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SOCIAL PROTECTION MODELS AND SOCIAL ASSISTANCE TO ELDERLY IN
ARMENIA

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LIST OF ABBREVIATIONS

AMD	Armenian dram
CIS	Commonwealth of Independent States
CEE	Central Eastern Europe
EE	Eastern Europe
FSU	Former Soviet Union
GDP	Gross Domestic Product
NGO	Non Governmental Organization
PRSP	Poverty Reduction Strategic Paper
OECD	Organization for Economic Co-operation and Development
RoA	Republic of Armenia
SIF	Social Insurance Fund
SP	Social Protection
SU	Soviet Union
CBA	Central Bank of RoA
US	United States
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WB	World Bank
WFP	World Food Program

ABSTRACT

This essay surveys different Social Protection Systems and principles of Social Assistance. It describes the definition and nature of Social Protection and Social Assistance in various countries and regions and brings similarities and differences. It also debates the importance of Social Assistance in poverty alleviation process and purposes idea about making the system more effective. This paper focuses to the discussion of services provided for elderly population.

The essay consists of Introduction and five chapters. The first two chapters analyze the hallmarks and reforms of diverse social models in different country/region context. For the relevance to the topic of consideration the special attention is given to the description of Social Model in transition countries. The third chapter is dedicated to the representation of Social Protection System in Armenia and the services provided to the elderly. In order to make the discussion more fruitful and reasonable and to present the diversity of the providers the public and NGO sectors are compared. The paper concludes with recommendations and an outline of a policy framework for reforms an implementation of social assistance policy concerning specifically to the elderly of Armenia.

Social Protection Systems and Social Assistance to Elderly in Armenia

Introduction

Each society has people who are vulnerable because of age, illness, disability, or suffer from the effects of natural disasters, economic crises or civil conflict. One of the expressions of humanity and values of human society is assistance to people in need. Being leaded by traditions, regulations, norms and laws people feed, teach, cure ailments, build special houses and develop services for orphans, children, disabled people and other vulnerable groups of society.

The necessity to expand public and private assistance to people in bad social and economic state became apparent in the 19th century. Currently social assistance in many countries has state and international bases. National and local governmental agencies, as well as many private agencies, took over much of the charitable activities. The main objective of the policies is the support of marginalized people if society in quest of to end their exclusion.

Targeted people who need social assistance is common for most of the countries, but social assistance policies all over the world are different. Relatively weak social assistance systems are being criticized either for quality or quantity of the provided services.

The processes of social economic marginalization and the need of social assistance provision are evident especially in transition period. Low levels of social capital in a society lead to dysfunctional policies, such as centralization of administrative power or an irresponsible political system (Fukuyama, 1995). After the collapse of Soviet regime situation in transition countries initiated a trend of involvement and growing role of private sector. In many countries, community-based and non-governmental organizations became important intermediates in supporting the most vulnerable in identifying their needs and priorities, designing programs of assistance, and implementing them (Nording, 2003). The aims of the

policies of private structures are similar and/or mutually supplementary to those of public sector. Governments have wider opportunities and resources for service delivery by special public institutions and their effectiveness and efficiency could be strengthened by cooperation with NGOs sometimes have better access, knowledge and experience in working with vulnerable groups.

This essay aims analyzing social assistance policies implemented by both public and private sectors on this paper. For clearer focus and more substantive analysis only social assistance provisions referring elderly population will be discussed. Specifically for that reason analyzing the policies of corresponding spheres of other advanced, developing and transition countries the possible implications for Armenia will be considered, including the similarities and differences of the fields. And at the end of the essay possible measures will be discussed that can be undertaken in order to provide to elderly people the best possible opportunities for independence, self-fulfillment and participation in the societal life; to prevent the social-psychological segregation of the elderly from the society; to ensure the increase of their role as a valuable source for transfer of experience, skills, aptitudes and traditions.

For the purpose of my essay the following research questions have been proposed to study the problem:

- Which are the basic models of Social Protection System?
- What are the existing social assistance policies in Armenia? How is the financing realized?
- How does the RoA public policy towards elderly function?
- What are the objectives of NGOs delivering services to the elderly and how do they differ of that in Public Sector?
- Which model of social assistance for elderly is mostly relevant for Armenia?

Methodology

The study draws from historical/comparative analysis and is based on the data from face-to-face qualitative interviews conducted at the Ministry of Labor and Social Issues of Armenia, at Mission Armenia NGO which provides community-based special assistance, and at social centers with beneficiaries in order to learn their primary needs and concerns and to find out the extent to which they are satisfied by the realization of the programs.

Literature Review

In order to make the discussion about Social Assistance and Social Protection Systems understandable and fruitful it will be more reasonable to review the most important definitions, ideas, viewpoints about the topic. So, what is Social Assistance?

Social assistance is customarily defined as a benefit in cash or in-kind, financed by the state (national or local) and usually provided on the basis of a means or income test. Social assistance can include universal benefit schemes—those financed by tax but without a means test such as family allowances. It may include a range of subsidies encompassing housing, energy, food, education and health. It can also apply to other forms of non-state assistance, such as services and relief provided by charities, religious Institutions and NGOs.

Social assistance schemes are momentous in many ways. They bear an ideological importance from the point of social rights. From a historical point of view, social assistance schemes have a long tradition, as they were the first form of collective support. For the most important thing, last resort social assistance schemes are the key tool against severe income poverty. When other financial resources are lacking, social assistance steps and forms an ultimate safety net for people in vulnerable situations. From the point of view of the very basic aims of social policy, namely poverty alleviation, the comparative understanding of social assistance schemes is of utmost important.

There is a good definition and explanation of social assistance and social protection systems in Kathy Lindert's (2002) paper that provides worth cross/country analyses. According to her social assistance, also referred to as the "social safety net", refers to those benefits designed to serve as a last resort against poverty. *Social assistance* is one component of *social protection*, which describes the overall system of benefits (transfers and services) that governments make available to citizens. The other components of *social protection* are *social insurance*, which provides benefits to citizens who have contributed into a benefit scheme that provides subsequent benefits (in cases such as disability or retirement), and *labor market interventions*, which cover a range of government services and regulatory structures. Within social assistance, she describes three generally recognized types of benefits:

- *General benefits*, which can go to any persons beneath a given income level.
- *Categorical benefits*, which go to specific groups beneath an income level.
- *"In-kind" or "conditional" benefits*, which provide access to non-cash resources.

She also gives a very-well developed overview of recognized ways of Social Protection Systems in which governments deliver benefits to individuals or households:

- *"Universal" benefits*, which go to all citizens in a certain social category, and are not related to income or employment status.
- *"Social insurance", or "selective" benefits*, are provided to persons affected by a particular social event (unemployment, disability).
- *"Means-tested", or "residual" benefits*, for which eligibility corresponds to a test of resources of the persons receiving the benefit. Means-testing for these benefits may invoke a poverty line or a specific group.

Susan Kuivalainen (2004) aims to assess the present social assistance schemes in Europe with the model of production of welfare and the concept of social right. Last resort social assistance schemes bear an ideological importance from the point of social rights. She argues that

societies should be judged on the basis of how they treat the worst off. Support for the poor represents the core of the welfare state. If nothing else, governments should commit themselves to care for their most vulnerable members and relieve distress among them; that is to say that each civilized society should have at least a minimal welfare state.

Kuivalainen compares six different countries: Finland, Sweden, Germany, the Netherlands, Ireland and the UK. Her findings show that the countries vary to a large extent in their effectiveness of reducing poverty. Further, they indicated that there is some relationship between inputs, outputs and outcomes. Countries with more extensive social security scheme have social assistance schemes that cover less. The results indicated also that the countries with less extensive social assistance schemes provide more generous levels of support, while also simultaneously the more generous schemes have smaller prevalence of poverty.

The design, implementation, and outcome of safety net and other social protection programs are influenced by Political economy, but there is no general consensus among policymakers about how to account for political economy concerns in policy decisions. Carol Graham tries to provide a conceptual framework for doing so, with a focus on the establishment of permanent systems of social assistance and social insurance. This framework attempts to incorporate political attitudes about redistribution and equality of opportunity versus equality of outcomes, attitudes that vary a great deal among countries and regions. It posits that such attitudes are not the only key to the choice of programs, but that they are likely to influence the design and future direction of policies.

These attitudes will have particular relevance and importance for allocation issues with focus on whether or not programs should be targeted or universal. In addition, institutional context may dictate other choices (or intersections) between centrally financed and implemented programs and more decentralized, demand-based ones.

Taking public attitudes into account has direct implications for reform implementation.

In some contexts, clearly defined, bold, and rapid reform efforts are the most effective approach. In others cases reform by “stealth,” which then gains public approval via the record of new policies and their demonstration effect, may be the only politically feasible strategy.

The literature on social protection systems agrees that the core objectives of these systems are to prevent poverty among the elderly and other vulnerable groups and smooth consumption profiles over a person’s lifetime. In addition, several authors have focused their analysis on other objectives or secondary aspects that need to be addressed when designing social protection systems, such as their effects on national savings, the accumulation of capital, the labor market, or the fiscal situation. The relative importance of each of these elements (including the role of the State in the design, implementation, and management of the systems) varies in accordance with the philosophical and political position of the various authors. Some authors believe that the principal objective should be the alleviation of poverty in extreme cases. Others propose a broader approach, giving the social security system a central role in a society’s income redistribution policy. A third group believes that the central objective is to ensure a substitution of equitable income, while still others focus on the need to promote economic development at a macro level, eliminating factors that could produce distortions in the various markets.

According to Rofman (2005), the core objective of a social security system is to provide economic security for the elderly population and he develops the idea that this vision is the synthesis of two initially distinct criteria, seeking to replace earned income or to reduce poverty, respectively. Given these objectives, the “pure” systems could be classified as contributive and non-contributive. Contributive schemes seek to create a mechanism that replaces the earned income of those who leave the market for reasons of age, financed by the participants. Some of these schemes use mandatory savings mechanisms, while others use intergenerational transfers, yet they always restrict coverage to the population participating in

the labor market. An alternative approach is that of non-contributive systems. In contrast to the contributive scheme, the idea behind the non-contributive model is that financing should come from general taxation, and not linked to the labor market. While discussing the advantages and disadvantages of these two approaches Rofman furthers the idea of multi-pillar models. Even though systems with multiple components have existed in many countries for decades, only recently, in the nineteen nineties, did the literature on social security start to pay attention to the concept of multi-pillar models¹, explicitly recognizing that the provision of economic security for the elderly in modern societies (whether developed or developing) is too complex to be addressed with simple tools. Rather, it is necessary to integrate various elements through multi-pillar systems aimed at meeting the needs of the different sectors of the population. Specifically, from that perspective Rofman compares the development and reforms of Social Protection Systems in Latin America.

Neubourg et al (2005) in their discussion paper about the social protection (SP) systems and social assistance (SA) in European and other advanced economies further the idea that these countries have very sophisticated, yet viable SP policy options that have been able to alleviate poverty and promote social equity and that SP programs might not explain why some SP systems perform better than others. While analyzing the differences in the construction of the Welfare States in the various countries, the diversity in the performance of the social assistance systems in terms of coverage and participation, effectiveness towards reducing poverty and inequality, efficiency in delivering the benefits, and implementation issues they draw the following conclusions according which: European countries spend relatively big shares of their GDP on social protection and this leads to less poverty and reduces inequality;

¹ The first explicit references to such a model were seen in a World Bank publication, "Averting the Old Age Crisis" (World Bank, 1994), which proposed the development of multi-pillar approaches. The concept and discussion have developed intensely over the past decade, and currently, few authors doubt the need to integrate different components in an effective social security system, although consensus is not always reached on the relative weight of these components.

social protection systems in Europe are effective and efficient despite the fact that there are still many objectives to be achieved; social assistance systems in Europe differ in many respects: in solidarity basis, in generosity and in selectivity and targeting; European social assistance systems can be grouped in three main groups: supportive systems (in Belgium, France, Germany, the Netherlands and Sweden), selective systems (in Italy, Portugal and Spain) and inclusive systems (UK). The other important idea that they develop is that copying the European type of social assistance to other countries will not lead to a successful and pronounced decline in poverty and inequality. European social assistance systems are part of a larger social protection construct. Copying one element out of that construct will not yield European like poverty- and inequality levels. It makes sense to try to copy the design and architecture of European social protection system. Improvements should be considered and the systems should be locally adjusted. The idea is that social protection policy is a matter of design and transparent implementation.

