



Project is funded by the
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EVALUATION OF “FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS” STATE BUDGET PROGRAMME

INCREASING CIVIL SOCIETY PARTICIPATION IN NATIONAL POLICY DIALOGUE IN ARMENIA,
ENPI/2013/334643

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EVALUATION OF “FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS” STATE BUDGET PROGRAMME

- INITIATIVE
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- ANALYSIS OF IMPACT AND TARGETING OF THE PROGRAMME
- PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES
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PROGRAMME AND METHODOLOGY

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ABOUT THE INITIATIVE

The project is funding by the European Union.

The project is implemented in cooperation with OXFAM.

Within the framework of the project, EDRC makes:

- **simplifications of state budgets of agriculture, healthcare and social protection sectors,**
- **policy framework analysis,**
- **monitoring and evaluation of selected budgetary programmes,**
- **activities aimed at increasing budget literacy and building analytical capacity of CSOs.**

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ABOUT THE INITIATIVE

The selected budgetary programmes are.

- 1. Family living standards enhancement benefits programme**
2. Social services at home to single elderlies (including Social services to single elderly at home in Marzes of Armenia programme)
- 3. Medical services to the socially vulnerable and special groups**
4. Primary healthcare services to the population
5. Agricultural consulting services
6. State support to agricultural land users

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THE METHODOLOGY

Quantitative and qualitative research methods:

- Study and examination of policy documents,
- Review of related studies and reports,
- Key Informant Interviews,
- Study and interviews with service providers and beneficiaries,
- Analysis of statistical data,
- Household surveys.

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QUANTITATIVE RESEARCH

EDRC, Household surveys – 2015.

- Face-to-face interviews in HHs based on the Survey Questionnaire.
- Stratified, multi-stage random sampling mode.
- Identifying of «**General Population**» (HHs of Armenia) and «**Target Population**» (the beneficiary HHs under the FBP).
- The sample size in each cluster: 2300 HHs.

Integrated Living Conditions Survey Database, RA NSS, 2014

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QUANTITATIVE RESEARCH

HHS-2015 Sample and sample error

Clusters	Strata	Sample size, HH	Sample distribution	Expected error, %
Cluster 1. General Population	1.1 Yerevan	852	0.37	+/-3.4
	1.2 Other Urban	690	0.30	+/-3.7
	1.3 Rural	758	0.33	+/-3.6
	Total	2,300	1.00	+/-2.0
Cluster 2. Targeted Population	1.1 Yerevan	400	0.17	+/-4.9
	1.2 Other Urban	980	0.43	+/-3.1
	1.3 Rural	920	0.40	+/-3.2
	Total	2,300	1.00	+/-2.0

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QUANTITATIVE RESEARCH

Comparison of poverty assessments, %

	Total, % of all HHs		Beneficiary, % of all beneficiaries	
	ILCS, 2014	EDRC, 2015	ILCS, 2014	EDRC, 2015
Poor and Extremely poor	25.9	33.2	45.2	56.2
Extremely poor	1.85	2.2	4.7	4.8
Very poor	7.0	9.4	15.3	20.2
Poor	16.97	21.6	25.2	31.3

Source: Database of ILCS 2014 and data of EDRC HHSS – 2015, EDRC calculations and evaluations

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ABOUT FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS PROGRAMME

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ABOUT FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS PROGRAMME

- FLSEB programme is a social assistance (transfers) state budgetary programme, which is based on RA Laws on “Social assistance” and “State pensions”.
- FLSEB programme has around 105 thousand beneficiary families, which is almost 14% of all families of Armenia.
- 80,000 families of beneficiaries have a child, and one third of them are families with three and more children.
- Average size of the monthly benefit is 30.5 thousand AMD (minimum` 17 thousand AMD, maximum` 55-70 thousand AMD)
- The budget is 38 billion AMD, which is 9.5 % of social protection budget.
- 17% of households is registered in the family benefits system, while the poverty incidence is 30%.

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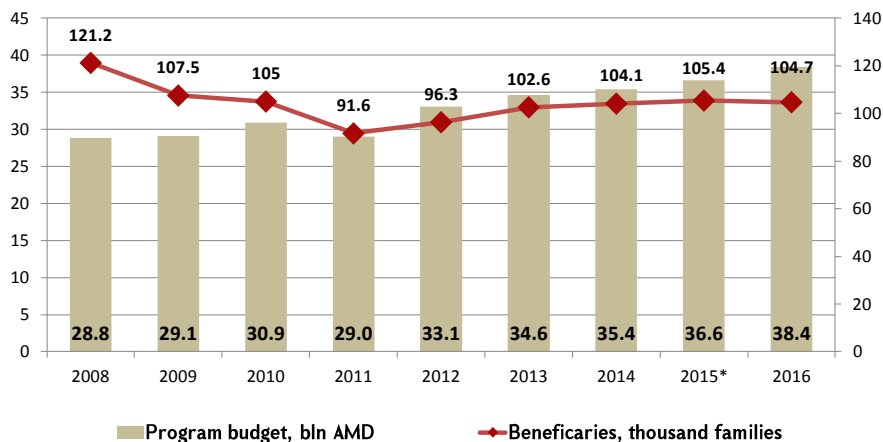
ABOUT FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS PROGRAMME

