AMERICAN UNIVERSITY OF ARMENIA

GROWTH, POVERTY AND DEVELOPMENTAL PROGRAMS IN ARMENIA

A MASTER'S ESSAY SUBMITTED TO THE FACULTY OF THE GRADUATE SCHOOL OF

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By

ALBERT HAYRAPETYAN

SUPERVISOR- Dr. VACHE GABRIELYAN

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All the shortcomings and weaknesses are unequivocally mine.

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CHAPTER ONE-INTRODUCTION

Prior to the independence from the Soviet Union (21 September 1991) Armenia was a regional hub of manufacturing, industry and construction. Most importantly, poverty was not among the top priorities of the nation a fortiori it was not as acute as nowadays. The overall pattern significantly worsened after the independence. The newly independent country had to bear the burden of 1988 earthquake, the undeclared war of the neighboring Azerbaijani Republic and the loss of erstwhile economic ties and privileges. Those challenges were coupled with the monetary reforms and the need to transform from state-led to market-driven economy. Under those circumstances Armenia became among the poorest countries of the world.

To effectively tackle the issue, the government was strategizing developmental programs. Hitherto, three developmental programs were strategized: Poverty Reduction Strategic Paper (2003), Sustainable Development Program (2008) and Armenian Development Strategy (2014). As it is illustrated below in the literature review section it is important for the developmental strategies to be "of people, for people and by people". In other words, it is strongly important for such programs to be a product of the national (not solely of government) ownership and involve as many stakeholders as possible during the drafting process. In the framework of this thesis, I am firstly going to investigate whether and to what extent the drafting of the developmental programs was participatory.

The second part of the thesis is devoted to the issue of classical economic – the interrelationship of growth, poverty and inequality in Armenia. I strongly believe that findings of my analysis would be helpful of necessary if the need arises to write new developmental program and not only. I have also illustrated the figure of other countries with commensurable economy to understand how well we are doing in comparison with the other countries.

CHAPTER TWO- THE RESEARCH QUESTIONS AND THE HYPOTHESES

In the framework of the current theses, the following three research questions were put forward:

➢ RQ1: How effective was the participation in the drafting process of the strategic developmental process.

➢ RQ2: How well Armenia is doing vis-à-vis the third countries with commensurable economies in terms of the poverty indicators?

➢ RQ3: To what extent the economic growth, poverty rate and income inequality are interrelated in Armenia.

To effectively tackle the aforesaid research questions the following hypotheses were formulated:

➢ H1: Civil society organizations effectively participated in the drafting process of the developmental programs.

➢ H2: Economic growth (if occurs) leads to the poverty reduction in Armenia

For the second research question I decided not to formulate any hypothesis, since I do not have any initial presupposition.

Unbundling of the terms

The "umbrella" terms used in both research questions and hypotheses are unbundled as follows:

➢ **Participation**- A procedure of drafting the developmental programs during which all the participants have equal opportunity to put forward initiative, participate in decision-making procedure and oversee the implementation of the adopted decisions[1]

➢ **Effective**- Successful in producing a desired or intended result[2]

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[1] The term was unbundled based upon the interpretation of the African Development Bank, see "Handbook on stakeholder consultation and participation in ADB operations" 2001, for further information http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Handbook%20on%20Stakeholder%20Consultaion.pdf, last access 10 May 2016

[2] The explanation was taken from the "Oxford online dictionary" for further information http://www.oxfordlearnersdictionaries.com/definition/english/effective?q=effective

➢ **Relationship**- Strength and capacity to predict one by another[3]
➢ **Commensurable economic situation**- GNI index calculated by the Atlas method and, at the same time, population from 3 to 15 million people

CHAPTER THREE- METHODOLOGY AND DATA COLLECTIONS

Methodology

Both quantitative and qualitative methods were applied in the framework of the current research. In particular, to tackle the first research question I applied merely qualitative techniques – content analysis of the developmental programs and the donor's feedback as well as interviews with the representatives of the civil society organizations (CSOs), donors and representatives of the governmental agencies of the RA.

I tried to answer the second research question by illustrating and comparing the relevant data of the commensurate economies with those of Armenia. Also, I have calculated growth to elasticity of poverty (GEP) to find out the influence of the GDP growth on poverty data in the observed countries.

To find out the association and dependence between the dependent variable (poverty rate) and all the other independent variables I have done a correlation-regression analysis. In particular, I used Spearman rank correlation coefficient once I found out that the necessary conditions to conduct Pearson product moment correlation are not met (the detailed explanation is provided in appendix 1). Afterwards, I conducted multiple correlation analysis to find out the multi - collinearity among the independent variables and exclude the respective variables from the regression analysis. The regression analysis was done to find out the extent to which poverty rate change depends upon GDP growth. As the GDP growth is not the only factor that affects poverty rate change, the impact of other independent variables was also studies.

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[3] Strength was measured by correlation analysis, one the prediction of the one by another by regression analysis

Data collection

Overall, I have conducted 17 interviews (4 with the representatives of the governmental agencies, 8 with the representative of the CSOs and 5 with the representatives of the donor organizations) to find out the answer of my first research question. All the statistical data was taken from the official website of the World Bank. The statistical data was analyzed through Statistical Package for the Social Sciences (SPSS) software program.

Study limitations

The most notable limitation was the timing. Because of the time limitations[4] I did not assess the impact of a number of independent variables on the poverty rate change. Furthermore, time constraints did not allow me to organize my own household survey and I had to rely on World Bank data[5] which sometimes is very limited and is not complete (for instance it's impossible to compile data for past 20 years for many independent variables).

Another major limitation is the inability to assess impact of the time-lags as I have never had an experience to do it before.

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[4] It was compulsory to finalize the thesis within a semester
[5] I do not trust other sources, neither find expedient to rely upon any survey data

CHAPTER FOUR-LITERATURE REVIEW

He, who is without emphatic for suffering of others, has no right to be called human.
Jalal-ud-Din-Rumi
Famous Persian poet, jurist and scholar

The developed nations in the last two centuries were considering their duty to assist the poor and developing ones. Before 1999 they were setting up conditions to determine the "deserved beneficiaries". However, after 1999 the agenda of the major financial institutions altered drastically. The hot debates and scientific recommendations made the donors to align their poverty alleviation programs with the national priorities. The introduced Poverty Alleviation Strategic Papers purported to enhance the role of the country. Hence, the concept of "ownership" emerged meaning that countries should outline their priorities themselves. As the President of the World Bank James Wolfensohn mentioned:

"It is clear to all of us that ownership is essential. Countries must be in the driver's seat and set the course."[6]

The idea behind the "country ownership" concept is that now only the government, but also a plethora of stakeholders, inter alia; NGOs, think tanks, INGOs and eventually the poor people must be involved in the drafting of the PRSP. Kamruzzaman citing the documents produced by the IMF and the World Bank states that the PRSPs according to them must have the following essential characteristics:[7]

1. It must ensure consistency between a country's macro-economic, structural, and social policies and the goals of poverty reduction and social development.

2. It should serve as the basis for designing Bank and Fund lending operations, and as a framework with which all ESAF and Bank-supported programs should be consistent.

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[6] Abrahamsen, Rita, J. Gould, and J. Carlsson. "Review essay: poverty reduction or adjustment by another name?." (2004): 184-187.
[7] Kamruzzaman, Palash. "Poverty Reduction Strategy Papers and the rhetoric of participation." Development in practice 19, no. 1 (2009): 61-71.

3. It must be produced in a way that includes transparency and broad-based participation in the choice of goals, the formulation of policies, and the monitoring of implementation with ultimate ownership by the government.[8]

The first two are the minimum requirements for the PRSPs. The whole process has to be under the guidance of the international financial institutions.[9]

First and foremost, I was keen to know why the major international financial institutions changed their policies. The answers I found in the paper by Cordella and Dell'Ariccia. They point out the limit the pros and the cons of the conditionality. They argue that conditionality works when the aims of the donor countries (organizations) and the recipient countries coincide.[10] When they do not coincide, the aid programs might become a tool to influence the policy of the recipient countries. When there is no effective control, the donors has to choose the recipients with the highest "social commitment".[11] However, the rub is the asymmetric information associated with choosing the "the most socially committed government". The most important conclusion of the research is that foreign aid can reduce poverty only when there is a "program ownership" by the recipient country. The findings of the research are anchored upon mathematical models and their output formulated around abstract cases. The weakness of the study is that it lacks empirical data to support the findings.

Afterwards, I tried to figure out the role and impact of certain financial institutions on the process of PRSP "production". It turned out that the IMF and the World Bank do not show equal interest in ensuring the participation. The World Bank and IMF see participation a process of national debate through which "stakeholders influence and share control over priority setting,

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[8] Ibid,

[9] Ibid

[10] Cordella, Tito, and Giovanni Dell'Ariccia. "Limits of conditionality in poverty reduction programs." (2002). Harvard

[11] Ibid

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policy making, resource allocation and/or program implementation"[12] and from which "a national consensus is formed around the policy priorities."[13] Blackmon[14], Cammack[15], Crocket[16] argue that the IMF is not as sensitive regarding the issues of participation as the World Bank. In particular, they argue that IMF is more focused on macroeconomic stability issues discussing it with the traditional actors, i.e. the governments and the central banks. Whereas, the programs of the World Bank are more development oriented and keen to include "the voices of the poor". Blackmon encourages the IMF to broaden the scope of its partners and include those who are most affected by the poverty.