Rights to elements of social protection are contained in the Universal Declaration of Human Rights. In order to make these rights meaningful at the national level, governments and the international community need to meet the following challenges: notions of social protection need to be converted into entitlements and standards which embody a sufficient level of consensus about the state's role, and the levels of risk and deprivation that are unacceptable within a given society, to ensure policy which is deliverable, effective and sustainable. Exactly from this point of view Norton et al (2001) in their paper review contemporary conceptual developments regarding the meaning and importance of social protection, and identifies ways in which international agencies could contribute to improving the coverage and effectiveness of social protection as an integral component of poverty reduction strategies. Worthy to mention here the developed rationale framework for social protection policy, according which, social protection is argued to be necessary in order to:

- develop social support for reform program
- promote social justice and equity – and make growth more efficient and equitable
- provide policy-led support to those outside the labour market with insufficient assets to achieve a secure livelihood
- provide protection for all citizens against risk (including financial crises)
- ensure basic acceptable livelihood standards for all
- facilitate investment in human capital for poor households and communities
- promote social cohesion and social solidarity (social stability)
- ensure continuity of access for all to the basic services necessary for developing human capital and meeting basic needs.

In this respect the international community should continue to meet the challenges posed by growing levels of insecurity and inequality in the following ways:

- Combat growing global inequality
- Continue to mobilize global civil and political pressure for sustainable poverty reduction,
- Continue to develop a global consensus on the needs, instruments and standards of social protection policy;
- Analyze the risks associated with globalization processes and take action to reduce the harmful effects of globalization and prevent further shocks and deterioration;
- Seek to strengthen mechanisms of global social governance within the United Nations system.

Another study developed by Urban Institute concerning Social Security reforms in European countries concluded that “even though the goals of reforms may seem global, the road taken is a local one” (Urban Institute, 2002).

Literature reviewed as well as recent developments in the world concerning social assistance and protection comes to prove that this issue is very essential both for our society and for our reality. For the purpose of this paper the next chapter will review the formation and further development path of social assistance, and then some significant models will be introduced in order to show the diversity of the sphere. At the end the Armenian social protection system and NGO practice in the field will be discussed and based on the conducted interviews and research done the best possible recommendations for Armenia will be drawn.

Chapter 1

Historical Development and Basic Social Security Models

“Those societies can build efficient social organization, which have wide and efficient trust networks, sustain and integrate scientific development, and manage their internal and external dissidents.”

Fukuyama

“The vitality of our societies increasingly depends on ensuring that people of all ages, including older people, remain fully integrated into society. For older workers social inclusion means, first, a decent income from work or retirement and, second, the possibility of participating in the life of a community through employment, volunteer work or other activity.”

Juan Somavia, Director-General

International Labour Organization

Creation of Social Security System and its Further Development in the United States

All peoples throughout all of human history have faced the uncertainties brought on by unemployment, illness, disability, death and old age. In the realm of economics, these inevitable facets of life are said to be threats to one's economic security. For the ancient Greeks economic security was symbolized in olive oil. To provide for themselves in times of need the Greeks stockpiled olive oil and this was their form of economic security (De Witt, 2003).

In medieval Europe, the feudal system was the basis of economic security, with the feudal lord responsible for the economic survival of the slaves working on the estate. The feudal lord had economic security as long as there was a steady supply of serfs to work the estate, and the serfs had economic security only so long as they were fit enough to provide

their labor. During the Middle Ages the idea of charity as a formal economic arrangement also appeared for the first time.

Family members and relatives have always felt some degree of responsibility to one another, and to the extent that the family had resources to draw upon, this was often a source of economic security, especially for the aged or infirm. And land itself was an important form of economic security for those who owned it or who lived on farms (De Witt, 2003).

These then are the traditional sources of economic security: assets; labor; family; and charity.

As societies grew in economic and social complexity, Europe witnessed the development of formal organizations of various types that sought to protect the economic security of their members. Probably the earliest of these organizations were guilds formed during the Middle Ages by merchants or craftsmen. These guilds regulated production and employment and they also provided a range of benefits to their members including financial help in times of poverty or illness and contributions to help defray the expenses when a member died. Out of the tradition of the guilds emerged the friendly societies, which began the practice of providing actuarially-based life insurance to their members. By the beginning of the 19th century one of out every nine Englishmen had belonged to these organizations (Katz, 1986).

As the state began to assume responsibility for economic security, the English began the development of a series of "Poor Laws" adopted to provide help to the poor and needed. The English Poor Law of 1601 was the first systematic codification of English ideas about the responsibility of the state to provide for the welfare of its citizens. It provided for taxation to fund relief activities; it distinguished between the "deserving" and the "undeserving" poor; relief was local and community controlled; and almshouses were eventually established to house those on relief.

There were a series of changes and "reforms" of the "Poor Laws" over the years, but this essential structure was the tradition the pilgrims brought with them when they journeyed to the New World. As colonial America grew more complex, diverse and mobile "Poor Laws" developed in different directions and gained different shapes. Prevailing American attitudes toward poverty relief were always skeptical and the role of government was kept to the minimum (Patterson, 1986).

The first modern government-supported social welfare program for broad groups of people, not just the poor, was undertaken by the German government in 1883. It provided health insurance for workers as well as compulsory accident insurance and retirement pensions. In the next 50 years, spurred by socialist theory and the increasing power of organized labor, state-supported social welfare programs grew rapidly, so that by the 1930s most of the world's industrial nations had some type of social welfare program.

Although the need for economic security affects all ages and classes of society, one particularly acute aspect of this need is the problem of old age and the possibility of retirement after a long life of labor. One of the first people to propose a scheme for retirement security was Revolutionary War figure Thomas Paine. He strived for establishment public system of economic security for the new nation (Patterson, 1986).

Hereafter, most of the coming discussion will focus on the US, since they were pioneers in many ways.

Following the outbreak of the Great Depression, poverty among the elderly in the US grew dramatically. The best estimates are that in 1934 over half of the elderly in America lacked sufficient income to be self-supporting. Despite this, state welfare pensions for the elderly were practically non-existent before 1930. Only in 1935 the Social Security Act provided for federally funded financial assistance to the elderly, the blind and dependent children in the United States.

In addition to several provisions for general welfare, the new Act created a social insurance program designed to pay retired workers age 65 or older a continuing income after retirement². Payments to current retirees were (and continue to be) financed by a payroll tax on current workers' wages, half directly as a payroll tax, and half paid by the employer. As it was cited in President Roosevelt's Statement at Bill Signing Ceremony “the Social Security Act did not quite achieve all the aspirations its supporters had hoped by way of providing a comprehensive package of protection against the hazards and vicissitudes of life but it did provide a wide range of programs to meet the nation's needs” (De Witt, 2003).

The two major provisions relating to the elderly were Title I- Grants to States for Old-Age Assistance, which supported state welfare programs for the aged, and Title II-Federal Old-Age Benefits.

It established a permanent national old-age pension system through employer and employee contributions; later it was extended to include dependents, the disabled, and other groups. The 1939 Amendments made a fundamental change in the Social Security program. The Amendments added two new categories of benefits: payments to the spouse and minor children of a retired worker (so-called dependents benefits) and survivors' benefits paid to the family in the event of the premature death of a covered worker. This change transformed Social Security from a retirement program for workers into a family-based economic security program.

Although social insurance began in Germany in the 19th century, as it was mentioned above, in the years following World War II the United States was the leading model for nations around the world who were interested in designing Social Security systems.

² The law was drafted by President Franklin Delano Roosevelt's committee on economic security under Edwin E. Witte and passed by Congress in 1935 as part of the New Deal.

During the decades the Social Security system in America was amended several times. In 1965, *Medicare*³ and *Medicaid*⁴ were passed to provide health care for older persons and the poor.

From its modest beginnings, Social Security has grown to become an essential facet of modern life. Nowadays, one in seven Americans receives a Social Security benefit, and more than 90 percent of all workers are in jobs covered by Social Security. From 1940, when slightly more than 222,000 people received monthly Social Security benefits, until today, when over 44 million people receive such benefits, Social Security has grown steadily (Patterson, 1986). Although since its existence Social Security system in America has been amended and changed over times but still currently it remains under the attention of present authorities who look forward for future reforms and improvements.

To sum up it can be observed that many features that had characterized public assistance in the US from earliest colonial days lost force after the 1930s but still some traditions have survived. Although family responsibility still operated as a moral norm, it no longer enjoyed legal force for most of the cases; the federal government came to be a major source of funding for public assistance and social insurance. Public assistance today, then, is a patchwork system, in which past traditions and present circumstances each plays a part (Coll, 1986).

The US social model currently is characterized by a single architecture (one uniform social security system), by levels of social redistribution that are much more homogeneous across states, and by a significant pooling of resources for social redistribution at the federal level.

³ The *Medicare* program covers most of those who are aged 65 or older with a hospital insurance plan and a supplementary medical insurance plan. The hospital plan is financed through Social Security payroll taxes. It helps pay the cost of inpatient hospital care, skilled nursing home care, and certain home health services (Encyclopedia Britannica Online, 1999).

⁴ Medicaid is a health insurance program established for low-income persons under age 65 and persons over that age that have exhausted their Medicare benefits. The program is jointly funded by the federal government and the states (Encyclopedia Britannica Online, 1999).

Social Protections Systems in Other Developed Countries: the European Social Model

Publics differ widely across countries in their views about the government's role in the provision of public services and about the extent to which there is a collective responsibility for individuals who are unable to provide for themselves. There are also persistent differences in attitudes about how opportunities are distributed, and the government's role in equalizing both opportunities and outcomes. These differences in attitudes, meanwhile, often develop into persistent patterns of social, political and economic behavior, and are of particular importance to the degree of social support that can be generated for redistribution or other forms of public assistance (Graham, 2002).

Differences in public attitudes among advanced industrial economies are reflected in the structure of their social welfare systems. Americans, Japanese, and Australians, for example, spend much lower proportions of their gross national product on social welfare than do their European counterparts in the OECD. Expenditure patterns in Japan (and other Asian countries) reflect a stronger reliance on the family as a safety net. The lower levels of welfare expenditure in the United States reflect Americans' long held attitudes about individual responsibility and opportunities for upward mobility which contrast with Europeans' beliefs about society's collective responsibility for those individuals that fall behind.

During the decades of human development social assistance embodied different structures, models and types and each region or country adopts its unique prototype or even mixed forms. In order to make the picture more vivid for further discussion I will refer to different regions/countries' examples and try to generalize certain models of social assistance (Graham, 2002).

This paper focuses on social assistance, but cannot do so without considerable mention of social insurance, as these two types of benefits work in tandem to define a social protection policy system. For instance, it is difficult to simply compare Australia's extensive social

assistance structure with that of Germany; Australia offers virtually no social insurance, whereas German's social protection system relies heavily on it. For logistical reasons, it is also difficult to make comparisons of just social assistance, since key data for many countries – on administrative costs, for example – is often available for social protection as a whole.

Countries in different stages of development are searching for the right mix of social policies to accelerate effective poverty reduction and to better off the level of living standards of their societies. Many governments now are reengineering their systems to ensure their contributions to the societies. Each country has adopted particular programs to meet the local conditions and needs of the most vulnerable (Howell, 2001).