- The System based on “Paros” humanitarian assistance system. The budgetary programme was introduced in 1999.
- The benefits depend on vulnerability score of each member, the number of children in the family, living area, etc.
- Three types of benefits are categorized: 1) family benefit , 2) social benefit and 3) Immediate assistance.
- There are 11 vulnerability scoring indicators.
- The families, whose family vulnerability score exceeds the 30.00, can receive benefits.

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ABOUT FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS PROGRAMME

Programme budget and number of beneficiaries



Source: RA Laws on State Budgets 2015-2016, RA reports on State budget performance 2005-2014, RA MoLSA report 2015, EDRC calculations
*According to the report of RA MoLSA 2015

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ABOUT FAMILY LIVING STANDARDS ENHANCEMENT BENEFITS PROGRAMME

Medium-term and long-term indicators of the programme

	2016	2017	2018	2017	2021	2025
	Budget	MTEF		ADS		
Number of beneficiary families	104,685	104,685	104,685	104,685	89,221	65,883
Average size of the monthly benefit, AMD	30,538	30,538	30,538	56,099*	52,390*	106,600*
Funding of the FLSEB programme, mln AMD	38,362	38,362	38,362	37,125	56,099	84,271
Funding of the FLSEB programme, percentage of GDP	0.7	0.7	0.7	0.6	0.6	0.6
Correlation of beneficiary families to families below the low threshold of poverty, %	-	-	-	94.5	100	100

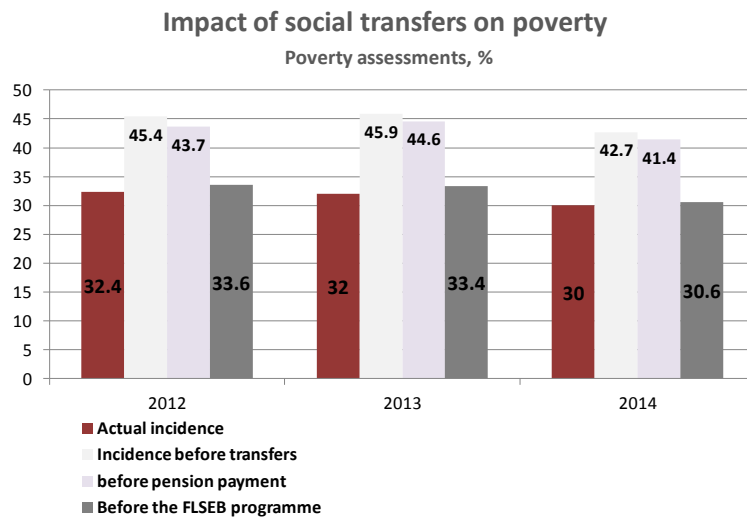
* The calculation was made based on the growth indexes.
Source: RA Laws on State Budgets 2016-2018, ADS 2014-2015, EDRC calculations

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IMPACT AND TARGETING OF THE PROGRAMME

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IMPACT AND TARGETING OF THE PROGRAMME: IMPACT OF SOCIAL TRANSFERS ON POVERTY

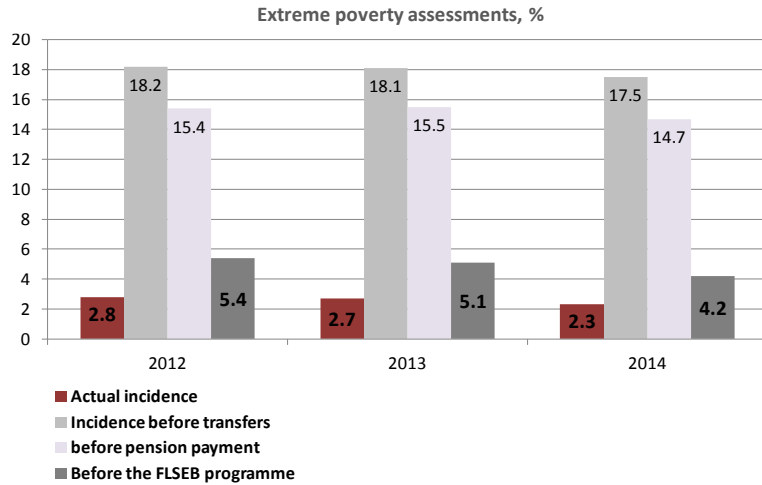


Source: RA NSS ILCS, EDRC calculations

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**IMPACT AND TARGETING OF THE PROGRAMME:
IMPACT OF SOCIAL TRANSFERS ON EXTREME POVERTY**

