



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 11-Apr-2018 | Report No: PIDC129692



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental Assessment Category	Project Name
P165314		C - Not Required	Promoting Social Inclusion and Self-Reliant Livelihood Activities in Armenia
Region	Country	Date PID Prepared	Estimated Date of Approval
EUROPE AND CENTRAL ASIA	Armenia	11-Apr-2018	
Financing Instrument	Borrower(s)	Implementing Agency	Initiation Note Review Decision
Investment Project Financing	Armenia Association of Social Workers	Armenia Association of Social Workers	The review did authorize the preparation to continue

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Financing (in USD Million)

SUMMARY

Total Project Cost	2.66
Total Financing	2.66
Financing Gap	0.00

DETAILS

B. Introduction and Context

Country Context

1. Armenia experienced remarkable growth until 2008 (the year of the global economic crisis) which led to overall improvement of living conditions for all, especially for the poor. The policy response to the 2008 crisis – a significant increase in public spending – tested Armenia’s macroeconomic resilience to external shocks as fiscal and external headroom was quickly eroded. While the fiscal stimulus had an impact and growth started to recover, crossing 7 percent in 2012, the economy started to slow down significantly by 2013, mainly because of modest regional and global momentum, limited progress on competitiveness enhancing reforms, and sluggish investment. The dramatic fall in oil prices starting in 2014-15, which led to a sharp depreciation



in the ruble and slowdown in Russia, was the next shock to hit Armenia, transmitted through declining remittances, exports and foreign investment.

2. Today, Armenia's economy finds itself at a juncture, with low growth, stalled poverty reduction and raising disparities, that contrasts with the significant previous gains since independence and until before the global financial crisis (Armenia Systematic Country Diagnostic). Historical drivers of growth have run their course and drivers of poverty reduction and shared prosperity have become less effective. Both had been driven by private and public transfers (remittances, pensions, social assistance benefits) and labor earnings and employment (particularly in the non-tradable construction sector, where low skilled workers could find jobs). These historical drivers, however, seem to have lost their effectiveness: the deterioration of the external environment has been followed by a sharp decline in remittances, the exhaustion of the fiscal buffers and a collapse of the construction sector, narrowing the channels of transmission from growth into the household and individual well-being.

3. As a result, poverty in 2015 (29.8 percent) is higher than that pre-crisis (27.6 percent in 2008). Inequality also increased. As Armenia entered a low growth period, the drivers of growth also shifted such that the top 60 benefitted more in terms of consumption growth than did the bottom 40. After the global financial crisis, with fewer jobs available for low skilled workers and a fall in remittances, growth has favored the better off. As of 2017, Armenia continues to experience an economic downturn driven largely by regional and global events and the accompanying collapse of the construction sector pushed up poverty sharply. Therefore, looking ahead, reducing poverty and raising inclusivity of growth requires not just higher growth but also equipping the bottom 40 with the assets to share in the growth.

4. Improving access to social assistance benefits and providing self-employment opportunities to the poor and vulnerable people is critical to promote social inclusion, resilience and earnings' prospects in a context of stalled private sector growth and formal job creation. Recognizing the importance of social case management, the Government prioritized in the 2017-2022 government's plan the introduction of integrated social services system, including the development of a social case management methodology and the establishment of the social work institute to develop and certify the required skills. The Integrated Social Service Provision (first adopted by the government in 2010) process focuses on improving the access to and the quality of social services. The Integrated Social Service reform calls for the development of a methodology for social case managers – a new job function for existing state social workers in Armenia. The legal framework to regulate social case management is well developed (including the order for home visits and methodological instructions for managing a social case dated September 2016, the social assistance law, annex 2 of decree-1061-N-2015) and a draft law on social work has been prepared and is currently in public hearing. This project will pilot an approach to operationalize the existing regulation on social work.

Sectoral and Institutional Context

5. Armenia's social protection system consists of both contributory and noncontributory benefits to provide social insurance, social assistance and active labor market services. The main contributory program,