Generally, the shift from the idea of conditionality to ownership was welcomed in the academic community. Nevertheless, it is also important to see the arguments of the critics and the sceptics. As I expected, their arguments are mainly predicated upon conspiracy theories. Tan[17], Joseph[18], Fraser[19] criticize the phenomenon of the goals of the PRSPs. They are in consensus that PRSPs are just tools for global governmentality, i.e. the donors who are the major powers to dictate their will to the poor nations. Joseph posits that major powers use international organizations as a tool to promote neo-liberal agenda.[20] He further argues that PRSPs reflect the

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[12] Lazarus, Joel. "Participation in Poverty Reduction Strategy Papers: reviewing the past, assessing the present and predicting the future." Third World Quarterly 29, no. 6 (2008): 1205-1221.
[13] P Guerrero, 'National dialogue: the World Bank experience', in OECD, Ownership and Partnership.
 What Role for Civil Society in Poverty Reduction Strategies?, Paris: OECD, 2003, p 29.
[14] Blackmon, Pamela. "Rethinking Poverty through the Eyes of the International Monetary Fund and the World Bank1." *International Studies Review* 10, no. 2 (2008): 179-202.
[15] Cammack, Paul. "What the World Bank means by poverty reduction, and why it matters." *New Political Economy* 9, no. 2 (2004): 189-211.
[16] Crockett, Andrew D. "The International Monetary Fund in the 1990s." *Government and Opposition* 27, no. 03 (1992): 267-282.
[17] Tan, Celine. "The new bio-power: Poverty Reduction Strategy Papers and the obfuscation of international collective responsibility." Third World Quarterly 32, no. 6 (2011): 1039-1056.
[18] Joseph, Jonathan. "Poverty reduction and the new global governmentality." Alternatives: Global, Local, Political 35, no. 1 (2010): 29-51.
[19] Fraser, Alastair. "Poverty reduction strategy papers: Now who calls the shots?." Review of African Political Economy 32, no. 104-105 (2005): 317-340.
[20] Joseph

neo-liberal aspirations of the donor nations. He substantiates his viewpoint on the policies of the

World Bank and IMF citing the following:

> "When a government presents a PRSP to the executive boards of the World Bank and the IMF, it is accompanied by an assessment by Bank and IMF staff. The Joint Staff Assessment (JSA) makes an overall assessment for the executive boards as to whether or not the strategy presented in the PRSP constitutes a sound basis for concessional assistance from the IMF and the Bank."[21]

Therefore, Marxist Joseph (his self-identification) exhorts to hamper global governmentality by limiting the role of the role of international NGOs and donors in the process of participation. Tan, completely on the same line with Joseph argues that PRSPs are envisaged to engage the third world countries in the global economy and to sustain the international law which was stipulated by the dominant states.[22] Like Joseph's article Tan's paper is full of a criticism of neo-liberal world order and discusses the issues from the angle of conspiracy. Tan further notes that PRSPs emphasize individual responsibility while undermining the global social responsibility.[23] In short, its main conclusion is that the role of "international" in domestic and social affairs should be evaporated. Notably, Tan's remarks are stricter than those of Joseph as he calls for forsake the practice of PRSPs which envisaged for and fraught with the further impoverishment of the poor states.[24]Fraser, in his turn argues that PRSPs are tools for imperiling the sovereignty of the poor African countries and the local NGOs are nothing else but the Trojan Horses of the IMF and the World Bank which legitimate the intervention.[25] Like Joseph and Tan Fraiser also argues that the main destination of the international financial institutions is to secure the neo-liberal world order and run the domestic politics of the poor states.[26] However, I have to mention that all the three papers lack clear and consistent methodology and are largely opinion papers.

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[21] Ibid, 40
[22] Tan
[23] Ibid, 1052
[24] Ibid
[25] Fraiser
[26] Ibid

Notwithstanding of the structural weaknesses, studying such papers are important to figure out the glitches of the drafting and the drafting and the content of the PRSPs.

After finishing the historical excursion aimed to understand the considerations behind the establishment of PRSP practice, I started to examine the literature discussing the "producers" of the PRSPs. This issues was critical to tackle my first research question. In general, was looking for to see scholars' findings and positions on both broadness (how is included in PRSPs production) and effectiveness (is more broadness good or not) in the process of drafting the PRSPs.

Notably, there is no consensus in the scholarly literature regarding the effectiveness of the process of participation. However, it is must to note that very few scholars consider the introduction of PRSPs a benign phenomenon. The majority of them highlight the importance of broad participation and the failure to ensure it. The others see flaws in broader participation arguing that it undermines the process. Lazarus, for instance, argues that it works where it need not and does not works where it is necessary.[27] He further notes for having a successful PRSP, it has to meet the following five criteria: 1. Country driven, 2. Result focused, 3. Long-term, 4. Comprehensive, 5. Partner-oriented.[28] He argues that the PRSPs in general failed to qualify the mentioned criteria. Most interestingly, he corroborates his claims on the example of my country-Armenia. In particular, he cites:

> "NGOs are very often drawn into participation by the lure of material rewards. In Armenia, for example, as in many countries, NGOs are overwhelmingly 'economic survival strategies for many middle-class intellectuals and professionals'. 'Subordination of Armenia's NGOs has been financial but not intellectual'. While many Armenian NGOs have articulated developmental visions at stark odds with Washington prescriptions, only one organization has actually formally withdrawn from the PRSP participatory process, reflecting the extent of financial dependence of Armenian NGOs and, therefore, their co-optation into the process. In spite of this dependence, most NGO representatives and their organizations remain committed ideologically to their alternative

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[27] Lazarus,1205
[28] Ibid

positions. 'Though most pay homage to the Emperor, Armenian PRSP participants can see that he is naked."[29]

The general conclusion is akin to the famous argument of Burnside and Dollar that aid works only when the recipient countries have good institutions.[30] Similarly, Lazarus argues that participation works the political mobilization and institutions are strong enough to withstand the pressure from the government the PRSP would truly be "pro-poor" in its nature. Otherwise, even if the country very much aid dependent the donor organizations will "win the battle, but not the war".[31]

Kamruzzaman[32] and Whitfield[33] who conducted separate case studies Bangladesh and Ghana echo with the critics of the PRSP. Kamruzzaman argues that the ownership is likely to fail if it's a product of horizontal relations dominated by the IMF and the WB. The ownership and participation in his view were means rather than ends to continue attract debts from the international financial institutions.[34] Participation, in his view is a good phenomenon, however, the rub is that in the Heavily Indebted Poor Countries (HIPCs) the civil society is underrepresented. He concludes that in Bangladesh PRSP was designed in the highest echelons without the prescribed by the IMF and the World Bank, which, in others view is their traditional working style.[35] The reason is that HIPCs are in a worse bargaining power with the donors. Almost identical arguments are claimed and conclusions drawn by Whitfield with respect to Ghana.[36]

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[29] Ibid,1211

[30] Burnside, A. Craig, and David Dollar. "Aid, policies, and growth." World Bank policy research working paper 569252 (1997).

[31] Lazarus, 1219

[32] Kamruzzaman

[33] Whitfield, Lindsay. "Trustees of development from conditionality to governance: poverty reduction strategy papers in Ghana." The Journal of Modern African Studies 43, no. 04 (2005): 641-664.

[34] Kamruzzaman, 62-64

[35] Ibid

[36] Ibid

As I already mentioned some scholars are critical toward chosen mechanisms of participation. Lazarus[37], Brown[38] state that the democracy is undermined, because the donors, such as the World Bank, subjugate the national legislation of the recipient countries to the institutionalized participation. Hence, the institutionalized PRSP process has failed.[39] And again Lazarus as brings the example of Armenia writing the following:

> "In Armenia, a country in which participation has been formally institutionalized to a far greater extent than most, PRSP committees are powerless and Moribund."[40]

Dijkstra on the example of Bolivia, Honduras and Nicaragua avers that in all the three countries the rule of law is subjugated to informal institutions and traditions.[41] In her paper Dijkstra shows that the results of the process of participation were partially successful in Bolivia and failed in Nicaragua and Honduras.[42]

Without underestimating the importance of participation and national ownership Dijkstra[43] argues that governments are willing to show the process of participation off as long as it is cosmetic. She proposes to broaden the agenda to macroeconomic policies and not confine it merely to the determination of governmental expenditures. At the final part she strongly recommends to take the local political realities and mores into consideration, harmonize the actions of the donors.[44] In contrast to the claims of Lazarus she suggests to narrow down both the scope and the time span of the financed projects.[45] Dijkstra's claims regarding the differential

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[37] Lazarus, 1213

[38] Brown, David. "15| Participation in poverty reduction strategies: democracy strengthened or democracy undermined?" Participation--From Tyranny to Transformation?: Exploring New Approaches to Participation in Development (2004): 237.

[39] Dijkstra, Geske. "The PRSP approach and the illusion of improved aid effectiveness: Lessons from Bolivia, Honduras and Nicaragua." Development Policy Review 29, no. s1 (2011): s110-s133.
Harvard

[40] Lazarus, 1213

[41] Dijkstra

[42] Ibid

[43] Dijkstra,120

[44] Ibid,131

[45] Ibid

approach were quite ardently supported by Edward R. Carr.[46] He claims that the characteristics

of the poverty are place-specific and not the same everywhere.[47] Therefore, he argues that the

measurements of the poverty should vary on case-by-case basis. This is the core idea of his

essay:

> "I seek to replace the narrative of a singular, universal poverty that informs development today with a new narrative which embraces heterogeneity in both our identifications of poverty and our means of measuring that which we identify as poverty. I do so not to dismantle development, but as a means of overcoming the limitations on development and poverty alleviation imposed by our understanding of poverty as singular and universal."[48]

On the abstract example of a parochial leader in Africa who insists the community to move

elsewhere to hamper the latter to accumulate wealth and to preserve his social status Carr claims

that the knowledge of such local folkways are necessary prior to drafting the strategies.[49] Hence,

he suggests the PRSPs to be drafted from the "bottom", i.e. grassroots, rather from the top, i.e.

governments and international organizations.

However, there are also positive remarks regarding the implementation of the PRSPs and

thereof success. Driscoll and Evans[50], Summer[51], all consider PRSP a successful project.

Particularly, Driscoll and Evans posit that PRSPs have made progress in the following areas: 1.