Impact of social transfers on extreme poverty

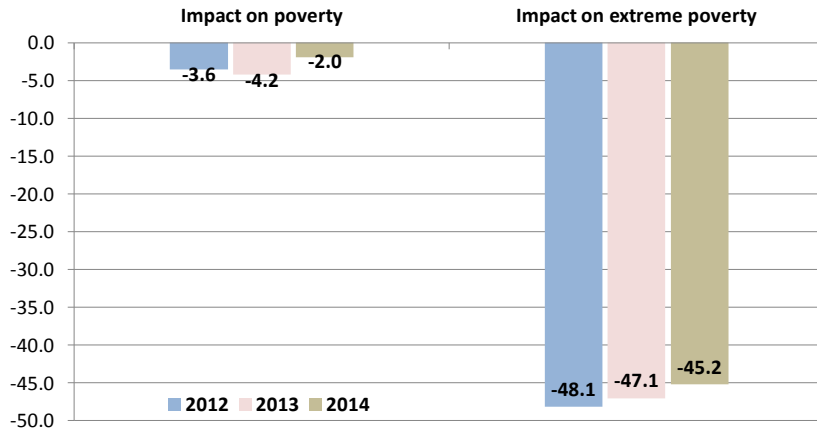


Source: RA NSS ILCS, EDRC calculations

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**IMPACT AND TARGETING OF THE PROGRAMME:
FLSEB PROGRAMME IMPACT ON EXTREME POVERTY**

FLSEB programme impact in 2012-2014, %

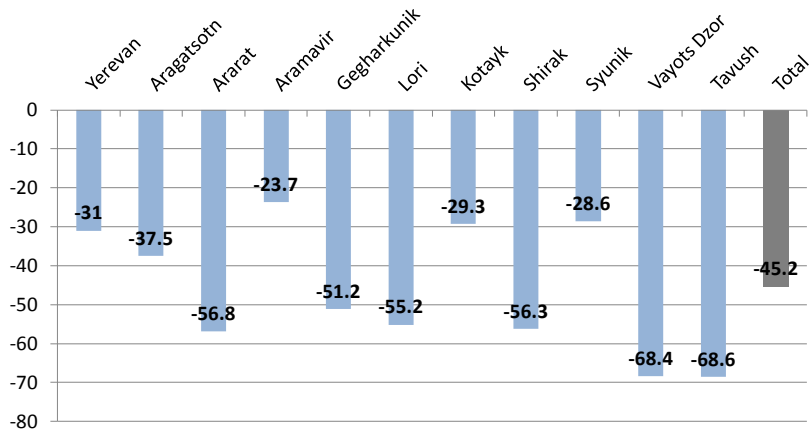


Source: RA NSS ILCS, EDRC calculations

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**IMPACT AND TARGETING OF THE PROGRAMME:
IMPACT ON EXTREME POVERTY BY MARZES**

Reduction of extreme poverty by marzes in the result of the FLSEB programme, 2014, %

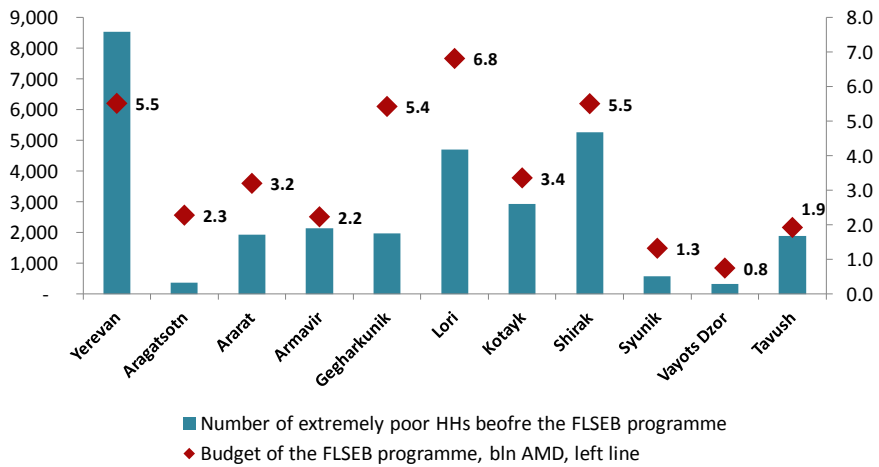


Source: RA NSS ILCs, EDRC calculations

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**IMPACT AND TARGETING OF THE PROGRAMME:
EXTREME POVERTY AND FUNDING BY MARZES**

