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Case Study Armenia

EVALUATION OF THE NATIONAL HUMAN DEVELOPMENT REPORT SYSTEM

HUMAN DEVELOPMENT

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Acronyms

HD	human development
HDI	Human Development Index
HDR	human development report
NGO	non-governmental organization
NHDR	national human development report
RBEC	Regional Bureau for Europe and the CIS
PRSP	Poverty Reduction Strategy Paper
UNDP	United Nations Development Programme

Executive summary

Armenia, a country of 3.8 million inhabitants located in the Caucasus region, has made much progress in its triple transition towards political democracy, a market economy and consolidation of the new State since independence in 1991. Armenia produced its first national human development report (NHDR) in 1995, and since then, it has produced seven reports, with the last one being published in 2001. UNDP prepared an additional NHDR in 2002, which was not published. All seven Armenian NHDRs have greatly contributed to introducing human development (HD) concepts and approaches in the development debate and policy options for the country.

NHDRs in Armenia did more than just document and analyse the country's transition. They contributed with studies of particular themes and policy recommendations. Their content mirrors the evolution of the transition. While the first issues attempted to present an HD profile of Armenia, describing the social costs of transition and discussing the steps needed to improve HD priorities, the last four issues (beginning in 1998) focused on special themes and stressed on good governance, which is considered to be a precondition for eradicating poverty and promoting development.

The NHDR production process emphasized participation of different cores of authors from various academic and non-governmental organizations and involved many other institutions from government and civil society, including the National Assembly and the National Academy of Sciences, for providing criticism and information. NHDRs included estimates of HD indicators at the national level and even an innovative indicator that incorporated effects of the environment. The lack of adequate disaggregated data impeded calculation of HD indicators at sub-national levels. Dissemination of the reports by UNDP followed a planned communication strategy, which resulted in ample coverage by the mass media. Certain issues attracted strong attention, particularly those dealing with corruption and the hidden economy. The 2000 report on human rights was distributed in 1400 high schools and training sessions were conducted for over 500 school teachers.

There is strong evidence that Armenian NHDRs have promoted HD concepts and alternative solutions to the development debate in the country. Through the participatory process of preparation, their content and quality, the NHDRs nurtured development thinking of government officials and civil society organizations, and provided opportunities for a wide range of individuals and organizations to acquire knowledge, engage in useful exchange and share their views. Furthermore, the assessment mission did find direct links between NHDRs and specific government policies. In particular, NHDRs inspired a UNDP/Government initiative to establish a monitoring poverty reduction information system, and provided the framework for the formulation of the Interim Poverty Reduction Strategy. This later turned into the Poverty Reduction Strategy

Paper, at present the overarching long-term development document of the Armenian government.

Armenian NHDRs have also contributed to strengthening technical and intellectual networks in Armenia. Former authors and participants in the NHDR process occupy high-ranking positions in government and civil society organizations in a process of cross-fertilization that widens the space for HD approaches and policy-making. Furthermore, the NHDRs have impacted the educational system in Armenia. The School of Economics at Yerevan State University has issued a special textbook and offers a Masters course on HD that has been formally integrated into the university curriculum.

Introduction

This report on Armenia forms part of the Assessment of national human development reports (NHDRs) commissioned by the UNDP Evaluation Office (see Terms of Reference and the methodological framework in Annex II). The assessment addresses two main questions:

- Are NHDRs effective vehicles to promote human development approaches in Armenia?
- What contributions have the NHDRs made in Armenia?

Human development (HD) advocacy started in Armenia in 1990, at a time when the country started its transition from an authoritarian communist regime to a pluralist democracy and from a centrally planned economy to a market economy. Since 1995, responding to a policy directive from UNDP Headquarters' Regional Bureau for Europe and the CIS (RBEC), UNDP programme countries in the region initiated production and dissemination of NHDRs. The policy was intended to advocate HD in its relation to the processes of transition.

The analysis of the process and influence of NHDRs in Armenia was undertaken considering the political, economic and social context of the transition. The analysis does not look at individual reports but at NHDRs as a system, although it touches upon certain themes analysed at particular political or economic crossroads.