Contributed to much stronger view inside the government, 2. engaged civil society in poverty

policy debates on an unprecedented scale, 3. Focused attention on donor alignment and

harmonization internationally and at a country level.[52] Nonetheless, according to them

governments still need focus more on the institutional commitment, broaden civil society

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[46] Carr, Edward R. "Rethinking poverty alleviation: a 'poverties' approach." Development in Practice 18, no. 6 (2008): 728-730.
[47] Ibid
[48] Carr,730
[49] Ibid, 731
[50] Driscoll, Ruth, and Alison Evans. "Second-generation poverty reduction strategies: New opportunities and emerging issues." Development Policy Review 23, no. 1 (2005): 10-12.
Harvard
[51] Sumner, Andrew. "In Search of the Post-Washington (Dis) consensus: the 'missing 'content of PRSPs." Third World Quarterly 27, no. 8 (2006):.
[52] Driscoll and Evans, 6

engagement.[53] Moreover, they exhort the donors to more enhanced coordination of their programs to curtail the transaction costs and to be more consistent and punctual in direct budget support in order not to damage the anticipated expenditures.[54] Their conclusion is that PRSPs generally spurred good governance, effectiveness and poverty reduction. Summer's work is concentrated on the context of the PRSPs rather than thereof production. Studying 50 PRSPs he tried to find out in which maxim they exactly lie.[55] The possible maxims are: post-Washington consensus, The New York Consensus and The Latent Southern Consensus. He concludes that PRSP policy paradigm is in line with post-Washington consensus (associated with Stieglitz's works) the goals of which are economic growth and multidimensional poverty reduction, sustainability, equity and democracy.[56]

After finishing the review of the literature dealing with the history and the goals of the PRSPs as well as the process of thereof production, I started to review researches dealing with the content of the PRSPs. In particular, for the drafting more plausible and feasible PRSPs it's necessary to understand the correlations between poverty, economic growth and resource allocation.

The conviction that inequality creates favorable conditions for GDP growth is predicated upon so-called Kuznets hypothesis.[57] The gist of Kuznets hypothesis is that in early periods of growth the gap among different societal strata increases, while in the subsequent periods it decreases. Overall, Kuznets states that inequality and GDP growth are positively correlated.[58]

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[53] Ibid, 10
[54] Ibid,13-16
[55] Summer
[56] Summer, 1405, 1410
[57] Simon Kuznets, "Economic Growth and Income Inequality," *The American Economic Review*, 1955.
[58] Ibid.

This finding was supported by Kaldor[59] and Mirrlees[60]. The former states that the marginal propensity to save is higher in case of rich people vis-à-vis the poor.[61] Furthermore, he notes that investment is linked with high transaction costs that are affordable only to rich people.[62] Mirrlees in his turn argue that the main source of income of the working class is the salary which is relatively stable and discourages the employees to produce/create more and more. Furthermore, having a stable income, according to Mirrlees employees have less incentive to invest.[63] To solve the issue Mirrlees suggests flexible and optimal tax mechanisms. [64]

Notably, the vast majority of the reviewed literature proves that scholars more tend to think that the nexus between inequality and growth is negative. The proponents of this view are Alesina and Rodrik[65], Persson and Tabellini[66], Roberto Perotti[67] and many other scholars.

Alesina and Rodrik showed the righteousness of his predispositions on the correlation between Gini coefficient and the distribution of the lands.[68] Persson and Tabellini came to the similar conclusion based upon times series analysis. However, I want to mention that their sample was relatively small (9 developed countries).[69] The methodology used in this article will also be applicable in my research. Perotti arrived at the same conclusion based on larger sample.

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[59] James A. Mirrlees, "The Optimal Structure of Incentives and Authority within an Organization," *The Bell Journal of Economics*, 1976,
[60] Ibid.
[61] Nancy Birdsall, David Ross, and Richard Sabot, "Inequality and Growth Reconsidered: Lessons from East Asia," *The World Bank Economic Review* 9, no. 3 (1996): 479-500.
[62] Ibid.
[63] Mirrlees
[64] Ibid
[65] Alberto Alesina and Dani Rodrik, "Distributive Politics and Economic Growth" (National Bureau of Economic Research, 1991).
[66] Torsten Persson and Guido Tabellini, "Is Inequality Harmful for Growth? Theory and Evidence" (National Bureau of Economic Research, 1991).
[67] Roberto Perotti, "Growth, Income Distribution, and Democracy: What the Data Say," *Journal of Economic Growth* 1, no. 2 (1996): 149–87.
[68] Alesina and Rodrik, "Distributive Politics and Economic Growth."
[69] Persson and Tabellini, "Is Inequality Harmful for Growth? Theory and Evidence."

Some scholars derive the inequality and subsequent GDP growth from political reasons. In particular, Javid et al show that the lack of democracy entails bigger budget deficit hence less money goes to the social sphere reducing consumption and consequently economic growth.[70] This was shown based on a quantitative analysis on Pakistani case. However, the research fails to consider other intervening variables affecting on the redistribution apart from state funds. Alesinia and Rodrik argue that income and wealth inequality is a reason behind the victory of socialist political parties.[71] They aver that citizens are more prone to vote for those parties who promise more equal distribution of income. Once the promises are implemented the GDP starts to grow.[72] Perotti tested the arguments of Alesinia and Rodrik and found that not always the dependence of economic growth on political factors is significant.[73] In some cases the regression coefficient was very small and in some cases even negative. In particular, he regressed the tax rate and the economic growth.[74]

However, not all the scholars support this argument. Carlos and Pons-Vigon, for instance, are averring that aid has a vital importance for both the existence and the development of the African states.[75] Haan and Wermerdam[76] state that the influence of aid on the linkage of aid and development is blurry. The argue that We do not (yet) know **enough** about the specific impact of

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[70] Attiya Y Javid, Umaima Arif, and Asma Arif, "Economic, Political and Institutional Determinants of Budget Deficits Volatility in Selected Asian Countries," *The Pakistan Development Review*, 2011, 650.

[71] Alberto Alesina and Roberto Perotti, "Income Distribution, Political Instability, and Investment," *European Economic Review* 40, no. 6 (1996): 1203–28.

[72] Ibid.

[73] Perotti, Roberto. "Growth, income distribution, and democracy: what the data say." *Journal of Economic growth* 1, no. 2 (1996):

[74] Ibid.

[75] Oya, Carlos, and Nicolas Pons-Vignon. "9 Aid, development and the state in Africa." *The Political Economy of Africa* (2010): 172.

[76] Arjan De Haan and Ward Warmerdam, *The Politics of Aid Revisited: A Review of Evidence on State Capacity and Elite Commitment*, 2012.

aid on specific elements of state capacity and "governance" as manifest in policies, institutions, and processes (laws, bureaucracy, elections, business regulation).[77]

CHAPTER FIVE-CONTENT ANALYSIS

Before starting the interview analysis I found necessary to look thoroughly in all the three developmental programs. It'll enable to analyze the official interpretation regarding participatory element of the process. Below, I'll discuss the information regarding the participatory process of each developmental document one by one.

Poverty Reduction Strategic Paper (PRSP)

At the very beginning of the PRSP ir is mentioned that "the participatory component is one of its (PRSP's- A.H.) most important components".[78] It is further noted that the drafting process of the document was carried out through a hierarchical structure. On the top of the structure was the Steering Committee (SC) headed by the Minister of Finance and Economy and comprised by various statesmen.[79] Its main task was masterminding and coordinating the whole process. Beneath the SC comes a Working Group (WG) comprised by both governmental employees and the civil society.[80] WG was in charge of day-to-day management of the whole process. The WG was performing its activities in line with Terms of Reference, where all the

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[77] Ibid.
[78] Government of Armenia, library, Poverty Reduction Strategic Paper, for further information http://www.gov.am/files/library/22.pdf last access 18 April 2016
[79] Ibid, 8
[80] Ibid

main purposes of the PRSP were articulated.[81] The work of the WG was assisted by five expert groups comprised of about 50 experts selected through a competition.[82]

To fully grasp the whole process and to facilitate the analysis I'll do it by choosing specific codes (descriptors) calculate thereof frequency per page and interpret their meaning. The codes are derived mainly from the reviewed literature.

Table 1: Codes describing the participatory process of the PRSP.

Code (descriptor)	Frequency
Participation	10
Transparency*[83]	5
Monitoring	1
Constraints	1.5

The first descriptor implies that the overall process was highly participatory, including the government, local governmental bodies its ministries and agencies, NGOs, private sector, trade unions, political parties, donors and international organizations, university lecturers and scientists, mass media and even organizations from Diaspora.[84] It proves that at least on the formal level the participation was really quite broad. Here is a part from the PRSP fully elucidating the process of participation:

> "more than 100 written recommendations were received. These were mainly incorporated in the draft PRSP. More than 1800 people participated in events organized within the framework of the participatory process. Overall, about 700 recommendations were recorded based on questionnaires completed at the end of discussions.
> Although it is difficult to produce a numerical assessment of the incorporation of recommendations, it can be stated that about 40 % of the recommendations received have been included in the PRSP, and about one-third were taken into account at least in part."[85]

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[81] Ibid

[82] Ibid

[83] The code is unbundled, i.e. I was looking for not only the code, but also for a variety of ways of its interpretation, such as distribution of a leaflets, media broadcasting, etc…

[84] PRSP, 8-12

[85] Ibid, 12

In addition, the participation process was not confined merely to the experts selected through competition, but it was also open to other interested parties in accordance to the tripartite agreement between the government, UNDP and the World Bank.[86]

The second descriptor implies that the WG was responsible for the transparency of the whole process. Furthermore, the process was publicized through the mass media, especially special TV programs dedicated to PRSP process. Furthermore, all information was available in the webpage of the PRSP (which does not exist currently). The third code implies that the results were monitored by the civil society organizations (CSO). It paves a way for log-term cooperation between the government and the CSOs. The last code implies that the overall process was hindered by several factors such as:

> "a lack of faith in the implementation of the PRSP; difficulties of accessing information (small number of copies of the press and their not being affordable for the poorer groups of the population); a "Soviet" mentality, especially among middle-aged and senior citizens; the low level of institutional development of society; lack of knowledge on fundamental democratic values and their alienation in communities; the inactive mid-level governmental structures; the prevalent reluctance in the attitude of governmental bodies toward public participation...". [87]

After briefly summarizing the part referring to participatory process of the PRSP I started the analysis of the donors' official feedback regarding the first PRSP of Armenia. It is fully articulated in the Joint Assessment of Poverty Reduction Strategic Paper jointly published by the World Bank and the IMF.[88] The two mentioned donors conducted both interim and final assessments. The main codes found in all the assessment documents regarding the first PRSP are illustrated in the table below.