Number of extremely poor HHs (pre-project) and funding of the FLSEB programme by marzes

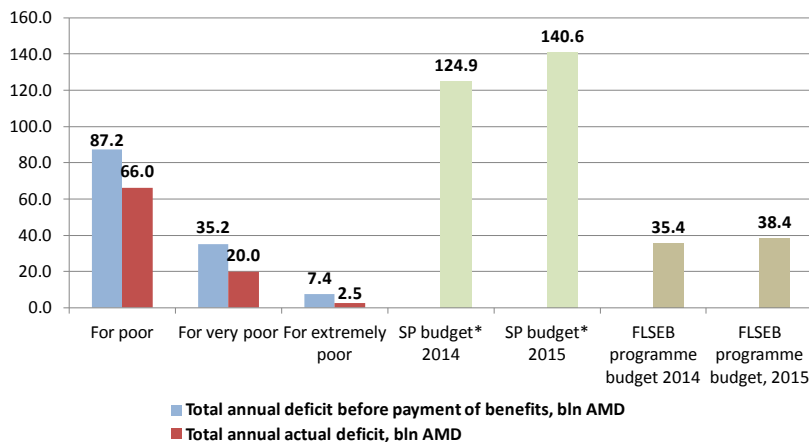


Source: RA NSS ILCs, EDRC calculations

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IMPACT AND TARGETING OF THE PROGRAMME: POVERTY DEFICIT AND NECESSARY BUDGET

Assessments of poverty deficit and social protection budget

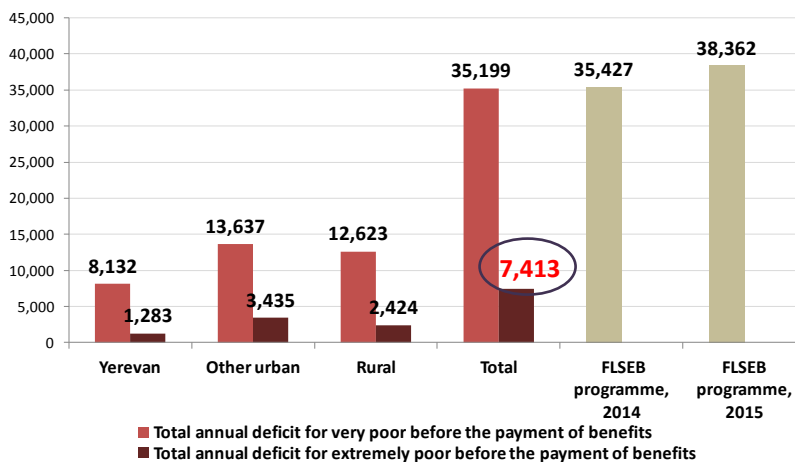


* State budget of social protection without pensions (labour, military pensions and pensions of their families and others, defined by RA laws)
 Source: RA NSS, ILCS, EDRC calculations

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IMPACT AND TARGETING OF THE PROGRAMME: NECESSARY BUDGET FOR ERADICATE EXTREME POVERTY

Deficits for extreme and very poor HHs and the FLSEB programme budget, billion

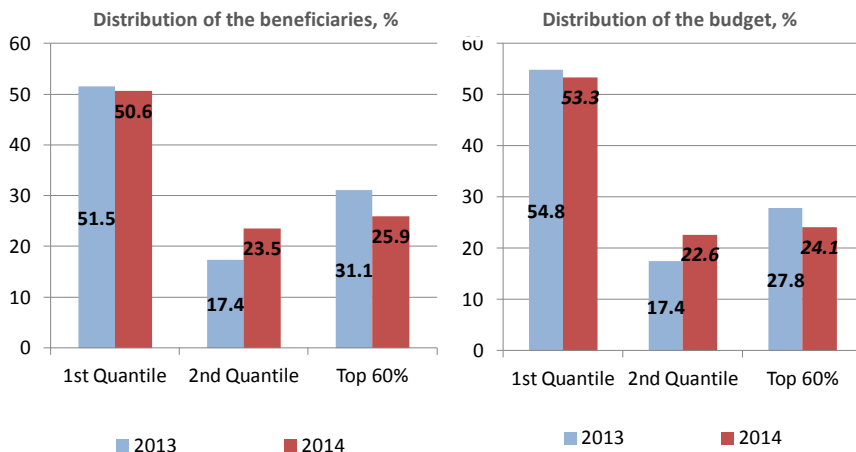


Source: RA NSS ILCS, EDRC calculations

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IMPACT AND TARGETING OF THE PROGRAMME: TARGETING OF DISTRIBUTION OF BENEFICIARIES AND BUDGET