with the largest share of spending and population coverage, is the pensions program. The main non-contributory and anti-poverty program in the country is the Family Benefit Program (FBP). The FBP is a means-tested cash transfer program. The same mean tested scoring formula is used to determine eligibility to health benefits, energy benefits and lump sum “emergency” benefits. Other categorical (targeted to specific population groups defined by demographic characteristics such as age, veteran and disability status) benefits in Armenia mainly include social pension (old-age and survivor benefits), family allowances (child-birth lump-sum benefit, child care benefit), and disability benefits. In terms of labor market programs, with the removal of unemployment benefits in 2014, the Active Labor Market programs (ALMPs) remain the main component of labor market policy. Nevertheless, the contribution of these programs to the Armenian social protection system is minimal, even less in 2017 when only 4 out of the 16 ALMPs were approved under the state budget (Table 1). Employment programs are currently small in scale and did not increase in 2018. Despite the positive results of the small business grants funded by a previous JSDF project, the state funded program supporting entrepreneurship through the provision of small business grants was suspended (also very small in scale, providing grant to 90 individuals per year), due to the fiscal consolidation state program, leaving a gap in public interventions supporting self-employment among the vulnerable. In terms of effectiveness, no rigorous impact evaluation assessing the impact of those programs on labor market outcomes is available to our knowledge[1]. Nonetheless, promoting labor activation among FBP beneficiaries remains a primary policy goal but there is limited capacity of the State Employment Agency (SEA) to serve vulnerable groups.

Table 1. Approved State Employment Programs, 2017

#	Program title	Planned annual result/goal	Budgeted amount (in thousand AMD)
1	One-time payments to employers for hiring “uncompetitive” individuals	4500 beneficiaries	900 000.0
2	Support to unemployed in gaining professional experience according to the professions/specializations they obtained	1200 beneficiaries	280 453. 3
3	Professional training for unemployed individuals and those who employed, but at the risk of losing their jobs	500 beneficiaries	41 250. 0
4	Organizing job-fairs	12 job-fairs	8 400. 0
TOTAL:			1 230 103. 3

6. The Family Benefit Program currently reaches 107,000 households out of which about 84,000 are families with children. According to household survey data (ILCS) this program reached around 13 percent of the population in 2015, but could be better targeted – only 61 percent of its resources went to the pre- social assistance transfers poor. The coverage of the poor is generally low since only about 27.5 percent of the (pre-transfers) poor received the transfers in 2015. Evidence (ILCS 2015) also shows that many poor households in Armenia do not apply to the flagship safety net program - the Family Benefit cash transfer program (FBP) - either because they think they won’t be eligible based on the current scoring formula or they are not aware



of their rights or are unable to access the MLSA territorial offices due to their chronic problems, little mobility and lack the proper documentation. Consultations with poor and vulnerable households in Ararat and Armavir conducted in September 2017 show that people living under or near the poverty line find themselves isolated from the communities they live in and excluded from resources they are entitled to. Lack of knowledge about both state and non-state services and benefits is a key constraint for social and productive inclusion. In this context, state and community social workers play a key role to promote social and productive inclusion of vulnerable populations by informing, referring and helping prepare the required documentation or accompanying those with mobility difficulties. As of today 517 state social workers nationwide have been hired by MLSA for the task of supporting families to apply to the FBP program, assess their vulnerabilities, verify their eligibility to the cash transfer program, enroll and monitor them over time.

7. The proposed project is complementary to the ongoing World Bank financed project Social Protection Administration Project (SPAP) II (P146318) and will inform a new operation in the pipeline (under the new CPF FY 18-22 in preparation). The SPAP II project (approved before the previous JSDF project started) supports the infrastructure (service centers) for integrated social services and light soft activities for social case management. However, there is a much stronger need to develop a sound strategy, operational procedures and training for social case workers which are not covered by SPAP II, UNICEF, or other donors engaged in the areas to be scaled up by the government with the support of a new WB operation (or in the form of Additional Financing to the SPAP II). Moreover, the capacity of the government is low and the progress of SPAP II is slow (the project is not delivering on the expected results). The proposed JSDF project would complement the SPAP II investment by piloting an operational strategy (development of handbooks, training material, tools) for existing social workers to act as connectors between targeted households and social services, including employment services, locally provided (public and private), hence improving the access to these services and by tailoring the provision of entrepreneurship support programs to social assistance beneficiaries as a strategy to help them graduate from public support. . Lessons from the proposed JSDF will be critical to inform the scale up of the social case management reform and entrepreneurship support programs.

8. This project incorporates lessons learned from the completed pilot funded by JSDF and implemented by Mission Armenia (P125791).targeted to the poor and people with disabilities. The proposed JSDF project will reflect on the design and implementation challenges of the previous JSDF grant – particularly on the small business grant component – to pilot a new entrepreneurship support program targeted to social assistance beneficiaries (by design being the extreme poor in the country) with capacity to work and a broader social case management strategy based on the government’s priorities. Another lesson from the previous JSDF project is the importance of ensuring that there is adequate government leadership and ownership for the sustainability of pilot activities. The outcomes of the project will naturally be absorbed by the government: the outreach to poor households and referrals by social workers will lead to higher demand (applications) of social services and of the piloted entrepreneurship programs. The Government of Armenia fully endorses the proposed JSDF grant and supports its successful implementation.