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[86] Ibid, 9

[87] Ibid, 12

[88] The official webpage of the World Bank, Joint Staff Assessment of the Poverty Reduction Strategy Paper Prepared by Staffs of the International Development Association and the International Monetary Fund Approved by Shigeo Katsu and Gobind Nankani (IDA) and Julian Berengaut and Martin Fetherston (IMF), for further information http://www.worldbank.org/en/country/armenia/whats-new?docty_exact=Poverty+Reduction+Strategy+Paper+(PRSP)& last access 18 April 2016

Descriptors/Codes	Frequency
Improved participatory process, dialogue	5
Country ownership	3
Concrete priorities, other programs deriving from PRSP	4.5
Risks	1
Monitoring/evaluation	2.5
Alignment	1.5

Here anew the frequency of all the descriptors was measured in consideration thereof appearance per page. All the synonyms and expressions with same or almost similar interpretations were encapsulated in single codes.

The first code implies that in all four[89][90][91][92] annual progress reports (2001, 2003, 2004 and 2005) the donors (WB and IMF) consider that the participatory process has being ameliorated over time. In all the reports it is mentioned that CSOs had a significant contribution to the process. Furthermore, it's mentioned that after the inclusion of the CSOs the steering

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[89] World Bank and IMF, Report No. 22131-AM, Interim Poverty Reduction Strategy Paper
And joint IDA-IMF Staff Assessment of the Interim Poverty Reduction Strategy Paper
April 27, 2001, for further information http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2002/03/01/000094946_02021604020120/Rendered/PDF/multi0page.pdf, last access 18 April 2016

[90] World Bank and IMF, Report No. 03/378, Joint Staff Assessment of the Poverty Reduction Strategy Paper Prepared by Staffs of the International Development Association and the International Monetary Fund Approved by Shigeo Katsu and Gobind Nankani (IDA) and Julian Berengaut and Martin Fetherston (IMF) November 4, 2003, for further information https://www.imf.org/external/pubs/ft/scr/2003/cr03378.pdf, last access 18 April 2016

[91] World Bank And IMF, Report No. 32103-Am , Joint Ida-Imf Staff Advisory Note On The Poverty Reduction Strategy Paper Annual Progress Report April 8,2005, for further information http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2005/04/21/000012009_20050421103927/Rendered/PDF/32103.pdf, last access 18 April 2016

[92] World Bank and IMF, Report No. 36929-AM, JOINT IDA-IMF Staff Advisory Note On The
World Bank and IMF, Report No. 36929-AM, Poverty Reduction Strategy Paper Second Progress Report, August 1,2006, for further information http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2006/08/16/000090341_20060816092418/Rendered/PDF/36929.pdf, last access 18 April 2016

committee became more democratic and participatory. In each following report the improvement of participatory process was recorded.

The second code implies that the donors consider the final PRSP a national ownership. In every report it was mentioned that the PRSP was drafted with based on the principles of priorities (third descriptor) and all other programs such as budgets and mid-term expenditure frameworks were derived from the PRSP.

In the interim report (Report No. 22131-AM) only several risks (the fourth code) are mentioned by donors that might hinder the PRSP implementation. Among them is likely insufficiency of the governmental revenues, immature democracy, regional instability, debt sustainability, etc.[93] Fifth and sixth codes imply that CSOs were largely involved in the monitoring process (the fifth code) and the actions of the major donors were aligned and harmonized (sixth code).

Sustainable Development Program (SDP)

The sustainable development program (SDP) was the revised version of the PRSP and often is considered as PRSP-2. It was developed in accordance with the RA Government decree N 994-N which implies biannual revision of the PRSP.[94] The relations among the drafters were institutionalized through the PRSP implementation and partnership agreement signed in 2004. The contracting parties were RA government, communities, five groups of NGOs, Armenian

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[93] Report No. 22131-AM, 7

[94] Republic of Armenia, Sustainable Development Program, Yerevan, October 2008, p. 14, for further information http://www.drrgateway.net/sites/default/files/Armenia%20Sustainable%20Development%20Program_eng_2008%5B1%5D.10.30.pdf, last access 18 April 2016

Apostolic Church and trade unions. [95] Another novelty was an open forum, stipulated by the treaty, which was served as a platform for generating and discussing ideas.[96]

The mechanisms anticipated to ensure participatory process are described in the graph below:

Graph 1: Mechanism ensuring participatory process[97]
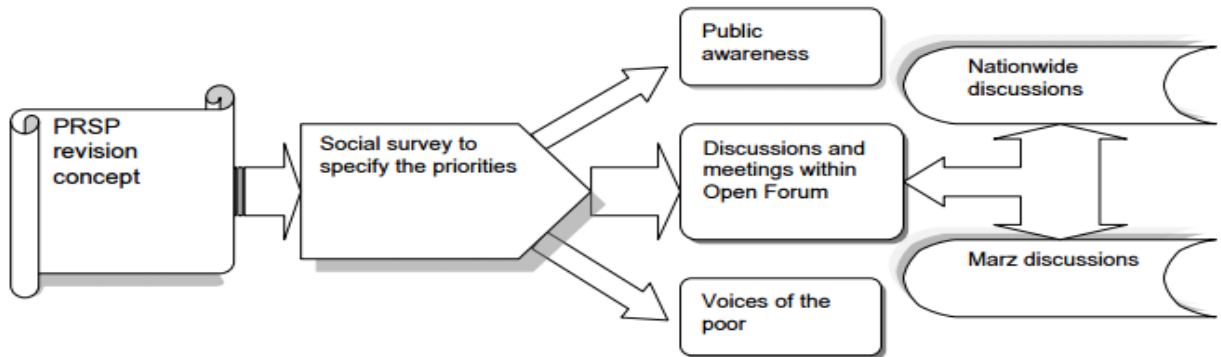
The codes found in the SDP and thereof frequencies that best describe the process are summarized in the table below.

Table 3: Codes describing the participatory process of the SDP

Code/Descriptor	Frequency
Participatory process	12/5
Discussions	29/5
Surveys (voice of poor)	4/5
Public awareness	3/5

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[95] Ibid
[96] Ibid, 16
[97] Ibid, 15

The first code implies that government considers the process broadly participatory with the inclusion of various CSOs. The government, according to the document, buttressed the process upon "bottom-up" principle, i.e. the revision of the first PRSP (the SDP) has to be started from the lowest tier of the society up to the government. Government also prioritizes broad participation in monitoring and evaluation process of the first PRSP.

The second code implies that discussions were taken place both on nationwide and regional (marz) level. The nationwide discussions were divided into two types - professional and public. During the formers more narrow and specific issues were discussed, while the latter was a platform for discussing broader areas such as judicial reforms.[98]

The third code implies that all the discussions were anchored upon survey the results of social survey conducted by the 207 active participants.[99] The main goal of the survey was to hear the "voice of the poor", i.e. to hear and consider the opinions and perceptions of the main stockholders- the poor people. The survey results were also used to set up the priorities of the SDP.

And finally, the fourth descriptor, as in all previous cases implies that the process was transparent and was elucidated through multiple sources; inter alia, website, leaflets, TV channels, newspapers, etc.

Like in case of the first PRSP, the joint feedback of the donors (WB and IMF) regarding the participation was very positive. In the Joint Staff Advisory Note on the Second Poverty Reduction Strategy Paper (Sustainable Development Program) just one paragraph is dedicated to

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[98] Ibid, 17
[99] Ibid, 16

participation assessment.[100] It is mentioned that the process of participation was largely benefitted due to the institutional atmosphere inherited form PRSP-1.[101] Especially, it is stated that:

> "The staffs commend the government for new institutional arrangements that would allow for even greater engagement of civil society organizations (CSO) through a CSO board and secretariat with direct and regular access to the SDP Steering Committee."[102]

Notably, most of the goals of the SPD were not achieved because of the global financial crisis of 2009 the impact of which was not considered during the drafting process.

Armenian Development Strategy (ADS)

In ADS, unlike other two developmental programs merely a paragraph is dedicated to the issue of participation. It is mentioned that ADS was a participatory process like its predecessors and that government prioritizes the agreement signed with Civil Society Cooperation Network (CNN). It's further noted that for the successful implementation of the program the involvement of the CNN in the stages of monitoring, implementation and evaluation is of a high necessity.[103] Any assessment by the donors regarding the ADS was not found by me.

Overall, from the analysis above it becomes clear that the drafters of all the three programs (government and the CSOs) officially assert that the drafting process was broadly participatory and the final documents are not only the product of the government, but also an ownership of the nation. It is asserted in the all three programs that they were conceived through the nation-wise discussions. Among other things, the achievement of transparent drafting process

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[100] World Bank and IMF, Report No. 46300-AM, Joint Staff Advisory Note on the Second Poverty Reduction Strategy Paper (Sustainable Development Program), October 31, 2008, for further information http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2008/11/10/000333037_20081110231023/Rendered/PDF/463000PRSP0P101Y10IDA1SecM200810653.pdf, last access 19 April 2016

[101] Ibid, 9

[102] Ibid

[103] Government of Republic of Armenia, Armenian Development Strategy for 2014-2025, for further information http://faolex.fao.org/docs/pdf/arm151333.pdf, last access 19 April 2016

was strongly stressed in all the developmental programs. Notably, the donors, especially World Bank and IMF share the viewpoint articulated in the developmental programs. My inference is that they are overall very content of the whole process of elaborating the developmental programs in Armenia. Whether the participation in all the three developmental programs was really effective and broad or merely formal will be double-checked through interviews conducted among the three most important "players" in the course of building the developmental programs, namely the representatives of the Government of RA, the civil society organizations and the donors.