The report is based on the following sources: (a) a Preliminary Assessment Report written in June prior to a field mission to Armenia; (b) a desk review including reading of Armenia's NHDRs; (c) information from websites; and (d) interviews with 35 persons including political leaders, government officials, UNDP external partners, members of non-governmental organizations (NGOs) and academic groups, carried out in late October and early November over a short mission (five days) to Yerevan (see Annex I). As the interviewees included NHDR authors, UNDP staff, government officials and members of NGOs, some degree of triangulation for verification of statements was possible.

As foreseen in the general framework, the main tool for gathering information has been the method of individual interviews and focus groups.

The report is organized as follows: Section 1 presents an overview of the country's recent political, economic and social context. Sections 2 and 3 describe the Armenian system of NHDRs and its trajectory, structured according to the main topics of the Terms of Reference. Section 4 discusses the lessons learned by the Armenian NHDRs. Section 5 presents some conclusions.

1. The country context

Armenia, a country of 3.8 million inhabitants (2003)¹ and with an area of 29,800 square kilometres, is a small republic of the former Soviet Union and is located in the Caucasian Mountains region. It is a totally landlocked country, bordered by Georgia to the north, Turkey to the west, Azerbaijan to the east and the Islamic Republic of Iran to the south. Its capital is Yerevan.

Armenia's human development index (HDI) is 0.759, and it was ranked 83rd ², signifying a middle level of HD. The economy has made significant progress since the country gained independence in 1991 and began its transition towards a market economy. Following considerable economic deterioration and a 60 percent drop in real output in 1991-1993, the economy rebounded and grew at an annual average of 5.5 percent from 1994-2000. The government liberalized trade and prices, established the basic legal framework for a market economy and privatized state-owned medium enterprises. The government maintained macroeconomic stability, kept inflation low, and led the economy to recovery.

Following 11 years of continuous growth, Armenia has recovered its pre-transition GDP. The annual rates of GDP growth have been as follows: 6 percent in 2000; 9.6 percent in 2001; 12.9 percent in 2002; 13.9 percent in 2003 and 10.1 percent in 2004.

There has been a massive shift of production and employment from industry and construction to agriculture and the service sector, mainly composed of public administration and trade. Agriculture comprised 23 percent of GDP and accounted for 3.1 percent of the total 10.1 percent economic growth in 2004. There has been a high rate of export expansion with manufacturing exports increasing more than 50 percent in two years.

This rapid economic growth has had small impact, however, on poverty reduction. Income poverty was estimated at 55.1 percent in 1999, 50.9 percent in 2001, 49.7 percent in 2002 and 42.9 percent in 2003 with Gini coefficients of 50.9, 49.7 and 0.44 respectively in 2001, 2002 and 2003.³

Armenia's Constitution was approved in 1995. The country has a unicameral Parliament (the National Assembly), a Prime Minister, a judiciary and a President who holds the majority of power. Elections have been marred sometimes by accusations of electoral

¹ The World Bank population figure was 3.2 million in 2003.

² UNDP, Human Development Report, 2005 out of 177 countries

³ UNDP, Human Poverty and Pro-Poor Policies in Armenia, Yerevan, 2005.

violations. The parliamentary elections of May 2003 were viewed as showing improvements.

Armenia's transition has gone through various stages. In the first stage (1991-1994), there was an atmosphere of trust and collaboration between the people and the newly elected authorities. The second stage (1994 to February 1998) was a period of distrust and alienation. The flawed 1996 Presidential elections led to a political and democratic crisis and the resignation of the President. Trends towards democracy started with the 1998 special Presidential elections, when Robert Kocharian, a former leader of the Nagorno-Karabakh dispute, won the Presidency. The apparent stability broke down on 27 October 1999 when the political balance achieved as a result of the 1999 Parliamentary elections was shattered – gunmen broke into a session of the National Assembly and assassinated Prime Minister Sarkisian, the Chairperson of the National Assembly, his two deputies, a minister and three other members of the Parliament.