[1] The Departments of M&E and Labor at the MLSA estimate for each program a “sustainable employment coefficient” based on tracer studies according to which less than one out of three employment programs participants are in employment.

Relationship to CPF

9. The project is expected to contribute to several long-term objectives of strategic relevance for Armenia that are identified in the: (i) Armenia Development Strategy 2025 (ADS) which remains the long-term plan validated in the Government Program adopted by Cabinet in May 2014 after the change of government; (ii) the Country Partnership Strategy (CPS) for FY14-17; and (iii) the Armenia Systematic Country Diagnostic which will serve as an input to the Country Partnership Framework which will focus more on supporting resilience to shocks and acknowledges the reality of reduced space for net job creation.

10. Specifically, the proposed project would contribute to the current CPS outcome – *Improved coverage and targeting of the FBP and efficiency of social services delivery*. Training social worker to act as social case managers is expected to stimulate the demand of those eligible and promote efficiency in the supply of social services to be capable of absorb higher demands. The project would also contribute to the engagement Area 1 “Improved business environment and investment climate for SME creation, growth, and innovation” highlighted in the Program Learning Review (in draft) which will feed into the new CPF (under development). The provision of business training, advisory services and micro business sub-grants as well as the referral system implemented by social workers to facilitate the access of poor and vulnerable people to available employment services that are tailored to them - which would be supported under the proposed project - would contribute to promote job opportunities for poor and vulnerable beneficiaries of various social protection programs. Attention will be given to promote the number of tourism-related jobs and small business related to agro-processing (Objective 1.2 of the CPS “Increase investment in sectors with job-creating operations in rural and peri-urban areas outside of Yerevan”).

C. Project Development Objective(s)

Proposed Development Objective(s)

11. The proposed project development objective is to (i) increase access to social assistance benefits and services; and (ii) provide self-employment support for about 5,000 extremely vulnerable households in selected regions in Armenia. The PDO will be achieved by strengthening the role of existing community and state social workers as connectors between the families and available social assistance benefits and by providing entrepreneurship support to FBP beneficiaries as a pathway to graduate out of the program.

Key Results

12. Progress toward achieving the outcomes (PDO) will be measured by the following indicators:

Outcome indicators:



1. Number of (new) poor households who are eligible and receive any social assistance benefit or service (among the grant beneficiary households)
2. Number of businesses launched
3. Number of businesses in sustained operation six months after business launch

In addition, a long-term outcome indicator measuring the improved livelihood resulting from income generation through self-employment (form component 2 business grant) will be estimated through the impact evaluation once at the end of the project; it will be considered whether or not to include it in the project results framework at appraisal stage.

Intermediate outcome indicators:

1. Number of (new) poor households that apply/register in the Family Benefit Program (among the grant beneficiary households)
2. Number of individual “cases” addressed through social case management
3. Number of vulnerable people applying to (referred to) small business sub-grants
4. Number of working-age beneficiaries who successfully completed the Business Management Skills Training
5. Number of existing social workers who successfully completed a newly designed training curricula to meet minimum standards for social case management
6. An established monitoring and evaluation (M&E) system that measures progress made by families, referrals made by social workers and (ideally) effective access to social services (at least effective access to FBP). The M&E system should have a manual that outlines what will be measured, sources of information (including frequency for updates) and a basic description of the flow of information and how it is expected to inform adjustments and improvements.
7. Number of key national policies informed by project activities and outcomes

Output indicators will include the development of a training curricula and the operational guidelines for social workers, referral protocols, a family need assessment tool and the inventory of social assistance benefits and services available in the local unit.

D. Preliminary Description

Activities/Components

13. The project will be structured around the following components:
14. **Component 1: Development and implementation of a pilot counseling program.** This component will support the development of :(i) the design of the methodology for social case management as an intermediation service to connect families with available social services (and hence as a model for integrated service provision) building and expanding on existing achievements and material developed by the MLSA, UNICEF, USAID and the World bank through the SPAP I and II projects; (ii) a handbook (or operational manual) for social workers; (iii) tools for social workers such as a comprehensive screening tool to assess households’ needs and vulnerabilities, a mapping of the universe of social services and active labor market



programs available in each municipality/communities in the targeted regions; (iv) referral protocols with service providers; (v) an out-reach strategy or plan for social workers to identify and reach out to the poor and vulnerable households living in their communities; and (vi) training material to train social workers on the social case management methodology. The training curricula will include the provision of socio-emotional skills. The component will also support the implementation of the training. Training activities will be conducted to train about 200 state and community social workers in order to serve the poor and vulnerable in the targeted regions, empower and address their social needs, refer them to the appropriate social service and programs and link them with job opportunities and business start-up capital (including the small business grants funded under component 2 of this JSDF grant). The salaries of social workers are paid by the government and respective NGOs, not by the JSDF grant. Local and international experts will be hired to develop outputs (i) to (iv) described above and a local firm will be hired to conduct the training.