The development of civil forms of social protection contributed dramatically to the development of the fabric of civil society in many developed countries. In the UK, for example, the so called 'friendly' or 'beneficial' societies of the late eighteenth and early nineteenth centuries, pointed out above, laid the foundations of a striking number of the significant civil society institutions of modern Britain, and contributed to the development of civil society pressure for public provision in many spheres, particularly in health (Norton, 2001).

To the extent that many developed countries all over the world have different and rather sophisticated Social protection systems, nevertheless, their contexts might not explain why some Social Protection programs work better than others. The most important is the achievement of targeted objectives, which will alleviate poverty and promote social equity as well as the presence of well-developed enforcement tools.

Social Protection (SP) systems in advanced market economies consist of many different components. While the specific architecture of the SP systems differ from country to country (and sometimes from region/state to region/state), the specific social programs that form the SP

system can be subdivided in contributory and non-contributory benefits⁵. They include social assistance programs like family allowance and transfers and are not necessarily limited to tax/premium -payers, but may be means-tested and targeted to the poor and elderly. (Chris de Neubourg et al, 2005).

According to Neubourg et al, Continental Europe allocates more funds to social protection than the United States. The highest social spending levels are found in Central and North European countries. Sweden is heading the list with social expenditure of 31% of GDP, and most of the other Western European countries spend between 20 to 30 % of their GDP on social protection. Nevertheless, the emphasis on different types of benefits varies greatly between the different countries (Neubourg et al, 2005).

It is also true that the European social protection system is far from being perfect and that there is ample room for improvements. In view of persisting wide diversity of institutions and policies in Europe, it is difficult to talk to a single “*European social model*” unless only general comparisons are made with the rest of the world. The European social model cannot be applied in the same way to all European regions and states. “Any definition of the European social model must be grounded in diversity and take account of the various traditions across Europe.” This social model is described as “a set of common principles and values such as equal access to employment, health and social protection, gender equality and universal access to education” (Palier, 2004).

All Western European countries adopted this framework by introducing policy compromises, approaches, and institutions for social protection tailored to their own needs and contexts. Consequently, the European social model can be subdivided into four types or regimes: *British, Nordic, Continental, and Mediterranean* and characterized by three main

⁵ *Contributory* transfer systems, which include among others pension and unemployment insurance, limit benefit disbursement to the contributors to particular schemes. *Non-contributory* programs instead are financed out of general public revenue.

approaches to social protection; *liberal, social democratic, and conservative-corporatist* (Palier, 2004).

The fundamental idea in the *liberal approach* to social protection is to give greater importance to the market than to the state in mechanisms for allocating resources. While it is the United States that is cited most frequently as the classic example of the liberal system of social protection, Europe has two countries that come close: the United Kingdom and Ireland. The core concept in *social democracy* is equality, and homogeneity of social groups within a vast “middle class.” The approach is based on the principle of the universality of social security coverage, formulated as a right of citizenship. The Nordic⁶ countries seem to have taken this universal logic the furthest.

The *conservative-corporatist* approach to social protection is based on a compartmentalized or sectoral vision of society. It seeks much less to reduce inequalities than to preserve social stratification and status. It uses the mechanism of income maintenance guaranteed by social insurance. The first group following this approach is the countries in mid-continental Europe ⁷and the second group is of, those of Southern Europe⁸. It is noteworthy to mention that the second group is characterized by the lack of an explicit and coherent family policy and by a high degree of fragmentation of social policy. This model, also known as a Mediterranean model, is characterized by much stronger and more extended family ties. The obligations of this extended family system are even recognized at the institutional level, by social and fiscal policies, and by family law (Zanatta, 2003).

<i>TYPE OF WELFARE REGIME</i>	<i>LIBERAL</i>	<i>CONSERVATIVE/CORPORATIST</i>	<i>SOCIAL DEMOCRATIC</i>
<i>VALUES</i>	<i>Work ethic stigma</i>	<i>Rights according to class and status</i>	<i>Equality, universalism of</i>

⁶ Denmark, Sweden, Finland, Norway, and Iceland

⁷ Germany, France, Austria and the Benelux countries

⁸ Spain, Greece, Italy, and Portugal

			<i>high standards</i>
<i>INSTRUMENTS</i>	<i>Means tested assistance</i>	<i>Private insurance backed by state</i>	<i>State-first line of support; high level of benefits</i>
<i>AIMS</i>	<i>Strengthen market</i>	<i>Strengthen civil society, limit market</i>	<i>Fusion welfare and work, full employment</i>
<i>DECOMMODIFICATION</i>	<i>Low</i>	<i>Medium</i>	<i>High</i>
<i>CLASS IMPLICATIONS</i>	<i>Middle class suspicious of state</i>	<i>Class maintained but stabilised</i>	<i>Middle class wooed from market to state</i>
<i>COUNTRY EXAMPLE</i>	<i>Australia, UK, Ireland</i>	<i>Austria, France, Germany, Italy</i>	<i>Scandinavia</i>
Source: Canadian Policy Research Network. 2004			

Despite the striking differences mentioned above Social protection in European countries today is fairly generous, expenditure on social protection representing on average 27.7% GDP. However, all European countries today are facing common challenges such as ageing of the population, increase in inequalities and exclusion, a changing labor market, the problem of financing social protection because of rising expenditure. Thus all countries have to adapt their social protection systems to the changes in the socio-economic environment of the early 21st century. Their reforms are all aimed at more or less the same objectives, i.e. a rationalization of systems, often by controlling expenditure and a change in the method of financing with an increasing place given to public contributions. Each country, nevertheless, is trying to adapt its own reforms to its political, economic, and social traditions.

It is, however, remarkable how stable the welfare states have been and are in Europe. The welfare state is one of the fruits of growth: when countries get richer they choose to spend more on it through more generous benefits and higher-quality health and education systems. It is also one of the causes of growth: it assists the development of human capital; it fosters redeployment of labor; and, perhaps more arguably, it can contribute to capital formation (Barr, 1999).

European Welfare States as they are called usually have been reformed mostly through parametric changes; almost no systemic changes can be pointed out (de Neubourg and Castonguay, 2005). In general social assistance systems in Europe differ in many other respects: in solidarity basis, in generosity and in selectivity and targeting; but all in all they are effective and efficient.

With regard to traditional social policy or the “welfare state in a narrow sense,” Japan is not as different from Western models as is usually assumed. Nevertheless, there are some major distinctions that make it worthwhile to point it out here as a separate model. Looking at social policy more broadly, it appears that Japan has pursued welfare objectives, particularly a high level of equality of living standards across the population, more through the tax system and a set of employment-support policies (trade protection, competition-inhibiting regulations, price subsidies, building public works) than through traditional welfare-state programs. That pattern helps account for Japan’s record of low public spending on social policy, but may still represent a rather high level of costs imposed by government on society (Campbell, 2000). The fact that spending levels as a proportion of GDP are still relatively low in Japan is certainly not trivial, but still Japan is not too far from normal European (though not Scandinavian) levels.

This pattern again comes to prove that social safety nets dependent from region, nation, culture, geography, model, structure or whatever the reason, vary considerably and shape diversity in their essence and implementation.

The processes of social economic marginalization and the need for social assistance provision are evident especially in the transition period. According to Fukuyama (1995), social capital is a social norm that allows co-operation between two or more individuals and can lead to group cohesiveness. Low levels of social capital in a society lead to political dysfunction, such as centralization of administrative power or an irresponsible political system. The highly centralized systems of policymaking, administration and resource management of social

assistance during the socialist regime made services unresponsive and weak. Despite the main features, Social protection Systems and social assistance necessities differ even between the countries in development and transition periods and strategic outcomes undertaken by them are country specific. This leaves us with more room for further discussion of Social Protection systems and reforms in those countries. The next aspect to which I would like to refer is the social nets of societies in transition.

The second chapter will deal with the main characteristics and hallmarks of Social Safety nets or Social Protection of developing and transition countries.

Chapter 2

Social Protection in Transition and Developing Countries:

Social Protection Systems in Latin America

The countries of *Latin America* have wide differences in terms of socioeconomic development, but they generally share few hallmarks that have resulted fundamentally from a narrow and exclusive economic growth pattern. The countries in general have growing informal markets,⁹ persistent poverty¹⁰, very unequal income distribution¹¹, and very unequal access to physical, human and financial capital. Besides the natural disasters many countries have witnessed economic and monetary shocks which resulted with the creation of new groups of vulnerable and poor people.

Most social security systems in Latin America were originally organized during the first half of the twentieth century and tend to be *fragmented*, since originally, they responded to independent trade-union pressure groups or groups with influence in the government, who pushed through legislation to create their own protection schemes. For example, in the late 1960's, Chile had 35 social security institutions and 150 different schemes, while in Argentina, even after the unification of the system that occurred in recent decades, there are still at least six independent systems on a national level, 32 systems for civil servants of the provinces and municipalities, and several dozen social security funds for specific occupations on the provincial level (Rofman, 2005).

In other cases, where social security systems were created later, it is more usual to find *centralized* institutions and more *uniform coverage* over the various sectors of the labor market. Reforms implemented during the nineteen nineties were in large measure aimed at improving the mid-term financial sustainability of these systems.

⁹ 57% of workers in average in 1996

¹⁰ 37% of population in the region

¹¹ On average the highest for any region in the world

In this context, governments and analysts are increasingly expressing concern over the systems' insufficient coverage and an apparent skewing of the system, which tends to exclude the most vulnerable sectors. Financially sustainable mechanisms are being sought in order to advance along these lines, designing *quasi-contributive* schemes.

In general the countries of Latin America face common challenges while reforming their Social Protection Systems and normally established a full range of programs to handle them. Reforms in *Labor market* reduced taxation on labor use, promoted flexibility, improved severance pay systems, etc. The main priority remains the creation of insurance mechanism of informal sector workers.

Fiscal unsustainability and weak benefit-contribution linkages in *public pension* schemes have contributed to widespread experimentation of *multipillar* model reform. The World Bank has made 27 loans to different countries¹² in order to promote extensive efforts in the field.

Governments have employed all forms of *Safety Nets*, especially social assistance (mainly in-kind transfers) and public works, with different degrees of success regarding both coverage and targeting of poor. The region was the first to implement Social Investment Fund (SFI)¹³ model, as a response to the period of structural adjustment and then as an efficient means to finance social and economic infrastructure. This model now exists in many Latin American countries. The success of the funds in Latin America generated interest in Central and Eastern Europe and Central Asia. The Albania Development Fund, introduced in 1993, was the region's first social fund. Today six more transition economies have social funds (World Bank, 2002).

¹² Argentina, Bolivia, Brazil, Columbia, Costa Rica, El Salvador, Honduras, Mexico, Panama, Peru and Uruguay.(World Bank, 2002).

¹³ Social investment funds are quasi-financial intermediaries that channel grants to private and public organizations and community groups to undertake small investments based on priority demands of targeted communities. They were conceived as short-term mechanisms to restore social and economic infrastructure and create temporary labor demand.

Chile has perhaps gone the furthest of any country in the region in reforming its social sector institutions. As a result of its high degree of pre-existing administrative capacity in the social sectors, coupled with the targeting efforts, Chile's record in protecting the welfare of the poorest of the poor during the extensive economic crisis of the early 1980s, both through public works employment programs and through targeted mother and child nutrition programs, has received a great deal of positive attention, and attempts have been made in a number of countries to copy different elements of its social sector reforms. Despite this record, over time Chile has had to adapt its social welfare policies to changing realities as its economy has developed extensively and per capita income has increased, as well as to changing political circumstances and attitudes (Graham, 2002).