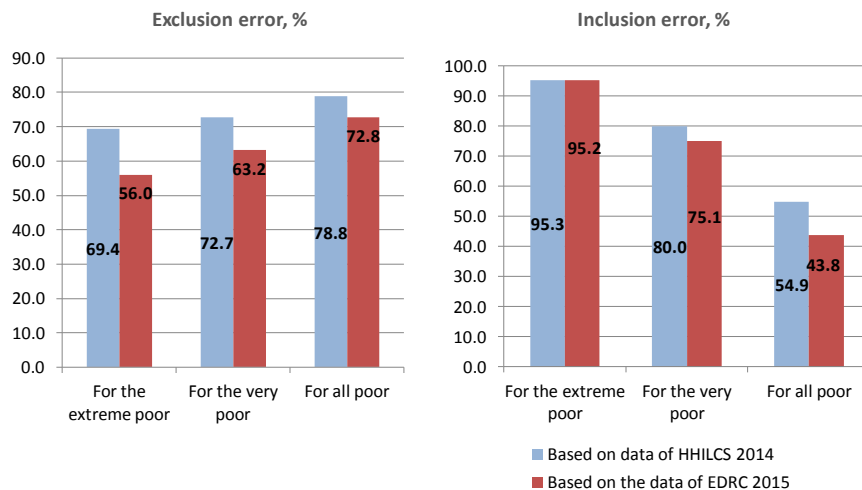
Distribution of beneficiaries and budget of the FLSEB programme by Quantiles



*Fractals are considered before paying the benefits
Source: RA NSS ILCS, EDRC calculations

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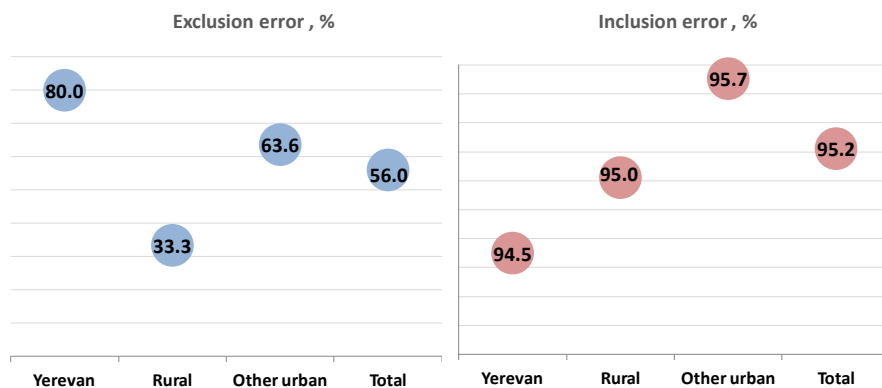
IMPACT AND TARGETING OF THE PROGRAMME: EVALUATIONS OF INCLUSION AND EXCLUSION ERRORS



Source: RA NSS ILCS database and EDRC HHSS data, 2015

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IMPACT AND TARGETING OF THE PROGRAMME: SYSTEM ERROR FOR THE EXTREMELY POOR



Source: HHSS – 2015, EDRC

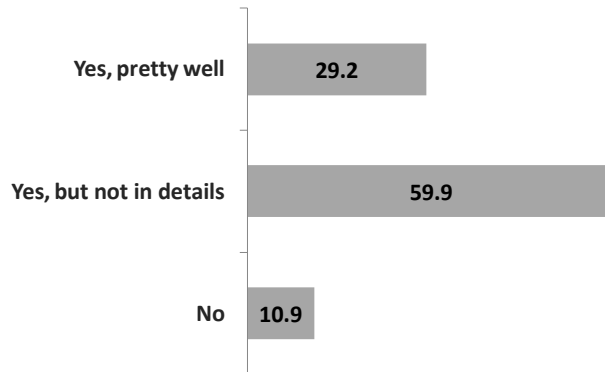
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PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES

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PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES

Awareness of the FLSEB programme, %

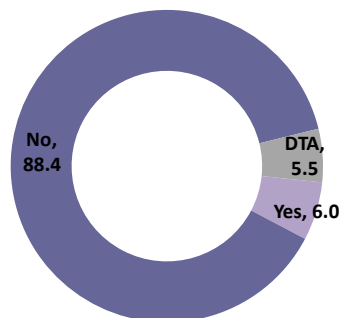


Source: HHSS – 2015, EDRC

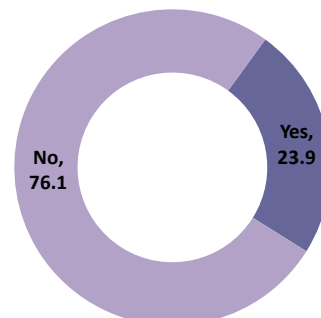
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PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES

Number of beneficiaries, who mentioned that additional payments were demanded from them, %



Number of beneficiaries, who know their family vulnerability score, %

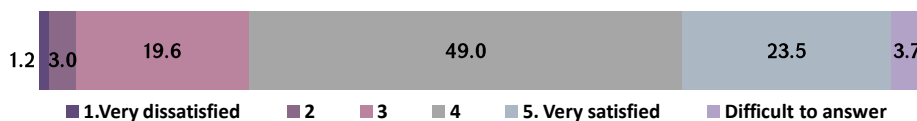


Source: HHSS – 2015, EDRC

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PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES

Satisfaction of beneficiaries with the work of regional centers' staff, %



Source: HHSS – 2015, EDRC

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PUBLIC PERCEPTION OF THE PROGRAMME AND SATISFACTION OF BENEFICIARIES

Evaluations of various questions about family benefit system, %

	Confident	Know cases	Have heard	No	DTA	Total	
It leads to laziness and inactivity	6.2	2.6	8.7	65.9	16.7	100	All HHs
	2.1	0.9	5.3	86.0	5.7	100	Beneficiaries
In many cases non-poor families benefit	11.6	11.2	37.5	16.3	23.5	100	HHs
	7.5	6.4	36.6	25.0	24.5	100	Beneficiaries
There are very poor families, which do not benefit.	17.2	15.7	34.3	11.6	21.3	100	All HHs
	9.9	10.6	38.1	17.7	23.7	100	Beneficiaries
There are cases of abuses and corruption	10.5	3.9	25.0	23.8	36.9	100	All HHs
	5.0	2.8	18.2	38.0	36.1	100	Beneficiaries

Source: HHSS – 2015, EDRC

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VULNERABILITY SCORING FORMULA

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VULNERABILITY SCORING FORMULA: INDICATORS

Vulnerability scoring indicators (11 indicators):

- **First group. "Risk factors creating poverty"**
 1. Average score of respective social groups - P_{avg} ,
(the arithmetic mean of vulnerability scores of family members)
 2. The number of household members not capable to work - K_{mem} ,
 $K_{mem} = 1.00 + 0.02 \times (\text{number of household members not capable to work})$
 3. Household income indicator.
- **Second group. "Additions"**
 4. Indicator of housing conditions - K_{hs} ,
 5. Indicator of living area – K_r ,
- **Third group. "Constraint"**
6 indicators: Electricity consumption, Possession of a vehicle, contracts, evaluation on socio-economic conditions, etc.

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VULNERABILITY SCORING FORMULA: SOCIAL GROUPS AND VULNERABILITY SCORES

	Vulnerability score	Password
1 Person with disability, Group I	48	Հ11
2 Person with disability, Group II	39	Հ22
3 Person with disability, Group III	28	Հ33
4 Child with disability	45	Հ44
5 Child up to 5 years old	35	Ս55
6 Child at the age 5-18	33	Ս66
7 Single-parent child	43	Ս23
8 Child without both parents	50	Ե56
9 Child of single-mother	26	Ս45
10 Child of divorced parents	26	Ս34
11 Student, up to 23 years old	22	Ս12
12 Pupil, 18 years old before June of the year of completing school	30	Ս22
13 Pregnant woman (12 weeks and more)	35	Հ00
14 Unemployed	22	Գ99
15 Person, not competitive in labour market	28	Գ98
16 Pensioner	36	Կ88
17 Single, unemployed pensioner	37	Կ87
18 Old pensioner (75 and older)	39	Կ86
19 Family member, who is absent or does not have a social group	17	

Source: RA Government decree N145-N, as of 30.01.2014

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VULNERABILITY SCORING FORMULA: INCOME COEFFICIENT

Cases	Per capita income of a household, AMD	Income coefficient, K_{in}	Minimum score of a household for the rest of parameters
Case 1	0	1.20	25.01
Case 2	5,000	1.15	26.10
Case 3	10,000	1.09	27.53
Case 4	15,000	1.04	28.86
Case 5	18,182	1.00	30.01
Case 6	20,000	0.98	30.62
Case 7	25,000	0.93	32.27
Case 8	30,000	0.87	34.49
Case 9	35,000	0.82	36.60
Case 10	40,000	0.76	39.49
Case 11	45,000	0.71	42.27
Case 12	50,000	0.65	46.17
Case 13	55,000	0.60	50.02
Case 14	60,000	0.54	55.57
Case 15	65,000	0.49	61.24
Case 16	70,000	0.43	69.79
Case 17	75,000	0.38	-
Case 18	80,000	0.32	-
Case 19	109,091	0.00	-

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VULNERABILITY SCORING FORMULA: INCOME FORMULA RECOMMENDATION

Recommended formula:

$$K_{in} = 1.2 - 0.02 / 2500 \times e, \text{ when } e \leq 45,000$$

$$K_{in} = 0, \text{ when } e > 45,000$$

Where 'e' is the monthly income per capita.