CHAPTER SIX - INTERVIEW ANALYSIS

Is the game worth the candles?[104]

During the interviews, some representatives of the governmental agencies and donor organizations were mentioning that the brooder is the list of participants the longer the drafting process endures and the effectiveness of the works sometimes decreases. Nevertheless, all the interviewees regardless of their affiliation were certain that regardless the final payoff the broad and comprehensive participation is a must during the drafting process of the developmental programs. The representative of Ministry of Finance, for instance mentioned the NGOs normally are better in revealing and raising the important social issues than governmental employees. He further noted that it is hopeless to expect the CSOs to propose solutions because of inadequacy of resources under their disposal. Other interviewees were stressing the importance of national ownership, accountability and transparency. They were certain that those goals are practically unachievable without the participation of the CSOs. Furthermore, an interviewee from donor

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[104] An expression used when the potential advantage of doing something is uncertain, for further information see the interpretation in the Oxford dictionary http://www.oxforddictionaries.com/definition/english/candle#candle__17 last access 10 May 2016

organization who used to be engaged in NGO activities highlighted the participatory process, besides already mentioned benefits, strongly contributes to the professional advancement of the NGO representatives. She brought examples of several individuals who participated in the drafting process of the first PRSP and were upgraded professionally becoming university lecturers, researchers and experts. In her deep conviction participation is essential for making Armenian NGOs more professional. The representatives of the CSOs were even bringing cases when the governmental representatives along with their consultant private business company omitted to include a whole field in the developmental program (such as science for instance) and the field and its developmental strategy was included due to the CSOs. So, in a nutshell, the answer of the subtitle above is "yes".

Decision making

The decision making process during the PRSP was different from that of SDP and ADP. In case of PRSP the government announced a competition and two organizations were selected to participate in the drafting process. Although the participation was not limited those two NGOs, the government had some leverages to influence the process. In 2005, after the completion of the PRSP government adopted N43 decree according to which the "Coordination Council" of the PRSP was established. The Council was the highest decision-making body of the PRSP charged for monitoring and implementation. The interviewees were stating that in the Council the CSO representatives outnumbered the governmental ones and they were correct.[105] However the decision-making mechanism was changed before the once the network of NGOs was established. The SDP-network was electing the NGOs within itself to represent the whole network in the Council. Most of the NGO representatives confirm that the selection process was

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[105] Armenian Legislative Information System, N43 decree of the Government of the Republic of Armenia (in Armenian), for further information http://www.arlis.am/DocumentView.aspx?docid=15974 last access 8 May 2016

fair and transparent; however the shift of decision-making mechanism entailed discrepancies among NGOs. Some NGO representatives stated that once the election results were announced, they ceased to (actively) participate in the drafting process of the developmental programs. One of the government representatives stated that governmental officials who were observing the election results (without having any influence) stated the winner NGOs were those with strong lobbying and networking skills. The interviewees' statements that CSOs still have power to defeat any developmental program are they in unanimity leaves a room for speculations. The point is that in N657 decree of the Government of RA (update of N43) regarding the establishment of the Coordination Council for SDP implementation, it is stated that NGOs have 11 representatives in the Council, while the government along 10 representatives. However, the National Assembly of the RA has also two representatives and together with the governmental ones they outweigh the CSOs.[106] The N657 decree was updated in 2015 upon the promulgation of N89 decree.[107] Here the pattern is even fuzzier. The number of the representatives of the Government and the Parliament is tantamount to that of CSOs. However, the Armenian Apostolic Church is also represented making the judgment even more difficult.[108]

Quality of participation over time

All the governmental representatives and the majority of the donor representatives interviewed were claiming that the quality of the contribution of the NGOs has a decaying tendency. For instance, one of the governmental representatives mentioned that during the first PRSP the input of the CSOs was truly significant as government was participating in the

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[106] Armenian Legislative Information System, N657 decree of the Government of the Republic of Armenia (in Armenian), for further information, for further information http://www.arlis.am/DocumentView.aspx?docid=53158, last access 8 May 2016

[107] Government of RA, appendix of N89 decree adopted in 10 February 2015, for further information https://www.e-gov.am/u_files/file/decrees/varch/2015/02/15_0089.pdf last access 8 May 2016

[108] Church was represented in the PRSP coordination Council, but was not represented in SDP coordination Council

selection process of the NGOs. He further noted the quality of the participation declined in the drafting process of SDP and ADP. He explained that the reason lie in the election mechanisms as the well-lobbying NGOs replaced the professional ones. Most of the NGO representatives who had a tangible contribution in the drafting of a concrete program were considering the overall process participatory. And only one head of NGO was stating that in case of all three developmental programs the participation of the NGOs was ineffective and mostly formal.

PRSP

Firstly, I have to mention that not all the CSO representatives were a part of drafting all three developmental programs. Naturally, the one who were not participated in the PRSP process, for instance, were not able to tell a posteriori opinion, hence I have ignored all their comments.[109] PRSP was mostly drafted by the CSOs. One representative from governmental agency and one from donor organization pointed out that the final version submitted by the CSOs mostly lacked concrete figures and information regarding the financial means necessary for program implementation. Hence, the 1000-page long was optimized by a private consulting company. The final version (after major improvements and optimization by the consulting company) was accepted by the CSOs.

PRSP, according to the interviewees of all the three categories, was the best in terms of comprehensive and effective participation. Some interviewees even mentioned that Armenian PRSP was chosen the best PRSP by the World Bank (in terms of effective participation), something that was **not** rejected by the interviewee from World Bank office Armenia. I asked most my interviewees to assess the participation[110], effective contribution[111] and

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[109] Normally those interviewees who did not participate in a concrete developmental program were not talking to much regarding it

[110] Being a part of drafting

[111] To what extent the viewpoints of the CSOs was considered and included in the final program

implementation[112] all the three developmental programs on 1-5 scale (1-very low/bad, 5- very high/good). The figures for the PRSP are the following: participation- 4.75, effective contribution- 4.125 and implementation- about 3.8.

SDP

SDP was the most controversial program in terms of participation. Most of the NGOs were complaining that their voice was unheard. The reality is that SDP was just an update of the PRSP. Hence, it was just necessary to slightly revise a program which was mostly a product of the CSOs. The PRSP was did need to be revised as the periodical revision was a requirement mentioned in the document. One NGO leader even mentioned that the program was not truly "sustainable development program" as it was dealing primarily with poverty alleviation issue which merely one segment of sustainable development. SDP was elaborated by the private consulting company of the Government and was submitted to the CSOs and the donors. The government representative told that the CSOs had an opportunity not to allow the SDP adoption if they were unhappy with the program, but they did not do it. Overall, the average figures for SDP are the following: participation-1.15, effective contribution-0.8, implementation-0. As I mentioned above most of the goals of the SDP remained unreached because of the global financial crisis.

ADP

Normally, the NGOs participating in the developmental process of the PRSP were not active in the ADP drafting process. Before the adoption, the sections of the ADP were discussed in the respective working groups and afterwards in the Council of the CSO network. During the session of the Coordination Council, all the participating NGOs, according to the interviewees of all the three categories, adopted the program. The only exception was the group of "agriculture"

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[112] To what extent the goals of the programs were achieved

that submitted a so-called "special opinion" thus expressing its disagreement with the program. Those NGO representatives who participated in the drafting process of the ADP were in consensus that the "Social Partnership Agreement of the Strategic Programs", signed by the Head of CSO Network of the Strategic Programs and the Minister of Finance of the RA (on behalf of the Government of the RA) in 23 October 2015,[113] Would further strengthen the position of the NGOs vis-à-vis the government. However, the ones who are not a member of the network are quite skeptical. The average figures for ADP are the following: participation- 3.1, effective contribution-2.8, and implementation-N/A. At this stage it is impossible to assess the implementation since the program is anticipated for 2014-2025 period.

A couple of words about the donors

I have to mention that only for the interviewee from the World Bank the process of the participation was crucial. One of the donors told that his organization would lend program-based loans to Armenian Government even if the drafting of the program was not participatory. He further stated that the drafting process of all the developmental programs was open to participation as the relevant announcements were publicized through the mass media. Generally, the viewpoints of the donors were concurring with those of the Government. All the donors were unanimous that the level of professionalism of most of the Armenian NGOs is far from desirable and that a huge work needs to be done to increase their professionalism. One of the donor organizations was financing the technical part of the participation and based upon the interviews I can surely state that all the necessary technical prerequisites were created for ensuring the participation (space, means for conference organization, stationery, etc.…).

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[113] Ministry of Finance of the RA, "Social Partnership Agreement of the Strategic Programs", for further information file:///C:/Users/ADStudent/Documents/Downloads/download%20(1).pdf last access 8 May 2016

CHAPTER SEVEN-THE ISSUES OF GROWTH, POVERTY AND INEQUALITY

The Pattern in Armenia

Below, I'll firstly illustrate the interrelation of growth and poverty and how the economic growth (decline) affects the poverty level in Armenia. For that purpose, I'll calculate the elasticity of growth and the growth of poverty elasticity (GEP). GEP would be calculated with respect to per cent changes of Gross National Income (GNI) per capita (calculated by Atlas method). per cent changes of Gross Domestic Product (GDP) per capita and per cent changes of GDP in absolute value. The calculations encompass 2004-2014 time period as the first developmental program (PRSP) came into force after 2004. Unfortunately, World Bank dataset does not enable me to make the calculations from 2014 onward. After calculating the GEP, I'll analyze ex-2009 and post-2009 time spans separately to elucidate the impact of the global financial crisis. Once I finish it, I'll calculate the how the per cent changes of GDP per capita. GDP in absolute numbers and GNI affect the per cent change of the consumption of the richest and poorest strata of the society. i.e. highest 10 per cent decile group and lowest 10per cent decile group. To double-check the statements regarding the relationship of growth, poverty and inequality articulated in the literature review on Armenian case, I'll carry out Pearson product-moment correlation analysis and simple linear regression analysis.

