



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 23-Mar-2021 | Report No: PIDC243966



BASIC INFORMATION

A. Basic Project Data

Project ID	Parent Project ID (if any)	Environmental and Social Risk Classification	Project Name
P176454		Moderate	SPF: Armenia Support to Conflict Affected Families
Region	Country	Date PID Prepared	Estimated Date of Approval
EUROPE AND CENTRAL ASIA	Armenia	23-Mar-2021	
Financing Instrument	Borrower(s)	Implementing Agency	
Investment Project Financing	Republic of Armenia	Ministry of Labor and Social Affairs	

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	3.72
Total Financing	3.72
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	3.72
State and Peace Building Fund	3.72

B. Introduction and Context

Country Context

The six-week conflict that ensued during September-November 2020 in the Nagorno Karabakh (NK) between Armenia and Azerbaijan wounded and killed thousands of Armenians and displaced about 90,000 NK residents (more than 60 percent of the population) in Armenia and NK. Registration of displaced people in Armenia (88 percent of which are women and children) has so far been carried out by the Government of Armenia (GoA) at the municipality level, and the official data is now available at the State Migration Service. Overall, it is estimated that out of 90,000 displaced NK residents, between 20,000 and 50,000 people have already returned to NK. Preliminary results of the needs assessment conducted by the GoA and the United



Nations Children's Fund (UNICEF) also show that only 30 percent of the arrivals to Armenia from NK intend to return to NK. A majority of the NK displaced people in Armenia are being hosted with relatives and host families, or being placed in hotels, old sanatoriums, kindergartens, and communal buildings with poor or non-existent heating, water, and sanitation facilities, putting great pressure on the local communities' provision of basic services.

Not only does the displaced population in Armenia lack access to basic services, education, and health care, they have also left behind assets, livelihoods, and social networks. Many have been separated from or lost family members or have been wounded in the war, resulting in economic, socioemotional, and physical distress.

At the same time, Armenia is still grappling with the novel coronavirus (COVID-19) pandemic. Congested living conditions in both host and communal accommodations and an overstretched health system in the region are contributing to an increase in COVID-19 cases in many areas. Many Armenians have lost their jobs due to the containment measures, children's education has been affected as distance learning modes were put in place, and many Armenians have lost family members to the disease (as of March 2021, 3,301 Armenians had died from COVID-19). Economic activity in January 2021 against January 2020 decreased by 7.5 percent.

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Sectoral and Institutional Context

The GoA has developed a broader social protection response package with support from other development partners (the United Nations [UN], international non-governmental organizations [NGOs], and civil service organizations [CSOs]). The package includes cash assistance, psychological support, support for restoring livelihoods and labor market integration, support for children to attend school (and distance learning), support for families to access basic health services, and assistance to the wounded and those who became disabled as a result of the war (through social care, rehabilitation services, medical assistance, and prostheses). The Ministry of Labor and Social Affairs (MLSA) of the Republic of Armenia is responsible to provide the needed social assistance to the displaced people and to coordinate the technical and financial support by donors.

Between mid-November and March 5, 2021, the GoA adopted several cash-based assistance programs targeted to conflict-affected people and families. The proposed project will contribute to support the following selected social protection and employment support programs, which constitute part of the larger support package targeting displaced people within the territory of Armenia:

- A monthly cash benefit equal to the minimum wage (AMD 68,000) per adult/child for up to four months for the NK displaced people in the territory of Armenia. Eligibility conditions are: 1) being registered and lived for at least three months prior to September 27, 2020 in NK; and 2) persons registered in NK, whose property has become uninhabitable due to military hostilities. Men aged 18-63 who have not been recognized as having a disability are not eligible. All women and children are eligible if they meet the two eligibility conditions above. A child is eligible regardless of whether the



parent/foster parent is eligible or not for the program. Applications are made through an online platform of the Social Security Service, with support from the Territorial Offices of Social Services (TOSS) and hotlines. Payments will be made through bank accounts.