The recommendation considers:

- change 18182 AMD breaking point to 25000 AMD,
- In case of 25,000 AMD to 0 AMD income: the indicator will increase up to 20%,
- in case of higher income than 25,000 AMD: will curb the probability of inclusion,
- in case of 45000 AMD or higher income: will equal to 0.

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VULNERABILITY SCORING FORMULA: RECOMMENDATION OF K_{hs} INDICATOR

Indicators of housing conditions ` K_{hs}

	Housing conditions	Used	Suggested
1	Houses, provided after a disaster	1.2	1.15
2	Non-permanent (temporary) house	1.06	1.1
3	Condemned apartment (3rd and 4th level)	1.05	1.03
4	Room, not privatized in the dormitory	1.03	1.03
5	Other: rented area or area, that does not belong to the family, hotel, school, loft, garage, or not having certain living place	1.02	1.02
6	Private house	1.0	1.0
7	Flat	1.0	1.0

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VULNERABILITY SCORING FORMULA: INDICATOR OF LIVING AREA

Indicator of living area K_i

(makes certain differentiation for families living in mountainous and close-to-border areas, increasing the probability to get involved in the system)

	Villages	Cities	Kr= 1,03	Kr= 1,05	Total
Aragatsotn	3	2	5	0	5
Ararat	3	0	0	3	3
Armavir	15	0	12	3	15
Gegharkunik	6	5	6	5	11
Lori	28	8	8	28	36
Kotayk	0	5	5	0	5
Shirak	20	3	16	7	23
Syunik	53	7	5	55	60
Vayots Dzor	7	3	3	7	10
Tavush	47	0	4	43	47
Total	182	33	64	151	215

- It is recommended to conduct deeper studies and review indexes of living areas.

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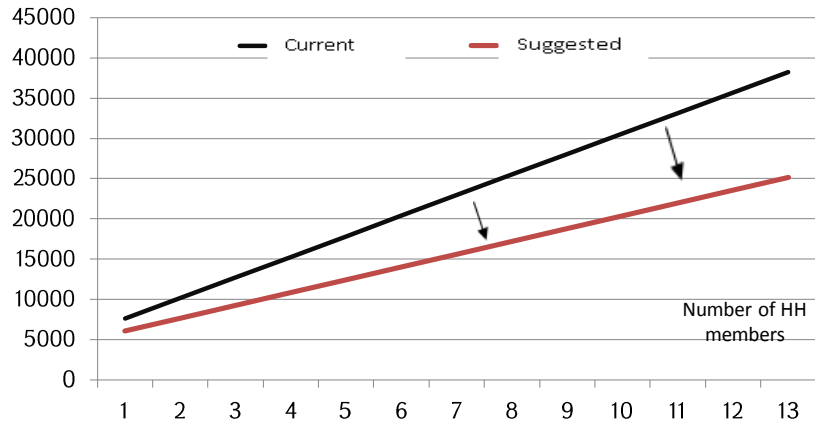
VULNERABILITY SCORING FORMULA: ELECTRICITY CONSUMPTION INDICATOR

Number of HH members	Current monthly threshold			Suggested monthly threshold		
	Electricity consumption of HH kwt/hour	Electricity expenditures of HH, AMDSS		Electricity consumption of HH kwt/hour	Electricity expenditures of HH, AMDSS	
		Previous tariff	Current tariff		Previous tariff	Current tariff
1	156	6084	7644	124	4836	6076
2	208	8112	10192	156	6084	7644
3	260	10140	12740	189	7371	9261
4	312	12168	15288	221	8619	10829
5	364	14196	17836	254	9906	12446
6	416	16224	20384	286	11154	14014
7	468	18252	22932	319	12441	15631
8	520	20280	25480	351	13689	17199
9	572	22308	28028	384	14976	18816
10	624	24336	30576	416	16224	20384
11	676	26364	33124	449	17511	22001
12	728	28392	35672	481	18759	23569
13	780	30420	38220	514	20046	25186

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VULNERABILITY SCORING FORMULA: REVIEW THE THRESHOLD OF ELECTRICITY CONSUMPTION