I have calculated GEP using the following formula:

$$\text{GEP} = -\frac{\%d\text{PR}}{\%dy}$$

Where y stands for the independent variable vis-à-vis which the poverty change rate change (in %) is calculated (GDP PPP, GDP per capita, GNI per capita calculated in application of the Atlas method) and p stands for poverty rate change (in %).

In the table below the digits of GDP PPP, GDP growth, poverty, poverty change and GEP calculated based upon GDP PPP are demonstrated.

Table 4: GEP Calculated Based on GDP PPP[114]

Year	GDP PPP $	Growth (in %)	Poverty (in %)	Δ poverty	ε (GDP PPP/ Δ poverty)
2004	3.576.615.240	10.5	53.5	N/A	N/A
2005	4.900.469.515	13.9	40.1	-13.4	-0.964028777
2006	6.384.451.606	13.2	30.2	-9.9	-0.75
2007	9.206.301.700	13.7	26.4	-3.8	-0.277372263
2008	11.662.040.714	6.9	27.6	1.2	0.173913043
2009	8.647.936.748	-14.1	34.1	6.5	-0.460992908
2010	9.260.284.938	2.2	35.8	1.7	0.772727273
2011	10.142.111.334	4.7	35	-0.8	-0.170212766
2012	10.619.320.049	7.2	32.4	-2.6	-0.361111111
2013	11.121.465.767	3.3	32	-0.4	-0.121212121
2014	11.644.438.423	3.5	30	-2	-0.571428571
Average	**8.833.221.458**	**5.909091**	**34.28182**	**-2.35**	**-0.27297182**

From the table above it is evident that 1%GDP PPP growth, on average, entailed 0.2% poverty reduction in RA in 2004-2014 time spans. Minus sign means that the correlation between the variables is negative. In this particular case, as it is supposed intuitively the, it means that the higher growth the less poverty and vice versa. In absolute digits the poverty in Armenia reduced in 23.5% in the mentioned time period. However, the reduction was not evenly distributed. From 2004 to 2008 the average annual poverty reduction rate was 6.4%, while after the global financial crisis it 6.8% or in other words the Armenia recorded an enhancement of poverty rate in

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[114] The elasticity for each year was calculated by me, all the data but elasticity was taken by the official website of the World Bank, for further information http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular_indicators&populartype=series&ispopular=y#

0.4%. However, the crisis and the consequent GDP recession did not affect the GEP negatively. Notably, if before the crisis +1% of economic growth entailed about 0.1% poverty reduction on average, after 2009 14.1% GDP recession, +1% economic growth resulted in 0.2% poverty reduction on average. Hence, it is inferred that despite the average pace of poverty reduction shrunk, it became more sensitive to GDP growth on average. Now, I'll compare the poverty indicators with relative figures such as GDP per capita and GNI per capita. The relevant figures and the elasticity calculations are illustrated below.

Table 5: GEP Calculated Based on GDP per capita and GNI

Year	GDP per capita[115]	GNI per capita[116]	Per cent change of GNI per capita	ε (GDP per capita/ Δ poverty)	ε (GNI per capita/ Δ poverty)
2004	1182	1160	22.10526316	N/A	N/A
2005	1625	1520	31.03448276	-0.357534989	-0.011520572
2006	2126	1990	30.92105263	-0.321107784	-0.010384762
2007	3081	2710	36.18090452	-0.084594764	-0.002338105
2008	3920	3520	29.88929889	0.044066746	0.001474332
2009	2915	3250	-7.670454545	-0.253532338	0.033053105
2010	3124	3370	3.692307692	0.237105263	0.064216009
2011	3417	3420	1.483679525	-0.085296928	-0.05749013
2012	3565	3760	9.941520468	-0.600283784	-0.060381486
2013	3716	3930	4.521276596	-0.094437086	-0.020887261
2014	3873	4020	2.290076336	-0.473375796	-0.206707431
Average	2958.545455	2968.181818	14.94449164	-0.198899146	-0.02709663

From the table above it is clear that throughout 2004-2014 decade almost 15% economic growth on average generated 2.35% poverty reduction on average. More specifically, 1per cent economic growth generated 0.1per cent poverty reduction on average. The nexus is even weaker

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[115] The official website of the World Bank, World Bank Data, World Development Indicators, last access 14 April 2016, for further information http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular_i ndicators&populartype=series&ispopular=y#

[116]http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular _indicators&populartype=series&ispopular=y#

between poverty reduction and per cent-wise GNI per capita. The average elasticity is -0.02. And anew akin to analysis above in post-crisis period poverty became slightly more sensitive to GDP per capita and GNI per capita changes. From 2004-2009 the mean of GEP based on GDP per capita calculation is -0.179, while for 2009-2014 the same index is -0.211. Similarly, GEP based on GNI per capita is -0.005 for ex-crisis period and -0.04 for post-crisis period.

And lastly, I calculated how GDP per capita rate change affected spending of the richest and the poorest people. Unfortunately, data for 2014 are not available in the website of the World Bank.

Table 6: The Elasticity of the Incomes of the Highest and Lowest Deciles

Year	Ɛ Inc. lowest 10%/ GDP per capita change (in %)	Ɛ Inc. highest 10%/GDP per capita change (in%)
2004	-0.602380952	2.60952381
2005	3.298833727	2.383034041
2006	3.191386817	1.236637388
2007	3.518562605	2.001408086
2008	4.362055146	4.621375128
2009	1.694609123	2.020094654
2010	1.970543523	6.809212006
2011	1.41287121	1.93715846
2012	0.653502866	-0.015112847
2013	-0.282545607	2.325085708
Average	**2.552204852**	**2.357724985**

So, it's obvious that one per cent change of the GDP PPP affected the consumption of the poorest stratum of the society in 2.5% on average. Remarkably, the relationship is positive, i.e. GDP per capita growth positively influences the consumption of the poorest stratum of the society. However, the effect is a bit lower on the richest stratum. The average elasticity is about 1per cent which means that 2.3% GDP PPP change affects the consumption of the richest stratum in 2.3%. Before the crisis aging the poorest stratum was more sensitive with average elasticity 2.75%, while the same indicator of the richest 10% was 2.5%. Nevertheless, after the

crisis the mean consumption poorest strata became 2.5 times less sensitive to GDP growth with elasticity 1.08%. It is noteworthy that in 2009 when the crisis emerged the elasticity of the poorest decile decreased about 3-fold. The mean elasticity for the poorest stratum, 2.615 wasn't changed significantly in compression with ex-crisis time.

Correlation-regression analysis

Now, I'll show the strength between poverty rate and GDP growth and at the same time controlling the other predictor variables. Based upon the cases studies discussed in the "literature review" I assume that the following independent variables have the highest impact on the poverty rate change: GDP growth, rate change of the personal remittances, the concentration of the income (measured by Gini index), GNI per capita, interest payments of the state debt, inflation rate and unemployment rate. I have done my calculations based upon the changes of their rates. I have calculated Palma index by dividing the consumption of the richest 20 percentile over the poorest 40. I used not only Gini, but also Palma index to find out the strength between inequality and poverty. A number of case studies conducted by the prominent economist Palma prove that in most of the countries, the middle class consumes almost the half of the GDP, hence inequality is more expedient to calculate based upon the difference of the expenditures of the poor and the rich.[117] The relevant data is illustrated in the table below.

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[117] Cobham, Alex, Andy Sumner, Andrea Cornia, Stefan Dercon, Lars Engberg-pedersen, Martin Evans, Nick Lea et al. "Putting the Gini back in the bottle?'The Palma as a policy-relevant measure of inequality." (2013).

Table 7: Factors affecting the change of the poverty rate[118]

Year	GDP per (annual %)	Change[119] of the poverty rate, (% annual)	Personal remittances change (annual, %)	Gini index (Change annual, %)	GNI per capita change (annual, %)	Change of the inflation rate, (annual, %)	Palma index change (%, annual)	Unemployment rate change, total (annual, %)
2000	2.6					2.49		
2001	3.65	1.01	-0.67	-0.85	6.7	-2.08	-0.066	17.6
2002	3.62	-2.29	1.05	-0.59	4.0	3.66	-0.073	-8.1
2003	0.8	-2.45	0.46	-1.75	-0.2	2.23	-0.168	0.8
2004	-3.57	-3.28	6.17	4.48	-3.6	-6.31	0.402	4.99
2005	3.39	-3.31	6.52	-1.52	5.1	2.25	-0.151	-5.79
2006	-0.66	-1.09	-0.36	-3.5	-1	1.51	-0.29	0.8
2007	0.553	0.46	-0.45	-2.66	0.6	4.54	-0.181	-0.2
2008	-6.84	-2.4	-1.53	0.88	-7	-5.54	0.058	-12
2009	-21.04	0.7	0.32	-1.13	-23.1	4.7	-0.083	2.3
2010	16.	1.13	1.37	1.49	18.8	-0.5	0.103	0.29
2011	2.4	-0.34	-0.29	0.25	0.1	-5.0938	0.014	-0.6
2012	2.5	-0.45	0.298	-0.84	4.38	3.23	-0.04	-1.10
2013	-3.93	0.15	1.678	1.06	-3.55	-2.81	0.08	-1.0
2014	0.2		-1.8		-0.6	-2.98		0.8

Firstly, I will check the righteousness of the Kuznets hypothesis on Armenian example. I'll use Spearman correlation to find out the strength and the direction between poverty rate change and GDP growth. The explanation of choosing particularly Spearman correlation is illustrated in the appendix part.

