 individuals
Working age population: 49,800 individuals

General information

 The marz of Syunik is the second biggest marz in Armenia as its area constitutes 15.1% of the total area of Armenia. Nevertheless, this is a mostly mountainous area, which leads to a lower population density compared to other marzes. The majority of Syunik's population (68.2%) reside in urban areas.²²

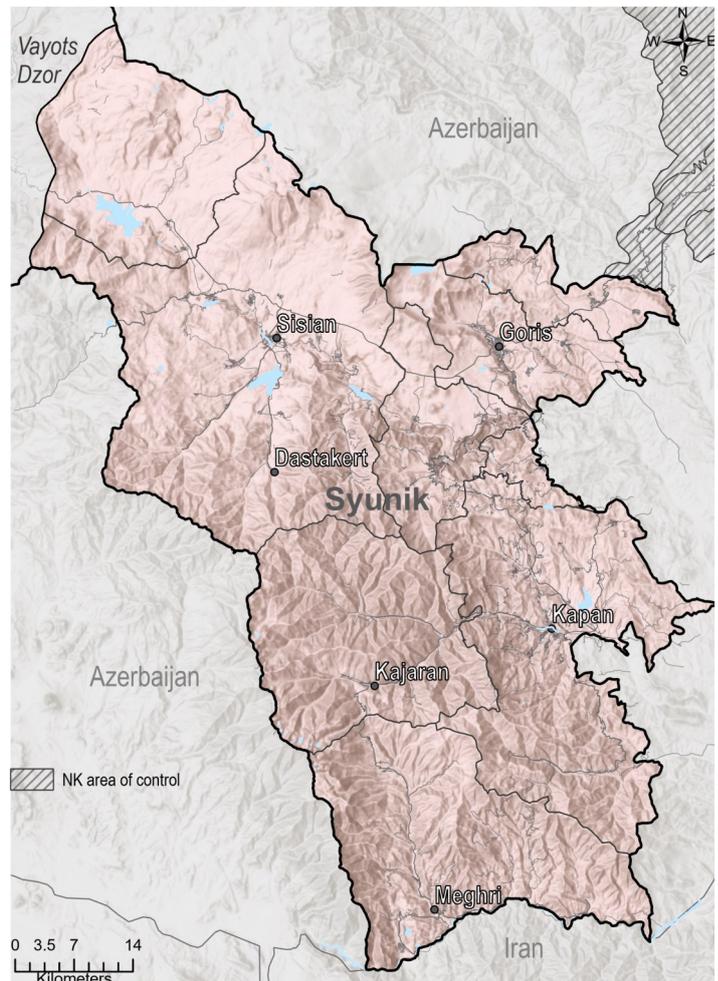
 There are two main campuses of universities and two satellite campuses of other Armenian universities in Syunik.

Economic activity

 In 2019, Syunik had a share of 16.6% of the country's industrial production. Mining is the dominant sector in Syunik's industry – 81.6% of all goods were produced in this sector; thus, mining made up for 79% of the total production in the sector in Armenia.

 In terms of agriculture, Syunik had a share of 6.9% of the country's gross agricultural production with a focus on livestock growing, which constitutes 72% of the total agricultural production in Syunik.

 Syunik is among the marzes with the least developed service sector. Its share in the country's overall gross income in the sector is only 1.1%.



Map 5: Geographic boundaries and the biggest cities in Syunik

Labour resources

 The total estimated labour resource in 2019 was 96,500 individuals, 66,700 of whom were considered as a labour force. According to the official data, 56,700 individuals were officially employed or self-employed, while 10,000 were unemployed or did not have official employment. In Syunik, according to the MSNA, 61% of HHs in a refugee-like population reported having social support as a primary source of income.

 According to Armstat, the average salary in the region is 266,832 AMD (approx. 533 USD), with 117,503 AMD in the state/public sector, and 363,545 AMD in non-public sectors, which is the highest value compared to the rest of the marzes.

 In Syunik marz, the share of the HHs that received pensions and social benefits constituted 3% out of all HHs who received social benefits in Armenia.

²¹ All the sector-specific indicators are taken from [Statistical atlas of Armenia 2020](#), Syunik in numbers

²² [RA Marz of Syunik](#), accessed on 06.08.2021

Area Profile: Yerevan²³

Area: 223 sq. km
Host population: 1.084 M individuals
Population in a refugee-like situation: 12,075 individuals
Working age population: 400,200 individuals

General information

 Yerevan is the biggest city in Armenia. More than a third of the entire Armenian population resides in Yerevan.

 There are 45 higher educational facilities in Yerevan, including academies, universities, and institutes.

Economic activity

 In 2019, Yerevan had a share of 37.7% of the country's total industrial production. Manufacturing is the dominant sector in Yerevan's industry – 86.1% of all goods were produced in this sector. Manufacturing made up to 46% of the total in the sector in Armenia.

 Unlike in marzes, the service sector is considerably developed in Yerevan. In terms of overall country's gross income, Yerevan has a share of 73% in retail and trade and 83% in service sectors. From the service perspective, the top grossing sectors in Yerevan are: Culture, entertainment, leisure; Financial and insurance activities; Information and Communication.



Map 6: Geographic boundaries of Yerevan

Labour resources

 The total estimated labour resource in 2019 was 705,600 individuals, 441,500 of whom were considered as a workforce. According to the official data, 341,100 individuals were officially employed or self-employed, while 100,300 were unemployed or did not have official employment. In Yerevan, according to the MSNA, 62% of HHs in a refugee-like population reported having social support as a primary source of income

 According to Armstat, the average salary in the region is 201,527 AMD (approx. 403 USD), with 199,037 AMD in the state/public sector, and 202,393 AMD in non-public sectors. Yerevan has the highest average monthly salary in the state/public sector compared to other marzes and is considerably bigger than the average monthly salary for the sector for the entire country.

 In Yerevan, despite having the largest population, the share of HHs that received pensions and social benefits constituted only 15% out of all HHs who received social benefits in Armenia.

²³ All the sector-specific indicators are taken from [Statistical atlas of Armenia 2020](#), Yerevan in numbers