Uruguay and Costa Rica are two other countries noted for their social welfare structures. While Uruguay has not gone as far as Chile in terms of targeting expenditures and introducing private sector involvement and choice into the delivery of services, it has introduced individual accounts in its social security system, as well as a major education reform with some elements of decentralized management. Costa Rica, meanwhile, continues to maintain a more universally based system, but in recent years has been confronted with issues of declining quality of services due to the inability to keep up with the scale and scope of demand for services. Argentina also has had a very well developed social insurance system for decades, but it is heavily tilted toward the middle strata rather than the poor (Graham, 2002).

Social Spending in Latin America

<i>Country</i>	<i>Social Spending/GDP</i>		<i>Social Spending/total public expenditure</i>	
	<i>1990-91</i>	<i>1996-97</i>	<i>1990-91</i>	<i>1996-97</i>
<i>Argentina</i>	<i>17.7</i>	<i>17.9</i>	<i>62.2</i>	<i>65.1</i>
<i>Bolivia</i>	<i>6.0</i>	<i>12.0</i>	<i>25.8</i>	<i>44.2</i>
<i>Brazil</i>	<i>19.0</i>	<i>19.8</i>	<i>59.5</i>	<i>59.1</i>
<i>Chile</i>	<i>13.0</i>	<i>14.1</i>	<i>60.8</i>	<i>65.9</i>
<i>Colombia</i>	<i>8.1</i>	<i>14.3</i>	<i>29.7</i>	<i>26.5</i>
<i>Costa Rica</i>	<i>18.2</i>	<i>20.8</i>	<i>64.4</i>	<i>42.1</i>
<i>El Salvador</i>	<i>5.4</i>	<i>7.7</i>	<i>21.9</i>	<i>31.9</i>
<i>Guatemala</i>	<i>3.3</i>	<i>4.2</i>	<i>29.8</i>	<i>52.9</i>

<i>Honduras</i>	<i>7.8</i>	<i>7.2</i>	<i>33.1</i>	<i>35.6</i>
<i>Mexico</i>	<i>6.5</i>	<i>8.5</i>	<i>41.6</i>	<i>39.9</i>
<i>Nicaragua</i>	<i>10.3</i>	<i>10.7</i>	<i>38.3</i>	<i>35.6</i>
<i>Panama</i>	<i>18.6</i>	<i>21.9</i>	<i>40.0</i>	<i>39.9</i>
<i>Paraguay</i>	<i>3.0</i>	<i>7.9</i>	<i>39.9</i>	<i>47.1</i>
<i>Peru</i>	<i>2.3</i>	<i>5.8</i>	<i>16.7</i>	<i>40.9</i>
<i>Dominican Republic</i>	<i>4.5</i>	<i>6.0</i>	<i>36.9</i>	<i>39.0</i>
<i>Uruguay</i>	<i>18.7</i>	<i>22.5</i>	<i>62.3</i>	<i>69.8</i>
<i>Venezuela</i>	<i>9.0</i>	<i>8.4</i>	<i>33.9</i>	<i>39.0</i>
<i>Average for the region</i>	<i>10.1</i>	<i>12.4</i>	<i>41.0</i>	<i>47.2</i>
<i>Source: World Bank, 2002</i>				

Social Protection System in Transition Countries

The transition from planned to market economies has created unprecedented opportunities and challenges for countries in Central and Eastern Europe (CEE) and Central Asia (CA). Communist welfare states were, for the most part, well-adapted to the old order and - precisely for that reason - are systematically and predictably ill-suited to a market economy. Economists certainly knew how to make existing markets more efficient, but their understanding of how one goes about building markets from the ground up was less impressive (Kapstein, 1997).

The collapse of the Soviet Union and the crises of transition in the former Soviet Union (FSU) countries, along with the transition away from the socialism in Eastern Europe (EE) countries, represent a major source of widespread socio-economic insecurity and destitution. The high social floor which protected almost the entire population in these countries has virtually collapsed. The results were so dramatic that they have affected the fabric of society, social norms and value systems, as well as behavior patterns, e.g. marriage, divorce, parental support, fertility, etc (Ashwani, 2004).

The old order of social protection in communist countries was “clear and straight forward”. There was no unemployment and hence no (or virtually no) system of unemployment benefits; no poverty, at least officially, and hence no poverty relief except for groups like the frail elderly; no sophisticated targeting. The flat income distribution had important

implications: benefits were universal, since no selectivity by income level was needed; for similar reasons, there was no personal income tax and the state's administrative capacity was weak, both because no sophisticated targeting was needed and because most benefits were delivered by the enterprise (Barr, 1999).

Central planning failed, as manifested by low, and in some countries eventually negative, growth rates in the 1970s and 1980s throughout CEE and the former SU. Living standards in those countries were well below those of Western countries. Thus a central objective of transition is to increase living standards and decrease poverty. But the lack of supportive institutions and effective government hindered the process and reforms became inevitable. The question facing reformers was not whether to move towards market allocation, but what sort of balance between market and state they seek.

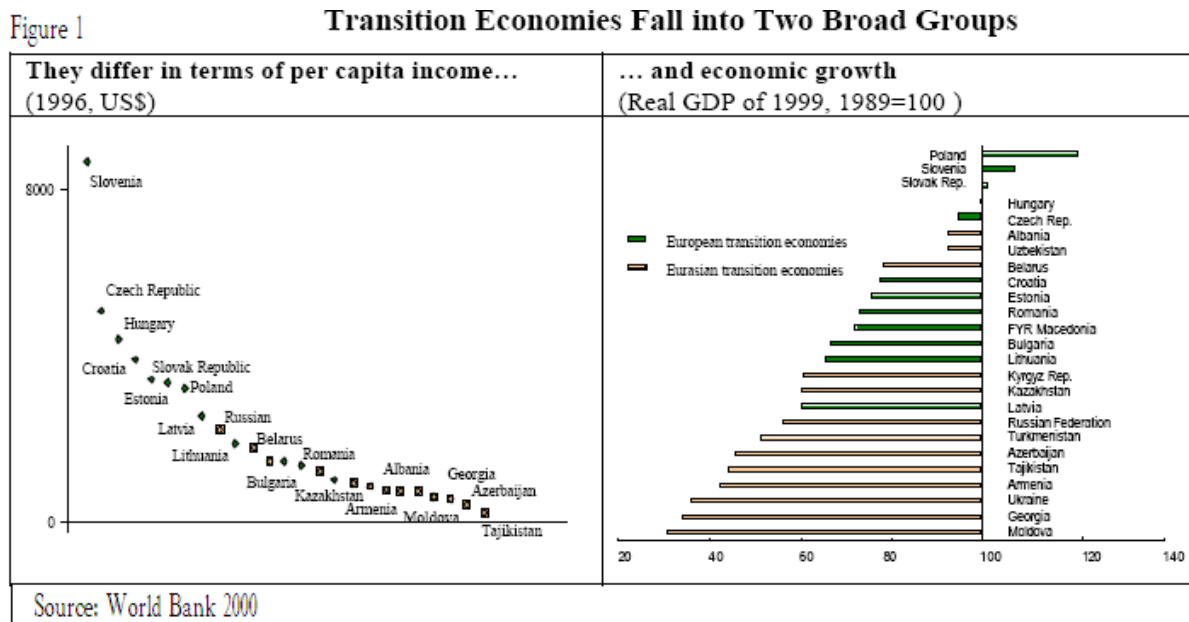
It is noteworthy to mention that in transition countries changes took place and developed in different ways and shaped different structures in spite of some general characteristics that they have.

Guaranteed employment and retirement security have disappeared. Even though many people benefited from the reforms, average living standards have declined, and poverty and unemployment have increased. Individuals have had to deal with income uncertainty and cope with lifetime risks on their own. In the face of these challenges, previous social protection mechanisms, focused on those with special needs—the disabled, the elderly, families with many children—have become irrelevant, unaffordable, or difficult to administer.

In response, some transition economies have tried to develop new social protection systems. Others have tried to adapt old social protection systems to emerging welfare needs and fiscal realities. Reforms have focused on the three building blocks of the social protection system: labor market policies, pensions, and social assistance, including cash and in-kind benefits and services. To address mis-allocations of labor and foster labor market flexibility,

labor mobility restrictions have been eased and labor legislation amended. Pensions have been reformed to, among other things, reduce financing problems and introduce private provision. Finally, new programs—unemployment insurance, active labor market programs to retrain or reemploy workers, targeted social assistance—have been introduced to combat poverty and unemployment (World Bank 2002).

The social protection strategy is sensitive to each country’s context as it was already mentioned above. Based on the socialist legacy and recent economic developments, transition economies can be broadly characterized into one of two groups, European¹⁴ or Eurasian¹⁵.

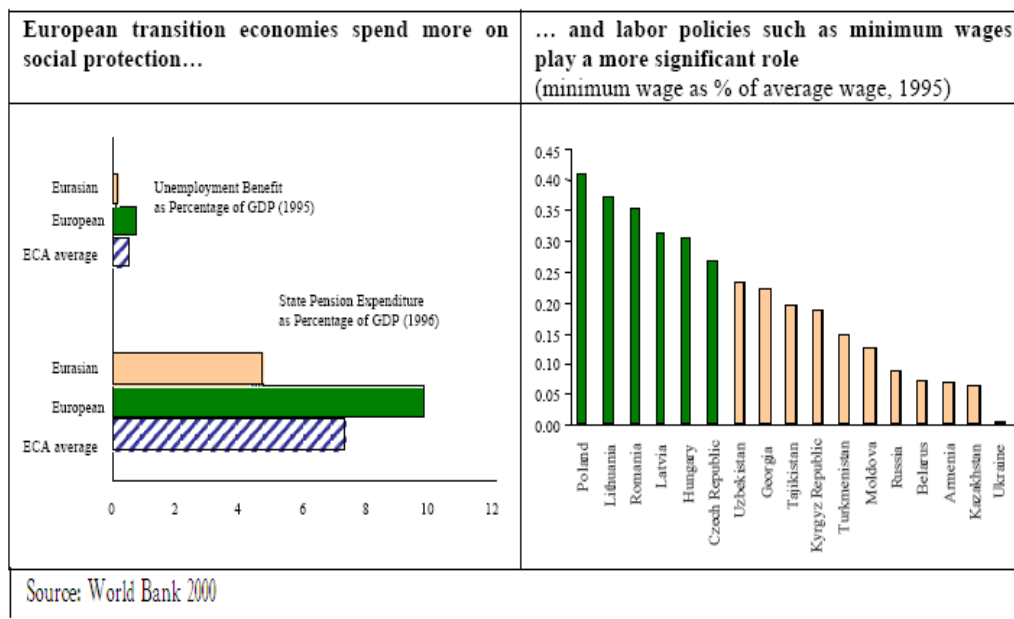


¹⁴ All the European Union accession countries, the Baltic countries, and successor states of the former Yugoslavia

¹⁵ Countries that were part of the Soviet Union and Albania

Figure 2

Social Protection Systems Also Differ



Dissolution of Social Protection System has led to lower living standards, greater vulnerability, unemployment and poverty. Economic transition in Central and Eastern Europe and the former Soviet Union faced many obstacles.

The central Social Protection goal under socialism was *full labor employment*. Since the state implicitly insured against unemployment, but it did not encourage the unemployment insurance. *Pension and social insurance* schemes had wide coverage but have become fiscally unsustainable in the face of loose eligibility criteria, low retirement ages, generous benefits, and a weak benefit-contribution link, continued population aging and devastated tax base in the case of *Eurasian* countries. In the context of guaranteed employment, the countries did not develop market style *social safety* nets. Rather they used extensive *subsidies* on goods and services to meet basic needs, provided *cash* and *in-kind benefits* to certain vulnerable groups (World Bank, 2001).

State policies often resulted in erosion of informal arrangements. *European* transition economies in contrast to *Eurasian* have realized lower GDP declines and higher levels of income. Institutional and administrative capacity is stronger, *unemployment* is low. *Eurasian*

transition economies have experienced falling real wages and low productivity as well as growth of informal sector and open unemployment (World Bank, 2001).