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[118] All the data (except Palma index) was compiled from the official webpage of the World Bank, for further information http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular_indicators&populartype=series&ispopular=y#, last access 6 May 2016

[119] Poverty gap at $3.10 a day (2011 PPP) (%)

Table 8: Correlation between GDP growth rate change and poverty rate change

Correlations

			Change of Poverty gap at $3.10 a day (2011 PPP) (%)	GDP growth (annual %)
Spearman's rho	Change of Poverty gap at $3.10 a day (2011 PPP) (%)	Correlation Coefficient	1.000	-.621*
		Sig. (1-tailed)	.	.012
		N	13	13
	GDP growth (annual %)	Correlation Coefficient	-.621*	1.000
		Sig. (1-tailed)	.012	.
		N	13	15

From the table above it is evident that there is evident that r=-6.21, P<0.05, N=13 (see table 4), hence there is a strong negative and statistically significant correlation between poverty rate change and GDP growth. Now, I'll do multiple correlation analysis for two purposes: 1. to find out the association of poverty rate change with other independent variables 2. To find out the multi-collinearity among the independent variables and exclude the respective variables from the regression analysis. The multiple correlation analysis is illustrated in the table below.

Table 9: Multiple correlation analysis

Correlations

			GDP growth rate change (annual %)	Change of Poverty gap at $3.10 a day (2011 PPP) (%)	Palma index change (annual, %)	Personal remittances, received current USD (annual, %)	Change of GNI growth (annual %)	Change of GINI index (World Bank estimate)	Change of Unemployment, total (% of total labor force)	Change of Inflation, consumer prices (annual %)
Spearman's rho	GDP growth rate change (annual %)	Correlation Coefficient	1.000	-.621*	-.632*	.749**	.240	-.604*	-.119	.118
		Sig. (1-tailed)	.	.012	.010	.001	.205	.014	.343	.338
		N	15	13	13	15	14	13	14	15
	Change of Poverty gap at $3.10 a day (2011 PPP) (%)	Correlation Coefficient	-.621*	1.000	.110	-.588*	.258	.060	.338	.187
		Sig. (1-tailed)	.012	.	.360	.017	.197	.422	.129	.271
		N	13	13	13	13	13	13	13	13
	Palma index change (annual, %)	Correlation Coefficient	-.632*	.110	1.000	-.154	-.049	.984**	-.066	-.681**
		Sig. (1-tailed)	.010	.360	.	.308	.436	.000	.415	.005
		N	13	13	13	13	13	13	13	13
	Personal remittances, received current USD (annual, %)	Correlation Coefficient	.749**	-.588*	-.154	1.000	.160	-.077	-.172	-.093
		Sig. (1-tailed)	.001	.017	.308	.	.292	.401	.279	.371
		N	15	13	13	15	14	13	14	15
	Change of GNI growth (annual %)	Correlation Coefficient	.240	.258	-.049	.160	1.000	-.071	-.130	.257
		Sig. (1-tailed)	.205	.197	.436	.292	.	.408	.329	.187
		N	14	13	13	14	14	13	14	14
	Change of GINI index (World Bank estimate)	Correlation Coefficient	-.604*	.060	.984**	-.077	-.071	1.000	-.138	-.643**
		Sig. (1-tailed)	.014	.422	.000	.401	.408	.	.327	.009
		N	13	13	13	13	13	13	13	13
	Change of Unemployment, total (% of total labor force)	Correlation Coefficient	-.119	.338	-.066	-.172	-.130	-.138	1.000	-.119
		Sig. (1-tailed)	.343	.129	.415	.279	.329	.327	.	.343
		N	14	13	13	14	14	13	14	14
	Change of Inflation, consumer prices (annual %)	Correlation Coefficient	.118	.187	-.681**	-.093	.257	-.643**	-.119	1.000
		Sig. (1-tailed)	.338	.271	.005	.371	.187	.009	.343	.
		N	15	13	13	15	14	13	14	15

Poverty rate change has the strongest association with the GDP rate change (r=0.621, p=0.012, N=13). GNI rate change and would not be included in the regression model to avoid multi-

collinearity as it is strongly correlated with GDP growth on a statistically significant level (r=0.969, P<0.05 (in fact it is less than 0.01), N=14). As it was expected the rate changes Palma and Gini indices are perfectly correlated. From them I'll include only Palma index rate change in the regression model. The correlation between Gini (as well as Plama) index and GDP rate change is not only extremely low, but also statistically insignificant. Hence, it is impossible to make any inference regarding economic growth and equal distribution predicating upon that correlation coefficient. In my model I'll use GDP per capita change instead of growth rate change of GDP to adjust the impact of population change.

Table 10: Model summary

Model Summary

Mode l	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.884ª	.782	.626	.99639034

From the table above it is inferred that the choice of the independent variables is correct, as R^2 is quite high- 78%. It means that the independent variables in aggregate cause 78% of change of the values of the dependent variable. The R value is the correlation coefficient poverty rate change and all the other independent variables. And finally the impact of the error is less than 5%. The adjusted R^2 adjusts the bias of the R^2; however, this index replaces the R^2 only when the number of the cases (in our case years) is too big. N our case we investigate just 15-year time span, hence predicating upon R^2 is more than reasonable.

ANOVAᵇ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.925	5	4.985	5.021	.028ᵃ
	Residual	6.950	7	.993		
	Total	31.874	12			

From the table above it becomes clear that our model is significant with statistical significance lower than 0.05. Furthermore, it also becomes clear that the regression is of a much higher variance than the residual. If there is no relationship between the dependent variable which is poverty rate change in % and the independent variables the F would be close to 1. In this case we have significantly different from 1. R is the correlation coefficient between the dependent variable which is poverty rate change in our model and all the independent variables in aggregate. In our case the correlation is very strong (R=0.884).

Table 12: Regression coefficients

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.005	.388		-.012	.991
	Personal remittances, received current USD (annual, %)	-.025	.007	-.738	-3.735	.007
	Change of Unemployment, total (% of total labor force)	.103	.041	.443	2.490	.042
	Change of Inflation, consumer prices (annual %)	.032	.122	.078	.265	.799
	GDP per capita growth (annual %)	-.045	.041	-.228	-1.099	.308
	Palma index change (annual, %)	1.558	2.898	.165	.537	.608

And finally, with the help of the data in the 9th table it is possible to have the regression model and gauge the impact of the individual independent variables on the poverty rate change in %.

The value of the intercept is -0.005. The B column provides us information regarding us the coefficients of the independent variables. Hence, our regression model would be:

Poverty rate change = - 0.005 - 0.025 personal remittances + 0.103 unemployment rate change + 0.032 inflation rate change - 0.045 GDP per capita change +1.558 Palma index

The beta coefficients show the impact of each of the dependent variable, i.e. how the change of each dependent variable would affect poverty rate change. The t value enables to see how significant the contribution of each variable is. The contribution is significant when t is essentially different from zero, i.e. either higher or lower. As it is inferred from the Beta coefficients the poverty growth change is sensitive to the change of personal remittances (with high statistical significance), rate of unemployment (with high statistical significance) and GDP per capita change (in %). The impact of inflation rate change is neither high, nor statistically significant. However, the sample size is quite small (15 years, for some indicators 14 even); hence the model is to be double checked once data is available in the World Bank website for a longer time period. Moreover, the aforesaid independent variables (taken based upon the reviewed literature have overall 78% impact and further research should be done to find out which independent variables had 22% on the poverty rate change for 2000-2014 time period.

The Indicators of Armenia in Comparison with the Trend

Now, I'll try to show the Armenian pattern in comparison with the economies with similar size. In the analysis above, I chose 2009, the year of crisis as a breakthrough point. This seems provident while analyzing the behavior of concrete economic indicators of a concrete country in dynamics. However, while doing interstate analysis a need arises to introduce criteria in accordance to which comparable countries has to be chosen. The best indicator is the income status of the country which is determined by the World Bank in consideration of the Gross

National Income (GNI) per capita calculated applying Atlas method. According to Atlas method World Bank classifies country as low-income if its GNI per capita is less than $1045 per year. Similarly, in lower-middle-income country GNI per capita is from $1045 to $4125, in upper-middle-income countries it is from $4125 to $12736 and finally in high income countries it is more than $12736.[120] Accordingly, Armenia was classified as a low income country up to 2003 and starting from 2004 up today it is classified as a lower-middle-income country. Hence, I'll divide the analysis into two parts. Firstly, I'll try to illustrate the performance of Armenia from 1999 to 2003 in comparison with several other than low income countries, namely Azerbaijan, Georgia, Moldova, Kyrgyz Republic, Tajikistan and Uzbekistan. Notable, all the mentioned countries remained low income throughout the 1999-2003. All the observed countries (except Uzbekistan probably) have GDP and population commensurable with that of Armenia and all but Georgia are currently members of the Commonwealth of Independent State (CIS). As in the World Bank webpage the data for the mentioned countries is not comprehensively compiled for the studied time span I have no choice, but to calculate the average indicators. It is shown in the table below.