15. Through their front-line position, direct contact with vulnerable households and home visits, social workers have the potential to raise awareness on people's rights, inform and refer to existing social services available in the community and facilitate access to those services to poor and vulnerable households that are currently out of the system (as they did not register). Based on national household survey data the vast majority of households in the poorest quintile (72.5%) never applied to the FBP because they think they won't be eligible under the current scoring formula. While the Social Inclusion TA is supporting MLSA to improve the design of the formula, the proposed project will support the improved implementation of the targeting system through social case management. The targeting strategy to reach out excluded household will build on the same approach that is guiding the current scoring formula which is a mix of (monetary) poverty and social vulnerabilities as defined by the Social Assistance Law.

16. The Armenia Association of Social Worker (AASW, which will be the implementing agency) held the preliminary consultations with representatives from Ministry of Labor and Social Affairs (MLSA) and social workers suggest that social workers are lacking the skills and tools to work with vulnerable people in a holistic way as case managers. In order to transform existing social workers into "social case managers", social workers need to be trained and equipped with the right skills and tools they need to assess and manage different and difficult "cases": for example, referral mechanisms, resource books, assessment and follow-up tools, methodological guides on case conferences, mapping of social services that exists in the community and of the network of public and private providers facilitating access to jobs and access to finance for small scale entrepreneurship projects.

17. Where previous tools provided to case managers were general introductions to case management (assessment, intervention, monitoring, etc.), the methodology within this project will help to teach practical skills to social workers. Social case management was implemented as a methodology in Armenia since January 1, 2017, and case managers began to accept cases, but this information is not helpful for practical application. Methods for working have not been developed, including community/beneficiary outreach and establishing a working culture among social case managers and local social services and stakeholders. This project will support the government's design and practical implementation for the social case management



methodology by building the knowledge, skills, and competencies of these workers in relation to the target issue.

18. **Component 2: Capacity building and entrepreneurship support** to support FBP beneficiaries boost business activities aiming at increasing their incomes; business plan proposals will be evaluated and selected based on the soundness of design, sustainability, organizational capacity and budget. This component will pilot the implementation of a new program consisting of business training activities, advisory services and the provision of small sub-grants to promote self-employment and boosting business activities, aiming at increasing incomes and therefore livelihood state. The beneficiaries of this component are social assistance beneficiaries (poorest and vulnerable households in Armenia) with 'spare labor' (not working adults with no caring duties). The sub-component will specifically support: (i) Business Management and Marketing Skills Trainings for about 300 people, (ii) advisory services to assist in the preparation of business plan proposals; (iii) selection and disbursement of small business grants (average amount of USD 4,000) for 250 people, (iv) follow-up activities such as visits, "on-the-spot" consultancies and possible support to the beneficiaries on marketing & sales of their products and/or services, organizing regular experience sharing meetings among the grantees within the same marz and between the marzes (inviting successful grantees from previous round of the JSDF grant as guest speakers and mentors); (v) hosting a trade-fair/exhibition on business opportunities cultivated (products and services) to spread the word and link with financing institutions. The referrals protocols to the program, eligibility criteria for beneficiaries, the selection criteria for the business plans and the small grants payment mechanisms will be defined during appraisal. A Consulting Company will be contracted to conduct the Business Management and Marketing Skills Trainings, present the business plan proposals to the Evaluation Committee (consisting of representatives from MLSA, Ministry of Economy, AASW, from Mission Armenia NGO and one member from an organization protecting the interests of vulnerable people, to be confirmed at appraisal stage), implement follow-up activities such as visits, "on-the-spot" consultancies, updating AASW with the Project state, etc. The implementation of this component will be outsourced through a competitive bidding process to a consultancy firm meeting specific requirements and relevant experience providing advisory services and training for business start-ups and for small and medium enterprise development.