European transition economies have undertaken more aggressive restructuring and layoffs in association with higher levels of SP spending in response to output declines. Governments are reforming *pension systems* both through parametric changes and the introduction and preparation of *multipillar*¹⁶systems. *Means tested social assistance* has become the main poverty alleviation mechanism.

Eurasian transition economies have done relatively less restructuring. *Labor market* institutions are weak and have not been able to stem the decline in wages. *The informal* economy is larger as a share of GDP. The *safety net* provides uncoordinated and overlapping benefits and services and still focuses more on subsidies on housing and utilities rather than on means-tested transfers with weak administration. *Pension spending* remains high relative to output but still SP lacks efficiency. The only exception is Kazakhstan which switched to a privately managed fully funded pension system. The *Social Safety* net provides uncoordinated and overlapping benefits and services and still focuses more heavily on *subsidies* rather than means tested transfers. And all of these are poorly administered and targeted.

European countries have been ahead of Eurasian countries in implementing *social assistance*. In the early 1990s the Czech Republic, Hungary, Poland, and the Slovak Republic passed social assistance legislation that built on existing programs. During the same period Estonia, Latvia introduced means-tested social assistance programs. In 1995 the Kyrgyz Republic became the first Eurasian country to adopt a national poverty benefit. Targeted social assistance programs are guided by different measures of vulnerability, including income and

¹⁶ The first explicit references to such a model were seen in a World Bank publication, "Averting the Old Age Crisis" (World Bank, 1994), which proposed the development of multi-pillar approaches. The essence of the concept is integration of different components in an effective social security system, although consensus is not always reached on the relative weight of these components.

assets (Bulgaria, and Romania), employment status, household size and composition, and health (World Bank, 2000).

The transition process was especially hard and turbulent for the poorest countries of FSU such as Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan, and Uzbekistan. Unprecedented increase in poverty in these countries has strongly increased the demand for social protection, while at the same time considerably limiting resources available for this purpose. Transition in the CIS-7 countries could be seen as a unique catastrophic event. It included a number of correlated shocks, which have already affected large portions of the countries' population. Under these circumstances, it is both inevitable and sensible that risk-coping mechanisms dominate de-facto if not de-jure, the social protection programs (Dobronogov 2003).

Social safety nets in those countries are designed to achieve a two-fold objective: to alleviate poverty and to reduce the likelihood of falling into poverty. They include regular and one-time social assistance payments (poverty benefits), family and child allowances, and community-based social policies, subsidized services, and social investment funds. The social safety nets could provide both cash and in-kind benefits. They are usually financed from the general budget.

The governments of above mentioned countries have undertaken *pension reforms* (either based on notional defined-contributions principle or substantial parametric) and acquired some experience in operating the new systems, but still lack efficient implementation mechanism to proceed. Pension systems have been, by a wide margin, the largest components of the CIS-7 social protection systems: their share in the social protection spending exceeded 50% in all countries.

After the fall of the communist system in early 1990s, all these countries introduced *unemployment insurance systems*, the design of which was similar to that in the OECD

countries. It was believed that such systems were needed to facilitate restructuring of the economy by providing effective social protection to the laid-off workers. But very soon these systems became unaffordable because of uncertain contribution base as well as indefinite definition of the status of unemployed. Thus, currently both the levels of unemployment benefits and their coverage of actual unemployed are very low in the CIS-7 countries.

While investigating the specific features of social protection in transition countries it appears that many social protection programs either required reforms to be adjusted to the new socio-economic environment or needed to be created virtually from zero. At the same time, the chances for success of the reforms were strongly diminished by output decline, rapid growth of informality of the economies, and low administrative capacity of the governments.

Thus, the social protection challenge for all transition economies is to strike the right balance between promoting growth and providing protection. To that end and for the purpose of this paper several strategic choices on social protection for transition countries will be suggested at the conclusion of this chapter although it will be discussed in more detail later in this paper:

- All countries must strive to develop competitive labor markets, and promote equity;
- To ensure financial sustainability of the social protection system, tax collection apparatus needs to be strengthened;
- To efficiently deliver benefits and services, countries need to build institutions and administrative capacity, while at the same time promoting NGO involvement;
- In all countries, coordination between social protection programs should be improved.

This means greater consistency in several areas, including determination of minimum benefits, establishing eligibility of social assistance and unemployment benefit programs.

In addition, the social protection strategy in Eurasian countries should focus on promoting restructuring, institutional development, and poverty reduction. The immensity of the task of restructuring social assistance programs to improve their effectiveness and the extended period of time likely necessary for these countries to reduce poverty rates to levels common in more developed countries mean that these countries will require cooperative help over the next decade or more. The sooner they can begin to implement reforms, the sooner meaningful relief will come to more of their most deprived citizens.

Armenia being one of those transition countries described above was fully exposed to the same burden of political, economic, and social deterioration. Emerged difficulties have created challenges for social welfare policies in Armenia, and Armenia appeared in the list of the earlier discussed seven poorest countries of the CIS (Dobronogov, 2003).

For the aim of my paper the current social safety net programs of Armenia will be reviewed in the next chapter, particularly those concerning elderly people in order to find the best suited ways of improvement of social assistance provided to elderly.

Chapter 3

Social Protection System in Armenia

Basic social protection programs in Armenia ceased to exist with the collapse of the Soviet Union. Besides the war in Kharabakh, economic blockade, inflow of refugees and consequences of 1988 earthquake aggravated the situation followed by an almost complete collapse in the Armenian economy. All these mentioned factors hindered the further development of the country and brought to high emigration, poor living conditions, high morbidity, and mortality. Armenia seriously faced noticeable obstacles and willingly or unwillingly the country made its choices in political, social and economic fields to improve living conditions of its citizens and to follow the democratic path of a civilized society.

The table below shows the main socio-economic indicators reviewed by USAID/ Armenia in 2003;

Main socioeconomic indicators over the 10 years of independence in the Republic of Armenia (1991-2000)

<i>Indicators</i>	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
<i>The number of employed in the economy (thousand persons)</i>	<i>1672</i>	<i>1578</i>	<i>1543</i>	<i>1488</i>	<i>1476</i>	<i>1372</i>	<i>1337</i>	<i>1298</i>	<i>1283</i>	<i>1283</i>
<i>Level of unemployment (%)</i>	<i>-</i>	<i>1.8</i>	<i>5.3</i>	<i>6.6</i>	<i>6.7</i>	<i>9.3</i>	<i>10.8</i>	<i>9.4</i>	<i>11.2</i>	<i>11.7</i>
<i>Monetary income of the population mln. AMD</i>	<i>14.7</i>	<i>41.7</i>	<i>395.0</i>	<i>93.7</i>	<i>289.3</i>	<i>434.</i>	<i>514.</i>	<i>581.</i>	<i>627.1</i>	<i>698.4</i>
<i>Monetary expenditures of the population bln AMD</i>	<i>12.6</i>	<i>27.5</i>	<i>250.1</i>	<i>84.9</i>	<i>274.5</i>	<i>423.</i>	<i>519.</i>	<i>578.</i>	<i>631.7</i>	<i>682.0</i>
<i>Average monthly nominal salary AMD</i>	<i>337</i>	<i>1395</i>	<i>1217</i>	<i>1748</i>	<i>7680</i>	<i>9469</i>	<i>1358</i>	<i>18000</i>	<i>20157</i>	<i>21330</i>
<i>Minimum</i>	<i>130</i>	<i>1200</i>	<i>7350</i>	<i>375</i>	<i>540</i>	<i>830</i>	<i>1000</i>	<i>1000</i>	<i>5000</i>	<i>5000</i>

<i>salary AMD</i>										
<i>Average monthly pension; ruble/AMD</i>	<i>167</i>	<i>1497</i>	<i>9024</i>	<i>1509</i>	<i>2584</i>	<i>3114</i>	<i>3673</i>	<i>3793</i>	<i>4421</i>	<i>4481</i>
<i>The deposits of the population in the savings banks, bln AMD</i>	<i>2111</i>	<i>2284</i>	<i>103000</i>	<i>146</i>	<i>952</i>	<i>2148</i>	<i>3124</i>	<i>5524</i>	<i>8073</i>	<i>12282</i>
<i>Source: Review and Resource Request for Armenia, USAID/Armenia, 2003</i>										

Consequently all these unfavorable circumstances mentioned above affect mostly the least protected layers of our society. For the purpose of my essay I will concentrate more on elderly problems in our country because of two reasons: First and foremost –it is urgent for Armenia and second –population is aging globally. Therefore policy changes and coping mechanisms are of primary importance especially for our country.

In the first years of independence, Armenia made uneven progress in establishing systems to meet its national requirements in social services. Assistance for the country's vulnerable population was either eliminated or severely reduced, as a new Armenia struggled to sustain itself and rebuild both its economy and its infrastructure. Education, held in particular esteem in Armenian culture, changed fastest of the social services, while health and welfare services attempted to maintain the basic state-planned structure of the Soviet era.

The social safety net also weakened drastically in the first years of independence. Beginning in 1989, a large share of national expenditures on welfare services went to the victims of the earthquake. In the early 1990s, Armenia nominally retained the Soviet-era system of social services (retirement, survivor, and disability pensions; allowances to the parents of newborn children; sick and maternity leave; unemployment compensation; and food subsidies). In the early 1990s, however, acute budget shortages brought severe cuts in almost all the social welfare programs of the Soviet era and their replacement by intermittent foreign aid programs. The Ministry of Labor and Social Issues allocates social benefits and charitable aid from outside the country.

Although the government of Armenia is trying to change the state of welfare system and implement adequate methods of advanced countries not too many things have been changed.

Until 1997, state social assistance in Armenia largely followed the former Soviet approach which provided a benefit under defined state privileges to ‘at risk’ groups in society. These were the elderly, children, people with disabilities as well as citizens who had completed a special service to the state – participants in the Great Patriotic War, heroes of labor etc.

In 1997, new procedures were established to provide monetary compensation to certain groups of the population defined by the legislation, rather than based on privileges. The only basis for allocating the state compensation became the person’s belonging to a certain “social risk group” (children, people with disabilities, pensioners and other groups).

Before 1997, there were 26 types of compensations and benefits allocated under different Government decrees. There was a total of 470,950 beneficiaries (approximately 20% of the population), and the total annual amount paid to them was approximately 14.9 billion drams. The allocation was done at the individual level. The benefits were low, ranging from 1,000 to 4,000 dram per individual per month (World Bank, 2002).

However, this compensation or benefit was allocated without considering the individual as a member of the household and without taking into account the level of the household’s welfare. As a result, many payments were being made to individuals who lived in rather well-off families and very often the same person was receiving more than one type of compensation. The result was an ineffective and not always fair distribution of the scarce state budget funds available for social assistance (Minasyan, 2005).

Hence, there was a need to implement a targeted social policy which focused not only on an individual’s social group but on many other factors as well, especially those that related to the individual’s environment.

The Armenian social assistance system was fundamentally reformed in 1999, when targeted, cash poverty benefit was introduced, and the old system was replaced by a cash poverty benefit targeted at 28 percent of households that were estimated to be extremely poor. The benefit is awarded to eligible households (not individuals) and is significantly higher than any other cash transfer in Armenia. The new system introduced a proxy means-tested targeting mechanism, where households are ranked based on a single-index formula that includes individual and household indicators. The indicators include some of those used in the past (such as disability or orphan hood), as well as additional household-level indicators that are strongly correlated with poverty (such as ownership of a car or characteristics of a dwelling). In addition, the system uses filters such as telephone bills (for international calls), real estate transactions, customs transactions and electricity consumption. The use of the targeting mechanism based on proxies, not income, was motivated by the highly informal nature of economic activities in Armenia (Dobronogov, 2003).