Table 14: Economic Indicators for 7 post-Soviet States for 1999-2003[121]

Country	Average GDP Growth per cent	Average change	Average GNI (Atlas method)	Average Gini index[122]	People earning less than $3.1 daily (average, per cent)	Average change
Armenia	9.19	1.34	746	34.3	14.83	-2.37
Azerbaijan	10.03	1.61	676	24.2	1.243	-3.66
Georgia	5.2	0.21	786	39.57	15.2	-1.515
Moldova	3.8	2.620	440	36.39	20.03	-6.78
Kyrgyz Republic	4.28	0.34	298	29.72	26.97	-2.175
Tajikistan	8.79	1.77	178	32.72	31.53	N/A
Uzbekistan	4.1	-0.04	542	34.155	46.196	-3.32
Average	**6.495**	**1.121**	**523.71**	**33.02**		**-3.303**
Median					**20.038**	

From the table above it is evident that from 1999-2003 in mean GNI per capita indicator Armenia fall behind Georgia only. Armenia is also doing well in terms of the relative number of poorest people (second to Azerbaijan in the sample). Only the income concentration is a bit higher in Armenia than the average in the sample. As very limited data available about the percentage of the people living below the national poverty in the countries of the sample, I based my calculations on the mean number of the earning less than 3.1$ per day. As for the share of the poor people in population I found median a better indicator since the significant difference between the indicators of Azerbaijan and Uzbekistan, for instance might distort the overall

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[121] The official Website of the World Bank, World Development Indicators, for further information http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular_indicators&populartype=series&ispopular=y#, last access 17 April 2016

[122] For international comparisons I chose Gini index instead of Palma, because the data on consumption of the decile groups necessary to calculate the index is not available in the official webpage of the World Bank in case of the most of the studied countries.

pattern. As it is obvious Armenia is below median, i.e. the share of poor people in overall population about 6per cent less than median. The average elasticity is -2.94%, meaning that 1% GDP growth entails 2.94%of poverty reduction in the sample countries on average. The same indicator calculated for Armenia is -0.25 which is low than the average of the sample in 11.76 times. It means that in our country, unlike the above mentioned countries with commensurable economy, the poverty reduction was not sensitive to GDP growth at all in 1999-2003 time period (albeit the regression analysis proves the contrary for longer time period).

Now, I'll try to show how well we are doing not starting from 2004 when Armenian shifted its status from low income country to lower-middle income country.

Table 15: Economic Indicators for 8 States with sizeable Economies for 2004-2014[123]

Country	Average GDP Growth per cent	Average change	Average GNI (Atlas method)	Average Gini index	People earning less than $3.1 daily (average, per cent)	Average change
Armenia	6.143	-0.796	2863	32.052	20.491	-1.88
Moldova	4.149	-1.01	1530	32.942	11.728	-3.15
Ukraine	3.011	-1.48	2675	26.693	1.107	-0.54
Georgia	6.15	0.04	2649	40.821	35.687	-0.9
Paraguay	3.889	-0.662	2426	51.129	14.031	-1.21
El Salvador	1.863	0.003	3330	45.079	16.775	-1.02
Honduras	4.281	-0.262	1785	56.06	34.35	-0.81
Bolivia	4.657	0.118	1621	51.98	22.27	-1.4
Average	**4.228**	**-0.547**	**2181.7**	**41.02**	**20.772**	**-1.54**

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[123] The official Website of the World Bank, World Development Indicators, for further information http://databank.worldbank.org/data/reports.aspx?Code=NY.GNP.PCAP.CD&id=af3ce82b&report_name=Popular_indicators&populartype=series&ispopular=y# last access 17 April 2016

In the table above it is obvious that Armenia demonstrated the highest economic growth in 2004-2014 among the sample of the countries with commensurate size. In comparison with 1999-2003 time period the income is less concentrated in Armenia with Gini index decreased in 2per cent. In regard with the Gini index, Armenia is in a good position vis-à-vis other countries in the sample and second to Ukraine. In terms of poor people (with less income than $3.1 per day) Armenia is very close to the median which was not the case in 1999-2003 time period. The average GEP elasticity is equal to -0.364 meaning that the impact of GDP rate change on poverty rate change is not very much strong. The identical indicator calculated for Armenia is equal to -0.306, which is almost equal to average elasticity of the sample and is a bit less than in 1999-2003 time period.

Overall, the economic indicators show that both before 2003 and afterwards Armenia was doing well vis-à-vis the countries having the same income status and with commensurate economies. Meanwhile, the poverty level in Armenia was less sensitive to economic growth 1999-2003 time span which was not the case with the sampled countries. In 2004-2014 time span it became even less sensitive, but in the second sample, however, it was the general trend.

CHAPTER EIGHT- LESSONS LEARNT

Lesson 1: The drafting process of the developmental programs of Armenia was highly participatory. The vast majority of my interviewees consider the drafting of the PRSP highly participatory. The CSO representatives participated in the drafting of ADP consider it also quite participatory.

Overall, it can be deduced that the voice of the civil society was heard in case of PRSP and ADP. The SDP-related issue can no way affect this conclusion as SDP is a slight revision of the first PRSP which was a product of the broad participation. That fact is also clearly articulated in the analyzed documents. Hence, if PRSP is a product of national ownership, consequently SDP also must be considered a product of the national ownership. Therefore, the f**irst hypothesis is accepted**.

Lesson 2: In terms of analyzed poverty-related indicators Armenia was doing better vis-à-vis the countries with commensurable economies. We were doing much better than average both when we were a low income country (prior 2003) and after status shift (from low-income to lower-middle income). There is no indicator in terms of which we were below average (or median when median was calculated instead of average) in both time periods.

Lesson 3: The GEP calculations calculated for 10-year period show that 1% GDP growth entails about 0.2% poverty reduction on average. The results are even lower is GNI and GDP per capita are taken as a base. However, on the other hand, the correlation coefficient shows that the correlation between GDP growth rate change and poverty rate change is quite strong (about -0.6) and statistically significant. Moreover, the regression analysis with R^2 = 78% shows that GDP

per capita growth rate is a convenient indicator to predict the change of poverty rate change in future. That is why I'll accept my **second hypothesis with reservation, i.e. partially**.

Lesson 4: The expenditures of the richest and poorest strata of the society are quite sensitive to the change of GDP per capita rate.[124] The GEP is quite high about 2.34 in case of the poorest stratum and 2.6 in case of the richest.

Lesson 5: The regression model shows that the higher inequality (higher Palma index) leads to higher poverty. Although the sample size is not very big (15 years), however it ones more shows that the Kuznets hypothesis, i.e. more inequality more growth should be reconsidered, because as it is shown above inequality leads to more poverty and, meanwhile poverty rate change and the rate change of GDP growth are negatively correlated.

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[124] I calculated based on per capita growth and not GDP growth to adjust the results for population change effect.

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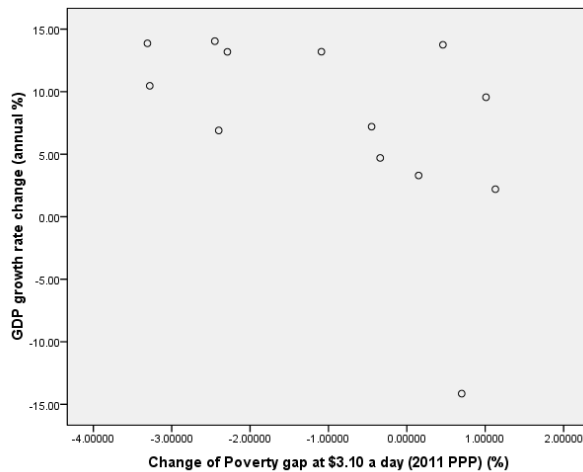
APPENDICES

Appendix 1

Before doing Pearson correlation, I have checked heteroscedasticity requirement with the help of the scatter plot. For doing a Pearson correlation the scatter plot should be akin to the one pictured below.
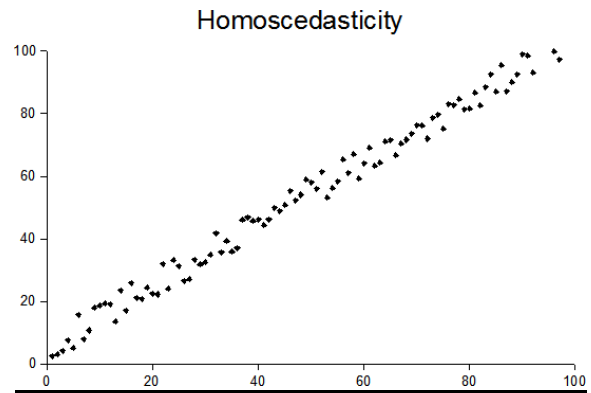
The plots, however, are not evenly distributed in case of our scatter plot (pictured below); hence I decided to do a Spearman correlation.

Appendix 2: Interview questionnaire for the donors

1.   Who participated in the drafting process of the developmental programs of Armenia?

2.   How was the composition of the participants changed over time (from 2003 hitherto)?

3.   Is it within your competence to decide which subjects (NGOs, political parties, etc...) are eligible in participating in developmental program drafting?

4.   Was there an instance when the participation of a certain subject was declined? If yes, please specify.

5.   Have you had any leverage to monitor the process of participation? If yes, please specify.

6.   Can I deduce that the broader participation leads to the better results? Did the slogan work for Armenia?

7.   If the answer of the previous question is no, what are the limits of the participation?

8.   How many times did the drafters submit the draft of the developmental program (Please comment about each developmental program)?

9.   In a nutshell, how would you comment on the process of participation in the drafting of the developmental programs in Armenia? Are there any flaws that your organization would like to be corrected in the future?

Appendix 3: Interview questionnaire for the representatives of the CSOs and the governmental agencies

1.   Who participated in the drafting process of the strategic developmental programs?

2.   How was the composition of the participants changed over time?

3.   Was there an instance when the participation of a certain subject was declined?

4.   In general which issues were prioritized by the governmental bodies?

5.   Which issues were prioritized by the civil society organizations?

6.   Do you remember strong discrepancies between the representatives of the government and civil society during strategic developmental programs drafting? If yes how they were solved? Was there a formal (an informal) decision-making mechanism?

7.   Approximately which portion of the final strategic developmental programs was drafted by the civil society? Please talk about each strategic developmental program one by one.

8.   How was the feedback of the donors after the submission of the strategic developmental programs? Please discuss the case of each strategic developmental program one by one.

9.   From the standpoint of effectiveness was it really helpful to involve civil society in drafting the developmental programs?

10.   Would it be possible to write equally good (or even better) developmental programs without the participation of the civil society?