Recommended formula: $W = 1.3 \times (70 + 30 \times n)$,



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VULNERABILITY SCORING FORMULA:

- **The Assessments of regional centers on socio-economic conditions is very important**

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PROGRAMME BUDGETARY FORMULATION AND MONITORING

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PROGRAMME BUDGETARY FORMULATION AND MONITORING: PERFORMANCE INDICATORS

Outcome indicator

Impact on the poverty incidence:

Number of families, which have the right to receive benefits aimed at enhancement of living standards

Output indicators

- **Number of families receiving** benefits aimed at enhancement of family living conditions (annual),
- Number of families receiving benefits aimed at enhancement of family living conditions, to whom postal services are provided (monthly),
- Number of documents necessary to provide benefits, unit (monthly).

Source: "Assistance programme to socially vulnerable groups" passport

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PROGRAMME BUDGETARY FORMULATION AND MONITORING: RECOMMENDATIONS OF NEW PERFORMANCE INDICATORS

Outcome indicators (options)

- In the result of the FLSEB programme percentage of extreme and very poverty reduction, average annual pace
- Percentage of extremely and very poor families, involved in the FLSEB programme out of the total number of similar families

Output indicators (options)

- Number of extremely and **very poor families**, involved in the FLSEB programme
- **Number of poor children**, involved in the FLSEB programme
- **Size of family living standards enhancement benefit, compared to the upper threshold of poverty, %**

Source: EDRC

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MAIN CONCLUSIONS

RELEVANCE

The programme is line with priorities of policies and strategic goals, and relevant with real needs of the beneficiaries and public.

OBJECTIVES AND RESULTS ACHIEVED

105 thousand families, 80,000 families having a child have received public social assistance.

FLSEB programme has led to the poverty reduction by 2 percent and extreme poverty reduction by almost 50 percent (compare to pre-project situation)

44% of extremely poor HHs and 37% of very poor HHs have received social assistance.

38% of families, involved in the FLSEB programme are female-headed households and 16% consists of adult females only.

Generally, the FLSEB programme has been implemented, enjoying the high level of satisfaction from beneficiaries

The awareness level of households of the FLSEB programme is high. The awareness level is low among extremely poor households and in Yerevan.

The unawareness is one of the reasons for not getting involved in the system.

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MAIN CONCLUSIONS

EFFICIENCY OF RESOURCE ALLOCATION

The efficiency of the FLSEB programme needs significant improvements.

The resources allocated can be transferred to the expected results more efficiently.

75% of actual beneficiaries of the FLSEB programme is not very poor and 95% is not extremely poor.

In the other hand, 63% of very poor households and 56% of extremely poor households do not benefit from the FLSEB programme

The funds allocated exceed the budget necessary for eradication of extreme poverty in the country (poverty deficit) by almost 4-5 times. So it is enough to fully eliminate “extreme poverty” in Armenia and significantly reduce the percentage of “very poor” households.

The reduction of the “exclusion error”, is possible in practice in case of reduction of the “inclusion error”. The reduction of “inclusion error” may be also the main resource of increase of the average size of benefits.

Average size of the benefit is very small in comparison with the poverty line (per capita general poverty line is almost 40,000 AMD, while the average size of the benefit for the whole family is 30,000 AMD).

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RECOMMENDATIONS

- 1) Clarify the goal of the FLSEB programme: targeting the full eradication of extreme poverty in Armenia and significant reduction of very poor households.
- 2) Accordingly review performance indicators of the budgetary programme.
- 3) Link of the outcome and output indicators of the FLSEB programme with the targets of ADS, and ensure consistent implementation of governmental programmes and strategies.
- 4) Conduct comparative studies on implementation efficiency of the FLSEB programme on Marz or regional level. Periodically examine funding, programme achievements and poverty indicators by Marzes.
- 5) Define performance targets for the Regional Entities of Social Assistance and introduce promotion system.

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RECOMMENDATIONS

- 6) Increase the efficiency of work done by programme Regional Entities of Social Assistance and Social Assistance Councils through introduction of relevant mechanisms and procedures and expansion of roles of reputable local NGOs.
- 7) Make extra efforts to identify extremely poor and very poor families, inform them and overcome obstacles in involving them into the system through the assistance of local NGOs and organizations.
- 8) Expand the role of independent monitoring and evaluation within the framework of the FLSEB. To raise the interest of the public towards the implementation of the FLSEB programme and discussion of results. Ensure wide spread of periodical reports on performance evaluation of the FLSEB programme.
- 9) Examine the family vulnerability scoring system deeply and thoroughly, getting prepared for radical changes.
- 10) Conduct gradual reviews and improvements of the formula before that.

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THANK YOU!



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