From the beginning of 2000 the RoA Government embarked upon the elaboration of an Interim Poverty Reduction Strategy Paper with the support of the international community. It is aimed at overcoming poverty—a phenomenon that threatens the normal development of the state and society, which is an absolute prerequisite for the development of the state. Quite naturally, a strategy paper cannot aspire to present a final and unalterable reality. It merely projects development trends and sets direction for planned actions and sub-programs. The program is realized due to joint efforts of the international community, the IMF and WB, the representatives of various political organizations, ministries and NGOs. According to the IMF Country Report (2005) the developments in 2003-2005 are rather reassuring. The resulting pattern, overall, is more favorable than that which was foreseen by the PRSP development scenario. Particularly, the economy grew twice as rapidly as the projected rate, labor income increased significantly, and the government continues to implement a public expenditure

policy that is focused on social sectors and infrastructure development. As a result, compared with PRSP targets, a better performance on poverty and inequality reduction has been recorded in 2003. There has been a significant reduction in the number of the poor, and an on-going reduction among the extremely poor, in 2001-2003. According to National Statistical Service (NSS) data (2005), the population below poverty line was 55.1% in 1999 and 42.9% in 2003 and extremely poor population was 22.9% of the whole in 1999 and 7.4% in 2003.

Social policy plays an important role in terms of reducing inequality and material poverty within the framework of the PRSP. The program emphasizes the provision of targeted and high-quality social services to those groups of the population needing special protection (the disabled, orphans, elderly, refugees, and the homeless).

From the legislative perspective social assistance in Armenia can be considered to be on a firm ground. On February 2005, the government of Armenia approved the draft law on social assistance prepared by the Ministry of Social Welfare, but it will not go into effect until the beginning of 2006. Relations connected with the provision of social assistance are regulated on our country by the Constitution of the Republic of Armenia, the draft law, other legal acts as well as RoA international treaties.

The Law on Social Assistance defines ways of supporting socially vulnerable people, including boarding schools, orphanages, home care, social rehabilitation centers, twenty-four hour care, and temporary shelters. Most of these structures already exist in our country, to help solve the problems of the elderly, the lonely, street children, orphans, and the abandoned, but homeless people and vagrants have consistently been left out in the cold. The Law on Social Assistance defines the principles of providing social assistance: the competences given to the participants, the responsibilities starting from the Government, the Ministry of Labor and Social Issues, local self-governing bodies, regional governing bodies, agencies that provide social services, and also non-state organizations, especially NGOs. The law also defines the

rights and responsibilities of social workers, along with the education they are required to have, since they are specialists who deal with human lives.

The Armenian government in the draft law describes the concept of social assistance as follows:

Social assistance is a complex of social services targeted at overcoming or alleviation of difficulties of persons and families having occurred in a difficult situation of life, as well as satisfaction of their main needs, integration in the society and prevention of the difficult situation of their lives.

The main goal of social assistance is to satisfy the main needs of persons having occurred in a difficult situation of life, create conditions for their integration in the society, stimulate the development of skills for acting independently and addressing the key issues that have arisen, prevent their social isolation, as well as assist in the solution of their financial problems (the Law on Social Assistance, 2005).

Council of social assistance in Armenia has been created in October of 1993 as one of the departments of the Ministry of Labor and Social Issues. Simultaneously 65 social assistance agencies under direct possession of the Ministry of Labor and Social Issues have been created. On 1996 55 agencies out of 65 became into possession of regional, local (marz) and Yerevan city government structures. During the last ten years of existence of this structure there have been number of projects implemented in cooperation with other organizations. However, even the most innovative programs are condemned to failure without satisfactory financial base, capacity and resources to deliver services effectively. Therefore, the review of the provisions of social protection system in Armenia will lead us in our analyses.

The Current State of Social Protection System in Armenia

Social assistance, also known as the “social safety net”, for the purpose of this study is interpreted here as transfers made by the government to citizens as a last resort against poverty

that does not require any prior contributions by the recipient. *Social assistance* is one component of social protection, which describes the overall system of benefits (transfers and services) that governments make available to citizens. The other components of social protection are *social insurance*, which provides benefits to citizens who have contributed into a benefit scheme that provides subsequent benefits (in cases such as disability or retirement), and *labor market interventions*, which cover a range of government services and regulatory structures.

The social protection system of Armenia currently includes:

- State social assistance programs, such as family benefits, disability, age and other social pensions, one-time child birth allowances, and child allowance (up to two years old);
- Social assistance programs for handicapped, veterans and children, in particular, medical and social rehabilitation programs, in-house social service to elderly and disabled, maintenance of, orphanages and boarding schools;
- State social insurance programs, consisting of age and disability pensions, as well as allowances for temporary disabilities and pregnancy;
- Employment programs, including unemployment benefits, retraining of unemployed as well as public and similar works;
- System of privileges for certain target groups of population, which in 1999 underwent significant reduction and currently comprises a few privileges, primarily for veterans of the World War II (and equivalent groups) established in the framework of CIS international agreements. These privileges are mostly funded by service providers. No new privileges are planned in the 2003-2015 period.

The above mentioned programs are currently funded from the state budget (family and other benefits, pensions of military servicemen, social assistance programs and public works, and starting 2003, and also social pensions) and SIF.

Main Financial Indicators of the Social Protection System of Armenia in 2001-2015

	2001	2002	2003	2004	2005	2006	2009	2012	2015
Social Security, Total, in bln drams	57.4	60.3	69.6	79.5	90.7	103.3	141.9	173.2	215.5
Percent of GDP	4.9	4.4	4.7	4.9	5.2	5.4	5.7	5.5	5.4
State budget, in bln drams	17.7	23.5	28.8	33.0	38.1	43.8	57.0	65.5	78.8
Percent of State Budget Expenditures	7.1	8.7	9.0	10.0	10.6	11.3	11.0	9.7	9.3
State Social Insurance Fund, in bln drams	39.7	36.7	40.8	46.5	52.6	59.5	84.9	107.8	136.7
Percent of total Social Security Expenditures	69.2	60.9	58.7	58.5	58.0	57.6	59.8	62.2	63.4

Source: National Statistical Service, PRSP projections.

State Social Insurance Fund is a government founded organization that implements programs in mandatory social insurance. The mission of SIF is to carry out payments of age pensions in accordance with the legislation. Mandatory allocations to SIF are paid regularly by employees, employers and self-employed entrepreneurs. Currently SIF organizes and implements the functions of distributing age pensions and other transfer/benefits.

Although currently there are several social assistance programs implemented in Armenia, among which the most widespread is the family benefit program (table below shows the social assistance services rendered in Armenia), but for the focus of my interest I will refer more specifically to the services delivered to elderly in Armenia.

Social Programs Implemented in Armenia

Type of Social Assistance	Budget Allocations mln drams	Number of beneficiaries persons	Monthly payment drams
Poverty family benefits and lump sum financial assistance	16 093.0	165 322	7 000
Social pensions	2 500.0	45 258	3 560
Child allowance for children under two years of age	252.0	7 721	2 300
Lump sum childbirth allowance	2 565.0	28 884	35 000
Free compensatory aids and	395.5	5 500	

<i>rehabilitation devices to the disables</i>			
<i>Residential care for old people and children without parental care</i>	<i>2.1</i>	<i>900</i>	
<i>Home care for the elderly and the disabled living alone</i>	<i>1.2</i>	<i>1 200</i>	
<i>State assistance for young people leaving care institutions</i>	<i>119.0</i>	<i>44</i>	
<i>Benefit for work</i>	<i>463.0</i>	<i>11 253</i>	<i>3 600</i>
<i>Minimum salary</i>			<i>13 000</i>
<i>Average salary</i>			<i>41 000</i>
<i>Source: Ministry of Labor and Social Issues, 2005</i>			

The 2005 state budget allocates 836.6 mln AMD to the provision of services to elderly, from which 776.5 mln AMD have been allocated to 965 age pensioners living in total six public and non-public elderly houses. Annual public expenditure for 1 age pensioner in 2005 is estimated to amount 2193 AMD daily. 60. 1 mln AMD is earmarked to the Republican Center for in-house services to single elderly and handicapped. Under this program, AMD 50 thousands will be spent annually, or 137. 2 AMD will be spent daily per person (OXFAM, 2005).

Nowadays, 60-65 aged population makes up 13.8 % and above 75 age persons 3% of the whole population in Armenia whiles in 1989 these both groups compiled only 5.2% , in 1997-8.4 % and now this number is doubled. This gradual increase changes the demographic structure of the population and forces to look newly at their needs and demands. The number of lonely elderly also increases. Only in family benefit system are accounted 28000 elderly from which 11000 are childless (Ministry of Labor and Social Issues). Thus, it can be assumed that thousands of elderly people suffer from loneliness and need care and social assistance as well as moral and psychological help.

Although the Government of RoA looks forward to reform the pension system in the country and to ease the condition of the elderly people, but currently the pension system is not in good shape. The system's gross pension income is very low, a mere 3.8 % of the GDP. It does

not provide a minimum income acceptable to the pensioners. The entire sector of the pensioners, which consists of 552.9 thousand people, is among the ‘very poor’, as the per capita monthly spending is below not only the poverty line, but also the food line. The average pension fee is AMD 4574 as compared to the poverty line of AMD 12019 and the food line of AMD 7368 (CBA, 2004). Under these conditions, the resolution of the problem becomes almost impossible. This is why dramatic improvement in the pensioner living standards and poverty reduction is imperative today. Review of the international experience shows that the best solution to the issue lies in the creation of a mandatory cumulative system. It would ensure a sufficient level of pensions, ease the country’s social burden and foster the growth of savings in the economy. However, even if it happens the current elderly will not be covered because it will take long way and time to be achieved.

In general, funds allocated from the state budget cover just 15-20% of Social protection needs. State budget funds mainly are being spent on family benefits for the poor: payments in cash. The other sources for the provision of social protection are international organizations such as United Nations Development Program (UNDP), United States Agency for International Development (USAID), World Food Program (WFP), etc and Armenian Diaspora organizations. Donors are making substantial investments in social programs for social groups.

Private sector and NGOs play an important role in delivering programs that strengthen social safety nets in some Eastern European countries. The experience of different developed countries to involve NGO sector in social provisions and my own observations in the sphere indicate that practice is very valuable in this field. The role of NGOs and the private sector (foundations and private donations, mostly from the Diaspora) is also growing in Armenia. Most of the local and international NGO groups were created in the aftermath of the earthquake of 1988. More than 1,200 NGOs are now registered and active in areas of elderly and nursing care, child support, employment generation activities, and protection of refugees and the disabled. Most operate on a very small scale, hampered by limited funds. State

collaboration is still at the embryonic stage. NGOs are often viewed more as competitors than collaborators. The legal framework for NGOs is still incomplete and unfriendly.

For the purpose of my study and also for stressing out the striking differences between government and NGO sectors as social assistance providers I conducted several interviews at the Ministry of Labor and Social Issues and at Mission Armenia NGO.

Mission Armenia NGO

Mission Armenia was established in 1989 to care for the needy after the devastating 1988 earthquake on the voluntary bases, although officially it was registered in 1993. The reason I chose to study the experience of “Mission Armenia” NGO is its unbelievable success in establishment and implementation of community-based social programs with new approach and outlook. In view of the gaps of the social assistance system “Mission Armenia”, faithful to its principles of provision of social and health care services, elaborated and invested in the country an innovative model of provision of community-based services. As apposed to the Soviet institutional system of care provision (e.g. old age home care), the model introduced by the organization supposed provision of services immediately at the beneficiaries’ homes and communities. This provided with opportunity of improving the quality of lives of the vulnerable without segregating them from their own communities and at the same time promoting their active and participatory lifestyle. The model of provision of community-based assistance gradually got more developed and improved becoming the main vital means for social and health care assistance for the vulnerable and the disabled. It has three major components:

- Provision of community-based social and health assistance (health, care, food, social assistance, consulting, household repair etc.);
- Development assistance (income generation/self-reliance support);
- Public awareness, capacity building and social partnership.