19. This component will strengthen the supply of programs supporting entrepreneurship by testing the provision of small business grants and the accompanying business training/coaching to FBP beneficiary households with spare labor to support their "graduation" out of the program. As mentioned above, the government in fact cut substantially the budget for active labor market programs and small business grants in 2017, leaving the country, and especially poor rural areas with very limited opportunities to jump start small scale entrepreneurship activities. The design of component 2 draws on the lessons learned from the implementation of the state-funded small business grants program (provided to 81 individuals annually on average) which was suspended in 2017 and the small business grant component supported through the previous JSDF grant (targeted to women and people with disability) which led to the creation of 90 businesses, out of which 71 are still in operation a year after the launch. Differently from previous interventions, the program being piloted under this component will be tailored to the characteristics and needs of social assistance beneficiaries (often lower educated and with motility constraints) as a pilot approach to promote their self-reliance and help them "graduate" them of public cash assistance. The key



lessons and success factors that will be taken into account from the previous JSDF project include: (i) need for a regular coaching and face-to-face visits during the first months after business creation provided by experts facilitated by the social workers; (ii) quality assurance for the business training; (iii) entrepreneurial attitude matter for success, not just a sound business plan. To the extent possible this project component will coordinate with the EU funded project implemented by SME Development National Center to boost economic activities within food processing and tourism.

20. Component 3: Project Management and Administration, Monitoring and Evaluation (M&E), and Knowledge Dissemination. This component will be divided in three sub-components: (i) Project Management and Administration; (ii) M&E and (iii) knowledge dissemination.

21. *The Project Management and Administration* sub-component will ensure proper implementation, monitoring and evaluation of the grant. Individual consultants will be hired at AASW (including a project coordinator, FM specialist, procurement specialist, M&E specialist, component 1 coordinator and component 2 coordinator) to be responsible for the implementation of project activities and reporting. Resources will be allocated to train the FM and procurement consultants on World Bank procedures. The consultant in charge of coordinating component 2 will be responsible for the design and supervision of component 2 activities, including the grants payment. Annual audits by an independent auditing firm and quarterly reports will be produced under this sub-component. The project launch, the mid-term review and final evaluation report will be produced in addition to the regular monitoring reports to the World Bank under the RETF grant. Part of the bank supervision budget will be allocated to the development and processing of the project Implementation Completion Report.

22. *The Monitoring and Evaluation* sub-component will include different M&E activities to assess the work of social workers, the behavioral changes of beneficiaries (knowledge, registration in the social and employment programs, take-up of benefits, services, livelihood grants) as well as the profitability and sustainability of the new businesses. Local and international consultancies will be hired to implement such M&E activities. The M&E plan for component 1 will include: (i) the development of a management information system (MIS) for social workers to regularly track and follow up on specific individual cases within households that register in the Family Benefit Program, monitor the family progress, referrals made by social workers and when possible effective access of beneficiaries to services for which they were referred to; The MIS will be integrated to the Family Benefit Database (used to target different social assistance benefits) and will be hosted in MLSA. (ii) an evaluation to assess social workers' skills of working with beneficiaries and knowledge of referral mechanisms before and at completion of program activities (baseline and endline data will be collected). A beneficiary assessment will also be undertaken. For component 2, baseline and endline data will be collected to evaluate the impact of the small business grants (impact evaluation). The monitoring of component 2 activities and grant payment will be done by AASW regular visits and through the consultancy firms regular reports. . The M&E plan is expected to be taken up by the government after the pilot. Expected outputs include a beneficiary assessment report, social worker evaluation report, the MIS interface for social workers and the impact evaluation of the entrepreneurship program. .\Knowledge dissemination will support social worker workshops and a final event to disseminate



the findings of the impact evaluation of the entrepreneurship program and the development and challenges of the counseling program for social case management.

23. During the project itself, the Implementing Agency will drive a participatory approach to monitoring all project activities and the results, outcomes, and impacts of the project. The development of the monitoring scheme will be based on the PDO and the project indicators. The project team and the implementing partner coalitions will submit bi-monthly updates on the relevant indicators and activities implemented to the project director for consolidation. For each quarter, a benchmark will be established for each activity output. Quarterly monitoring of activity outputs and reporting will allow the project team to assess performance toward end-of-project targets. If quarterly benchmarks are not met, then AASW will determine any needed corrections so that end-of-project targets are met. The data will be disaggregated by gender, age, refugee, and poverty status. AASW will further consolidate information on the relevant indicators, reveal any gaps, and note lessons learned. These internal exercises will help AASW to make project adjustments if needed.

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SAFEGUARDS

E. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		X	
Natural Habitats OP/BP 4.04		X	
Forests OP/BP 4.36		X	
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11		X	
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12		X	
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

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