- Cash assistance to Armenian families hosting NK displaced people. Host families in Armenia will receive AMD 30,000 per month per each adult hosted for up to six months. A host is defined as a physical person who owns residential real estate in the Republic of Armenia and is providing accommodation to a hosted person between Dec 2020 and May 2021. Applications are submitted through an online portal: for the month of December 2020 – from 25 Dec to 12 Jan 2021 inclusive, while for the months of January-May 2021 – from the 25th of each month to the 5th of the following month inclusive. Benefits are paid through bank accounts.
- Temporary subsidized work experience for NK displaced people who are looking to gain work experience in Armenia. The program provides a monthly salary of AMD 100,000 per three months for the NK displaced employee as well as reimbursement of the income tax and social payments (as specified by the Law) to the employer. Employer is a physical or legal entity located in the territory of Armenia which concludes an employment contract with the NK displaced beneficiary. Payment is made to the bank account of the employer. The assistance is suspended upon termination of the employment contract.
- Cash-for-work (public works) for the NK displaced people who are in Armenia. The benefit amount is AMD 8,000 per day for the works conducted, including income tax and other social payments (if defined by Law). The duration of public works should be for a maximum period of three months. The program is implemented on the basis of public works proposals submitted by the head of municipalities to head of the regional center of the State Employment Agency (SEA). An employment contract should be signed between the NK displaced beneficiary and the head of the municipality. The benefit is provided to the bank account of the beneficiary.

The proposed project responds to the request of the MLSA and builds on the regular discussions under the Sub-working Group on Humanitarian Cash Transfer Programming, including 22 organizations among which are the UNICEF, the United Nations High Commissioner for Refugees (UNHCR), the United Nations Development Program (UNDP), the United Nations Population Fund (UNFPA), the United Nations World Food Program (WFP), World Vision, the International Committee of the Red Cross (ICRC), the International Federation of Red Cross and Red Crescent (IFRC), the International Organization for Migration (IOM), Catholic Relief Services (CRS), Armenian Caritas, People in Need, Save the Children, the World Bank, Action Against Hunger (ACF), and Mission Armenia. The Sub-working Group on Humanitarian Cash Transfer Programming is part of a broader structure put in place by the UN to coordinate humanitarian efforts in response to the crisis in NK in the areas of shelter, food, non-food items, health, education, and payment of utilities. While the UN agencies and NGOs have provided non-cash humanitarian assistance, the GoA is leading the implementation of cash-based assistance.



Relationship to CPF

The proposed project is consistent with the Country Partnership Framework (CPF) for the Republic of Armenia for the Period FY19-FY23 (Report No. 123902-AM, dated February 28, 2019), specifically relating to focus area 2, human development and equity; the World Bank Group (WBG) Strategy for Fragility, Conflict & Violence (FCV) 2020-2025 (focus areas on forced displacement, Humanitarian-Development-Peace [HDP] Nexus, and prevention and recovery); and the WBG COVID-19 Crisis Response Approach Paper (pillar 2 on protecting poor and vulnerable people). The proposed Project complements the following on-going World Bank-financed projects in Armenia: the Social Protection Administration Project II (SPAP II) (P146318); the Social Investment and Local Development (SILD) Project (P148836) and its Additional Financing; the Promoting Social Inclusion and Self-Reliant Livelihood Activities in Armenia (P165314); the Education Improvement Project (P130182); and the Disease Prevention and Control Project (P128442).

The WBG's experience in working with marginalized groups and its Environmental and Social Framework (ESF) will be leveraged to support the inclusion of displaced populations into WBG diagnostic work and strategy development. The ESF is a powerful tool that can be used to ensure that the NK displaced people are not excluded from access to social services and programs.

C. Project Development Objective(s)

Proposed Development Objective(s)

The grant development objective is to improve the resilience of families affected by the Nagorno Karabakh conflict and to promote the social cohesion in their hosting communities.