Pledge of success of “Mission Armenia” is well-developed strategy, dedication and motivation. As is described in the responses of conducted interviews with the staff members of the NGO the mission of the organization is to work for the interests of the elderly, refugee and other vulnerable layers of population promoting their active, healthy and dignified life and increasing the quality of their life. The enlargement of the scope of the programs and services provided became possible due to the understanding of the need for continuous capacity building and adoption of a corresponding policy. The cornerstone of the organization's activities is the social work, which due to capacity building initiatives has reached a higher level of professionalism. Due to constant capacity building the organization has become one of the leading non-governmental organizations. To achieve its goals, in the course of years the organization has developed a well-organized management system, which helps continuously improve the quality and methods of provision of services. In this respect the constant follow-up of the activities carried-out by the members of special Department of Development and Evaluation of the organization is of high importance, and is performed through monitoring as well as internal and external evaluation.

Mission Armenia’s experience and awareness of the problems of the elderly, handicapped, refugee and other vulnerable groups of population, as well as the analyses of the organization's activities lead to the same conclusion – the problems of the vulnerable groups are conditioned not only by economic situation. Several problems on these questions arise due to unawareness and/or wrong mentality and views of the society. To effectively solve the multisided problems of the needy population, “Mission Armenia” has initiated works of advocacy and raising of public awareness on the problems of the vulnerable groups under the mottos “Society for all ages”, “Full life for the disabled” etc. These works are aimed at the increase of public awareness on their problems and establishment of cooperation mechanisms between the different structures of the society. This firstly refers to the cooperation with local authorities.

Mission Armenia strengthens links with the community authorities, local and health social units, other structures to join the efforts in satisfaction of the needs of the vulnerable groups of population.

All these above mentioned factors are vivid consequences of the organization's dedication, motivation and unbelievable success.

Mission Armenia's model is very cost-effective, the first comprehensive community assistance in its type for the disadvantaged persons and has already proved its feasibility. It is a specific methodical system with well-developed routine, ready implementation and documentation mechanisms interrelated and scientifically justified with respect to the traditional, moral-psychological and current social and economic peculiarities of the Armenian society.

The success of Mission Armenia's model is so obvious that it was also introduced and executed in Georgia, Azerbaijan and Dagestan. Mission Armenia has implemented two joint projects with NGOs of above mentioned countries with the aim of mitigating the elderly problems in these countries. To this end the organization's model of provision of social and health care services was introduced to and executed by three NGOs engaged in social issues. The partner NGOs were provided with trainings on community-based assistance to the elderly and three Social Resource Centers (one per country) modeled after Mission Armenia Community Centers have been set up. The execution of the model has contributed to the betterment of the elderly situation in the region as well as to the accumulation of good experience of collaboration with regional structures.

As a fervent promoter of elderly support initiatives in Armenia and the whole Caucasian region Mission Armenia has made considerable contribution to the development and implementation of international documents aimed to solve social issues. The organization has participated in international conferences and discussions on elderly and refugee issues both as

an NGO and as the representative of the Government of Armenia. In April 2002 Mission Armenia got accredited to and participated in the Second World Assembly on Aging held in Madrid, Spain. The participants of the Assembly - the UN member states – elaborated and approved the Second International Action Plan on Aging ¹⁷and the Political Declaration ¹⁸under the motto “A Society for All Ages”.

The secret of the organization’s obvious success is its strong belief in a future, where people live in a society for all ages with full and dignified life, with choice and control over their lives; where their potential is highly valued; and where they live in a common and solid family with full confidence in their faith and future. To that end, the types of activities and services provided by the organization open opportunities for older, refugee and other vulnerable people to be able to live an independent and participatory life and have access to the social and health care services they need by staying in their communities and familiar settings as long as possible and choosing institutionalization as a last resort. To make this possible, the organization provides various services to its beneficiaries, with a differentiated approach to the specific needs of the physically and the socially incapacitated. The services, respectively, have two major directions:

- To meet the critical health, nutritional, and social needs of the most vulnerable without segregating them from their homes and community; and
- To promote activities that build capacity and self-sustainability among the vulnerable beneficiaries to help them independently address their needs.

¹⁷ The Madrid International Plan of Action on Ageing, adopted at the Assembly, is the first international agreement that specifically recognizes the potential of older people to contribute to the development of their societies, and commits governments to including ageing in all social and economic development policies. “We commit ourselves to eliminate all forms of discrimination, including age discrimination. We also recognize that persons, as they age, should enjoy a life of fulfillment, health, security and active participation in the economic, social, cultural and political life of their societies.”

¹⁸ The 4,000 participant NGOs selected Mission Armenia in the person of its President Hripsime Kirakosyan as their speaker, giving her the honor of presenting the Declaration.

For the implementation of Community-based assistance Mission Armenia has set up various infrastructures:

- 28 Soup Kitchens providing hot caloric meal to more than 4,200 disenfranchised;
- 10 Community Centers that provide community-based various social, health and care services;
- 40 Health Posts;
- 4 Resource and Training Centers,
- 2 Temporary Recovery Centers with 24-hour health and care provision,
- Regional Branches,
- Numerous Social Rooms,
- Libraries etc.

For the local (non-refugee) population, Mission Armenia's services are provided through its Community Centers. The refugee caseload is served through refugee group dwellings, known as 'communal centers' where Health Posts, Social Rooms and other infrastructures have been set up. Other facilities, such as Soup Kitchens, Temporary Recovery Centers and Resource and Training Centers serve both the local and the refugee disadvantaged groups.

The organization collaborates with the Ministry of Labor and Social Issues, with Local and Regional Self-Government Bodies and other authorities. But because the propose of the NGO is the development of community-based social assistance system, the organization is more interested in involvement of community officials, capable entrepreneurs, owners of private companies and businesses in realization of programs concerning the elderly. All the buildings utilized by the organization are provided by the communities. Some heads of communities dispose financial resources for carrying out programs though the programs are mainly sponsored by international donor organizations such as UN, USAID, UNCHR, etc.

About 8,000 single older and disabled persons in Yerevan and 6 other Marzes benefit from the community-based social and health care services provided by Mission Armenia. The services are being provided through 10 Community-Centers and are designed for both center

attendees and home-bound beneficiaries. Respectively, the services are being rendered at the Centers and through home visits.

The center-based services rendered by the organization include but are not limited to:

- Social and health services;
- Nutrition assistance through Soup-Kitchens;
- Training sessions;
- Consulting;
- Formation and activities of self-help/self-advocacy groups;
- Education and leisure time activities.

For hundreds of abandoned and marginalized persons the Community Centers have become warm and cozy places, where they spend most of their daytime enjoying love and companionship of their peers and Mission Armenia staff. The Center attendees have the opportunity of benefiting from health services, consulting a doctor, receiving primary aid and relevant treatment as well as getting the prescribed medication free of charge. Health education sessions, psychological, gerontological and legal trainings aim to provide knowledge and skills to the beneficiaries promoting the acquisition of independently overcoming their individual and family problems, raising their awareness on their social and civil rights.

Another important component of the Center-based activities is the formation of a self-help/self-advocacy network that is being realized by the efforts of the elderly. The key units of the network are the self-help groups, civic activation and initiation groups. On the one hand the self-help network is to address the basic needs of the elderly; on the other hand it is to promote their social activation and adequate participation in the societal life.

Very nicely is organized the leisure time of the beneficiaries at the Community Center: they can play games, listen to music, watch TV, read newspapers, exchange views, share with their problems. The older persons can participate in several vocational and cultural amateur groups, events and meetings organized with different representatives of formal and informal structures, etc.

I have conducted interviews in one of the social centers located at Nork-district of Yerevan, the capital of Armenia. The social centre targets elderly people in need of care and assistance, most of who come from the socially disadvantaged backgrounds. The association works to enable these elderly people to remain in their own homes and to promote their social integration. Services include care, counseling and assistance through a day care centre, care counseling, discussion forum for family members, meals, meeting place, and a social assistance and visiting service.

Services are closely interconnected and mutually complementary. Close consultation between the management teams of the divisions, as well as additional team meetings and case conferences; ensure that various forms of assistance are coordinated with each other.

The provision of individualized social assistance reduces deficits in this domain in a user-centered manner and thus helps to secure the client's capacity to remain in his or her home.

There are six hundred workers employed by the organization and many volunteers, especially students from inside and outside the country working on the temporary basis. Staff turnover is low and the high degree of self-reliance that is required enhances their motivation. Their working conditions are judged very favorably by comparison with those in institutional care. The assessment of the employment situation is ambivalent; whereas the variety of tasks, the responsibility given to employees and the team approach at the welfare centre are all to be welcomed and are not least among the reasons for the low staff turnover.

About two hours are set aside for each client, which means that three visits can be made in a day. There are weekly team meetings and additional one-to-one talks with a service manager. In addition, in-service training is offered in subjects such as “dealing with confused elderly people”.

Quality-assurance measures include staff meetings, individual clients' discussions; systematization of assistance and care standards. A standardized documentation system is used,

and care managers make unannounced visits, which enable them to draw conclusions about the work of the carers. Before a client receives any care services, the centre draws up a needs assessment with the client and/or members of the client's family, and a care plan is negotiated, laying down the scope, the timing and the nature of the care to be provided. The regular assignment of particular carers to individual clients is intended to further improve the quality of care.

Users and/or members of their families are consulted so that visiting times and care schedules can be established. Following the introduction of this system, the social-assistance service altered its working hours in response to clients' wishes. In the discussion groups, primary carers have the opportunity to talk about the use of services that might lighten their burden as well as to ease their minds by exchanging ideas and sharing experiences with other people in the same position and by finding mutual understanding.

The social centre has succeeded in putting together a range of services by combining individual forms activities such as literary group, musical group, sewing group, needlework group, etc.

Social integration in the neighborhood of the social centre is strengthened by the workers' efforts to involve community members, public officials, owners of private businesses in the provision of services and activities concerning to the elderly of the particular community.

Based on the thorough investigation of the different social models, on the review of social protection services both in public and NGO sectors as well as conducted interviews at the Ministry of Labor and Social Issues I drew several findings specifically about elderly people, which are the best suited for our reality and can be successfully implemented in Armenia. The following chapter will discuss my findings in more detail.

Chapter 4

Findings

- **There is a need of family members' and relatives' attention and participation in activities concerning beneficiaries.**

Difficult economic circumstances and conflict situations in Armenia have increased the importance of informal coping mechanisms, among which is the provided support to vulnerable elderly by family networks. Especially for Armenia - where official social assistance is under-funded and underpaid—informal mechanisms may be more effective in addressing social risks. Based on the overall analyses of the social protection system of Armenia and on the analyses from my conducted interviews I found out that in reality family support nowadays becomes difficult because of two main reasons; the aging population is increasing in Armenia as well as in the world because of low birth rates, and consequently the number of the elderly people needing assistance is also increasing, and on the other hand the poor economic conditions of many households and high unemployment rates make family members indifferent towards the elderly in the family. This in turn brings to the segregation of the elderly from their families and forces them to feel themselves as superfluous burden for their relatives. Therefore the role of family members, friends, relatives and neighbors gain significant importance for the elderly people. As I found out Mission Armenia has special staff for working with the relatives and family members of the beneficiaries, especially from the extended and conflicting families in order to try to facilitate their solitudes and to involve them into provided activities and services. According to their stories they have effective results and they think to continue their practice and enlarge it.

Family support and care are sensitive issues in Armenian culture. Respect and gratitude towards our elders is one of our cultural values.

➤ **Sometimes, non-pecuniary assistance is of more importance for elderly than AMD 1000 increase in pensions.**

In addition to cash, non-pecuniary assistance, such as home care, consultancy, psychological assistance, soup-kitchens, etc, is an important feature of social assistance policy and in some cases may be better positioned to target the poor. From a theoretical perspective, cash benefits are generally preferred over non-pecuniary assistance because they avoid distortions in consumption that reduce individual and aggregate welfare. But sometimes it may be preferable in certain circumstances. In Armenia two factors are important in choosing between cash and non-pecuniary assistance. First, such kind of social assistance may be preferable because they hold their real value when cash benefits are eroded by inflation. Second, non-pecuniary assistance sometimes may be more acceptable at least in the short run, especially for Armenia where the government lacks the administrative capacity to target and deliver cash benefits in an appropriate manner.

➤ **Public and NGO sectors are mutually complementary.**

My next finding refers to the mutual cooperation of public and NGO sectors. Right now it is impossible and unreasonable to demand from Armenian government to carry out the whole burden of social protection system as it exists in the West. Therefore, the tasks that can be provided by private and NGO sectors are encouraged. For example, the programs implemented by the staff of Mission Armenia NGO do not hinder the other programs provided by public sector. On the contrary, as a result of the interview conducted with the head of Department of Disabled and Elderly at the Ministry of Labor and Social Issues I found out that partnerships with non-state actors can increase the range of social services, improve quality through competition, and increase public participation and ownership of social assistance programs. For example, the public sector provides services to elderly living in total six public and non-public elderly houses and provides in-house services to single elderly and handicapped. On the other

hand a non-state actor such as NGO “Mission Armenia” provides to the elderly and disabled the best possible opportunities for independence and self-fulfillment which prevent the social-psychological segregation of the elderly from the society and from their communities as well as prevent their entry to the institutional care houses through creation of self-help groups, trainings, advocacy campaigns and other initiatives. Their activities include community-based social and health services to the elderly and disabled, 24-hour rehabilitation services, nutrition assistance such as soup kitchens, house repair, house heating support, etc. This fact comes to prove that public officials should be more than happy to cooperate with such kind of organizations because the state presently does not have enough resources and well-developed working mechanism to provide analogical services to the elderly.

➤ **The model of “Mission Armenia” is the best suitable for transition period.**

Proceeding from the discussions in chapter two it is undisputable that almost all transition countries face obstacles in restructuring their social protection systems. Apparently they all try to keep the right balance in developing strategic choices according to their country’s features. Although the Armenian government did not make noticeable success in this field because of certain circumstances, based on my findings I can infer that community-based social assistance, the one that is furthered by “Mission Armenia” and well-developed community-based social welfare structure definitely can make visible changes.

Based on the experience of the discussed NGO I found many advantages to developing a network of community-based social services:

- The flexibility to test a wide range of approaches— service modalities, organizational auspices, geographic locations.
- Opportunities to identify and correct inappropriate approaches and mistakes made on a small scale.
- Time and data to gain popular support to carry out the project on a larger scale.

- Limited investment and risk by donors.
- The opportunity to initiate a dialogue on policy. Each project could operate as a joint effort by the government, municipalities, donors, and NGOs, with cost sharing for investment funds, training, and recurrent costs. The most effective and sustainable service programs are based on citizen participation, including family members, direct consumers of service, and professionals.
- The funding of community-based social assistance programs can be performed on combine funds of the state budget, community budget as well as on contributions and charities of interested organizations and individuals.

➤ **Community-based social assistance model is the most relevant to the needs of Armenia.**

Literature reviews of experience in Western Europe and in the United States suggest that community-based services can be more effective, efficient, and humane. Transition economies are well-positioned to begin developing such services, as decentralization and increased NGO activity and community participation in civil society have laid the groundwork for greater involvement in social services. Making the move to community-based care involves significant changes in social policy, which is very important for Armenia. In my opinion fostering participation in local communities, strengthening local government, and offering a vehicle for new partnerships between community-based organizations and local governments is actual for our country.

As a result of my interviews conducted at the Ministry of Labor and Social Issues and at the Mission Armenia NGO I found that our community- officials unfortunately do not feel enough responsibility and do not have enough willingness to participate in mobilization of community support as well as in providing services and activities for the elderly in the community. Thus, the role of NGOs, such as Mission Armenia and other organizations in

raising public opinion, in piloting flexible community-based social service programs is of a vital importance for our country.

Chapter 5

Conclusion and recommendations

Based on study of various social protection models through the research as well as on the viewpoints of different authors for the relevance of my topic general recommendations can be drawn for developing strategies in social system of transition economies.

First of all the social protection challenge for all transition economies is to strike the right balance between promoting growth and providing protection. To that end, all countries must strive to develop competitive labor markets, foster affordable public and private systems for individuals to deal with risk, and promote equity. To ensure financial sustainability of the social protection system, tax collection apparatus needs to be strengthened. To efficiently deliver benefits and services, countries need to build institutions and administrative capacity, while at the same time promoting NGO involvement. In all countries, coordination between social protection programs should be improved.

Since the collapse of the Soviet Union many scholars and authors purposed different directions for transition economies to establish effective and efficient social protection system. WB Social Protection Team (2000) provides more comprehensive scheme of recommendations for both groups of transition countries.

In European transition economies:

- Labor market policies should focus on increasing labor market flexibility—including reforming labor legislation to reduce hiring and firing constraints—and decentralizing collective bargaining. Minimum wages should be kept low. In countries that have seen growth, active labor market programs should be maintained to shorten the duration of unemployment.

- Pension and unemployment insurance systems should be made more affordable and focus on consumption-smoothing systems, with benefits linked to contributions. Multi-pillar pension schemes can be introduced to improve savings for old age and deepen capital markets.
- Minimum pensions and means-tested social assistance systems can be used to address poverty. However, programs should incorporate work incentives and be fiscally affordable. Unemployment benefit reforms should be coordinated with social assistance programs.
- □ Social policy should also focus on de-institutionalization and the development of social welfare and community-based services.
- The social protection strategy in Eurasian countries should focus on promoting restructuring, institutional development, and poverty reduction:
- Macroeconomic stability and restructuring objectives should be pursued before attempting fundamental labor market reforms. Labor market legislation should be reformed to lay the ground for competitive markets.
- Given large informal economies and low labor demand, active labor market programs are unlikely to be appropriate.
- □ For the time being, until financial and administrative conditions improve flat benefits for pensions and unemployment should be considered, with unemployment benefits coordinated with severance pay.
- Social assistance should focus on simple indicator targeting such as child allowances. A better understanding of informal safety nets should be reached before new systems are introduced. Social investment funds and community works programs can help provide temporary employment and income.

Evidence from the qualitative assessment indicates that social exclusion is increasing in Armenia and is closely linked to extreme poverty. The lack of a strong social network is a significant determinant of poverty. This is most likely to affect people with weak kinship ties, such as orphans and households composed of single parents. However, social exclusion is also related to lack of mobility, to poor health, and to psychological passivity due to repeated failure to integrate into the labor market or a support network.

Arrangements for financing and providing social assistance have become increasingly diverse and complex in Armenia. Government is trying to involve non-state actors in the provision of social services. NGOs and communities have begun to assume responsibility for providing services. The private sector also should be strongly encouraged to participate. Balancing responsibilities for financing and delivering benefits between levels of government and nonstate actors is a tricky task involving equity and efficiency tradeoffs. On the one hand, decentralization is desirable because local governments and NGOs are better able to evaluate and respond to local needs. But on the other, a lack of centralization and monitoring makes it difficult to ensure the equity and quality of program administration across localities. Most social services could be provided through community organizations and NGOs. But the roles of state and non-state actors must be carefully considered to ensure that the state does not abdicate its role in social policy, particularly in Armenia where there are serious income constraints. Government should also ensure that monitoring and regulatory mechanisms are in place. Local governments require adequate financing and transparent budget processes to provide benefits and services, and NGOs require an effective legislative environment that allows them to raise revenues and enter into contractual arrangements.

In addition to this changing public opinion, fostering citizen participation, involving family members, relatives, beneficiaries in the designing and implementation of services and activities is very important task to do. For that reason social work technical assistance, and training in

basic social work skills and specific service modalities should be developed. Although there is a special Article in the draft law on Social Assistance(Article 34, the draft Law on Social Assistance) defining the profession, rights and responsibilities of social workers but still our society lacks real understanding of necessity of developing of this sphere in our country.

Preceding from the overall analyses of Armenian social protection system and for the focus of the interest of this paper specifically of social assistance to the elderly of Armenia the recommendations of this paper are the following:

Short-term

- ***Community- based social service programs should be developed by jointly efforts including public sector, NGOs and other interested actors based on citizen participation, including family members of beneficiaries and the elderly themselves.***
- ***Strengthening the community-oriented social welfare infrastructure, such as schools of social work and training programs are needed to train the staff, local social assistance offices.***
- ***The private sector should necessarily be encouraged to participate.***

Long-term

- ***A national system of community-based social services should be developed.***
- ***Policies, programs, and legislation in Armenia must be designed flexible enough to cooperate.***
- ***Financing and implementation mechanisms for programs can be from one or several sources: state or central government, local government, communities, private sector, NGO, social funds or international development aid.***

Undoubtedly, all the above mentioned is not an easy strategy to implement. It is obvious that the government of Armenia is and should take the main responsibility for the development of this policy, but it is also undisputable that other discussed actors in the existing system can

support the government activities in this respect. In other words the state should foster the improvement of the field and charities should be keener on the issue.

It is unreasonable to expect that Armenia could immediately guarantee the successful development and implementation of social safety reforms. On the other hand it is very realistic to demand from our governors, officials and society to stop for a moment and think about their tasks and responsibilities.

The elderly really need our help.

Thus, we can conclude that our social assistance to elderly is not effective and does not meet the basic needs of our elders and enforcement mechanism and implementation tools are of primary importance for our country.

Mission Armenia

Questionnaire

1. What are the Agency's mission and the nature and scope of its services?
2. How was the agency established? Who were the initiators?
3. Who does the agency serve (target population)?
4. How do they choose the beneficiaries?
5. What assistance does each group receive? What form does the assistance take?
6. How do they decide which group will receive which type of assistance?
7. Are there barriers to applying for assistance?
8. How is delivery of each type of assistance implemented?
9. How are programs evaluated in terms of cost/benefit or cost-effectiveness, and how are these findings used to improve the programs?
10. Is the level of funding sufficient to get the job done?
11. Who Is Responsible for Tasks?
12. Does the agency have formal linkages to other governmental local agencies?
13. Do government bodies obtain beneficiary input? Are they responsive?
14. Particularly in which communities and marzes does the organization have branches?
15. Do community officials assist you and specifically how do they do it?
16. Do you need more support from the community officials and do you expect the communities to expand the scope of their activities?
17. What is the administrator's assessment of the impact of the agency's services on the target population?
18. What are the most critical problems facing older persons? How well are those problems being addressed by all programs and services available to community residents?

19. What new services or additional resources are needed to provide for the unmet needs of older community residents?

20. What roles do social workers play in the agency? If none, is there a need for a social work component?

Direct Service Worker

1. What are the worker's program, service, and/or treatment responsibilities?

2. What are the special challenges or issues encountered in working with older persons?

3. How effective does the worker feel the agency's services are in meeting the needs of the target population?

4. What are the most critical problems facing older persons living in this community? How well are those problems being met by current programs and services available to older residents?

5. What new services or additional resources are needed to provide for the unmet needs of older persons and their families?

Service Consumer

1. Why did the client originally seek agency services?

2. Does the client know about or use other services available to older persons who live in the community?

3. What impact has the agency's services had on the quality of the client's life?

4. Is the client satisfied with the service received? (If not- Why? And what are his or her requirements? If yes- How can he or she give more precise explanation?

5. What does the client feel are the most critical problems affecting older persons living in this community?

6. What new services or additional resources are needed to provide for the unmet needs of the community's older population?

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