Key Results

The project is expected to contribute to the peacebuilding objectives to developing the socio-economic conditions that foster peaceful, stable, and sustainable development through inclusive policies for displaced people, hosting families and women. The grant activities will also contribute to the implementation of collective outcomes across humanitarian, development, and peace operations.

Expected outcomes include increased resilience of conflict affected families through cash assistance support and improved social cohesion in host municipalities.

Outcome indicator: Improved socio-economic conditions and stability for the displaced persons and host communities.

Potential PDO indicators that will be considered include:

Percentage of NK displaced people in Armenia who report they have enough food or money for food supplies;



Percentage of NK displaced beneficiaries in working age who are employed in Armenia after participating in internship or public works programs supported by the project;

Percentage of beneficiary hosting families who report that displaced people are welcome in their communities;

Percentage of project beneficiaries who believe access to livelihood opportunities is equal among displaced people and hosting communities.

Output indicators will track the number of applications, number of eligible beneficiaries and payments for each of the four benefits supported under component 1 of the project, disaggregated by sex and municipalities.

Indicators will be monitored through the MLSA existing monitoring data systems, SEA inspections, monitoring and tracer phone calls implemented by the Project Coordination Unit (PCU) under the MLSA and data collection activities supported by the Bank-executed part of the SPF grant.

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D. Preliminary Description

Activities/Components

The Project has two components.

Component 1: Cash Assistance for Conflict Affected Families (US\$ 3,693,218)

This component supports temporary cash benefits to NK displaced people in Armenia and their host families. Cash assistance supported under this component has the objectives to provide temporary income support to affected families to smooth basic consumption and support the labor market inclusion of displaced persons of working age. Displaced populations typically need repeated injections of cash benefits to recover their human and physical capital base. The importance of cash as a preferred modality of support has been raised by the Government, the displaced people, and the host families since the first days of the conflict, and was confirmed by a rapid needs assessment conducted by the UN in January 2021. While non-cash humanitarian support has been provided by the UN and NGOs since October 2020, the GoA expressed its willingness to manage the delivery of cash-based assistance and to coordinate donors' contributions.

Specifically, the component will support programs # 1, 6, 9, and 10 (Table 1) which have been already adopted by the GoA as part of a broader package of support to conflict affected people. The support under this component is meant to complement other development partners support.

Table 1. Financing needs and other development partners' commitment (as of mid-January 2021)



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#	Support Program already adopted by GoA	Estimated number of Beneficiaries (in Armenia)	Estimated Budget (AMD, mln)	Estimated Budget (USD, mln)	Development Partner Commitment (USD, mln)	Govt. gap (USD, mln)	Proposed SPF grant amount (USD, mln)	Estimated number of beneficiaries supported by the grant
1	Cash benefit to NK displaced people in Armenia (AMD 68,000);	42,000 individuals	14,280.00	27.36	18.00	9.36	1.95	5,000
6	Monthly cash benefit for hosting families in Armenia	15,000	2,7	5.172	1,03	4.14	0.69	4,000 individuals (about 1600 hosting families)
9	Employment subsidies for unemployed NK displaced people and employers in Armenia	1052 individuals	4.23	0.81	0	0.81	0.72	936
10	Public works for NK displaced people who are in Armenia	250 individuals	120	0.23	0	0.23	0.10	115
TOTAL:			17.5	33.51	19.0	14.5	3.5	10,051

Notes:

#1 The estimated are based assuming 3 months benefit for each beneficiary. WFP committed \$10 million and UNHCR \$8 million; UNICEF is also considering providing financial support.

#6 The monthly benefit consists of AMD 30,000 per each adult hosted per six months. The grant will support three months for each hosted adult. Based on December-February 2021 data there are about 2.5 adults per hosting family on average. The ICRC committed to cover up to 3,000 hosting families in Tavush and Syunik for six months. The People in Need committed to co-finance (amount is not disclosed). The estimated budget is calculated for three months for hosting families in Armenia (March-May 2021) to match with the timeline of our proposal. It is assumed each family hosts two adults on average.



#9 No development partner has yet committed to co-finance this program. The NK displaced people will receive monthly salary of AMD 100,000, and the employer – AMD 34,000 monthly for three months.

#10. No development partner has yet committed to co-finance this program. Each public works project by the municipality will be up to AMD 2 million, with no more than 20 percent (AMD 0.4 million.) for procurement of materials, transportation, etc. (non-salary). On average, the remaining AMD 1.6 million with AMD 8,000 daily rate will cover 200 workdays, or 3-4 beneficiaries for three months (20 days per month is the regular workload and three months is the average duration as per decree) per each public works project, and in total up to 400 public works projects (1600 total beneficiaries or four beneficiaries per project).

The public works will be implemented throughout Yerevan and the 10 *marzes* (provinces) as requested by relevant municipalities in coordination with the State Employment Agency (SEA) starting mid-March 2021. The types of public works include improvement of public roads, sidewalks, parks, playgrounds, fire water supply, outdoor lighting, improvement of areas adjacent to historical and cultural monuments and cemeteries, minor renovation of public buildings and surrounding areas, and small-scale tree planting and care. Attention will be paid to select projects that would ensure women’s participation. As of March 5th, 250 applications were received by the SEA, with 44 from women.

Under the *Employment subsidies for unemployed NK displaced people and employers*, 1,052 applications were received by the SEA, out of which 800 from women; 52 displaced beneficiaries have started the subsidized employment programs, matching the state budget allocated to this program.

The project is expected to have an impact on women affected by the conflict. According to an initial need assessment conducted by the REACH Foundation, women represent 60 percent of the adult displaced population. In this sense, a significant proportion of cash transfer recipients are expected to be women.

Component 2: Project Management (US\$ 25,000)

This component will ensure proper implementation of the grant including fiduciary aspects, monitoring & evaluation (M&E), as well as compliance with the World Bank environmental and social standards during project implementation. A project audit will be also financed under this component as well as other operating costs such as personal protective equipment for project contracted workers, translation and office equipment. The Project Coordination Unit (PCU), already established in the MLSA to support the implementation of the SPAP II project, will also support the implementation of this project grant. The existing time-based contracts of the PCU coordinator, financial management (FM) specialist, social/M&E specialist, and environmental specialist will be amended to allow them to support implementation of grant activities.

Environmental and Social Standards Relevance

E. Relevant Standards



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ESS Standards		Relevance
ESS 1	Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10	Stakeholder Engagement and Information Disclosure	Relevant
ESS 2	Labor and Working Conditions	Relevant
ESS 3	Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4	Community Health and Safety	Relevant
ESS 5	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
ESS 6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7	Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8	Cultural Heritage	Not Currently Relevant
ESS 9	Financial Intermediaries	Not Currently Relevant

Legal Operational Policies

Safeguard Policies	Triggered	Explanation (Optional)
Projects on International Waterways OP 7.50	No	
Projects in Disputed Areas OP 7.60	No	

Summary of Screening of Environmental and Social Risks and Impacts

The environmental, health, and safety impacts expected from public works under the project are moderate because physical activities in selected regions will be confined to the minor small-scale public works such as the improvement of public infrastructure and spaces. The Project Operations Manual (POM) will include guidance on the application of an Environmental and Social Management Plan (ESMP) checklist to mitigate any associated environmental and social risks and to avoid threats to the health and safety of the public and workers during minor works. MLSA will apply due diligence by following procedures to be spelled out in the POM and the ESMP checklist. Social risks may be associated with insufficient information and outreach; they may also be related to inclusive and non-discriminatory labor terms and conditions, occupational health and safety in the public works component, and gender-related risks. The MLSA PCU will prepare a Stakeholder Engagement Plan (SEP) to describe all information disclosure, outreach and consultations to be undertaken during project implementation.

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