Armenia's foreign affairs and economic development depend very much upon the Nagorno-Karabakh issue. In 1988 the territory voted to secede from the then Soviet Republic of Azerbaijan and join Armenia. In 1992 the province declared its independence, which started a war with Azerbaijan, an economic blockade from that country and Turkey, and an influx of refugees. A ceasefire agreement was signed in 1994 and multilateral peace negotiations are still underway. The economic blockade from two neighbours imposes a strong burden on the Armenian economy. The main surface links are limited to low capacity rail and road connections with Georgia and its Black Sea ports, and a single road with the Islamic Republic of Iran.

2. The Armenian system of national human development reports

Although the first NHDRs were produced in four developing countries in 1993, all countries of Central and East Europe and the former Soviet Union started their series only in 1995. This stemmed from a general policy established by the UNDP Headquarters' RBEC that emphasised advocacy of HD in the transition, and promotion of development services. RBEC, a new UNDP Headquarters Bureau, began establishing offices and programmes in the Central and Eastern Europe and the CIS states in 1992. The RBEC Regional Support Centre was established in Bratislava only in 1997.

Seven NHDRs have been produced in Armenia since 1995, with the last one being published in 2001. The reports were prepared by different core groups of national professionals varying in size from 5 to 24 persons. These groups were headed by a National Coordinator, while UNDP was responsible for the dissemination process. Only in 1997 did UNDP request an outside institution to assume the responsibility of coordination. Armenia's NHDR's are listed in Table 1 below.

Table 1: Armenia's NHDRs

Year	Title	Main topics
1995	Armenia NHDR	Analysed the social cost of transition. Although per capita GDP fell, the report recognized that HD levels were still adequate due to high standards in health and education. The report called for a transition from relief to development and for priority to be given to seven focus areas.
1996	Armenia NHDR	Analysed poverty in Armenia. Introduced a sustainable HDI, which included environmental factors.
1997	Armenia NHDR	Examined social cohesion.
1998	Armenia NHDR	Studied role of the State and democratization.
1999	Armenia NHDR	Provided an overview of the preceding five years of HD. The report evaluated the transition process.
2000	Armenia NHDR	Analysed human rights and HD: action for progress.
2001	Armenia NHDR	Provided an overview of the past 10 years of independence and transition.

All reports are written in English and Armenian

There are two distinct periods in the production of NHDRs, each of which mirrors the state of Armenia's transition. The first three editions correspond to the period 1995-

1997. They are dedicated to an analysis of the political, economic and social trends in the transition, namely issues of conflict, poverty and social cohesion, in the light of HD concerns. The last four NHDRs (1998-2001) starting with the 1998 issue, focused on the role of the State and provided in-depth analyses of trends in a country that had left behind the hardest years of the transition and had started on a more constructive development path.

UNDP relied upon national expertise to produce the reports, incorporating participation and advice from a wide range of institutions in their preparation.

3. The trajectory of Armenian national human development reports

As in the case of other East European countries, the contents of Armenian NHDRs have been influenced by changing events in the country's transition. This conclusion stems from an analysis of the contents of NHDRs.

Armenia's first NHDR appeared in 1995, five years after the beginning of the 1990-1994 period, which witnessed a magnitude of reforms that was unprecedented in the economic and social history of the country. The transition process in Armenia has certain peculiar characteristics stemming from the transport and trade blockade by neighbouring countries and from the issues related to coping with the consequences of a devastating earthquake that rocked the country in 1988.

In the period 1995-1997, Armenia's NHDRs attempted to present HD concepts and an HD profile of Armenia in the context of its transition toward democracy and the creation of a market economy. The reports considered what had been done till then and what steps were needed to reduce the social costs of transition by improving HD priorities – health, education and social protection. These areas had suffered the most because of the continuous economic crises and severe cuts in government financing.

The reports reveal a dramatic decline in the HDI for Armenia from 1990 through 1994, which moved it from the group of countries with a high HDI to those with a medium HDI. For instance, between 1993 and 1994 alone, the HDI fell from 0.801 (ranking of 53) to 0.739 (ranking of 82). The reduction in the HDI was caused by a sharp decline in incomes. However, the severe economic conditions in the period of transition also depressed the two other components of the HDI: life expectancy and the educational level of the population.

The 1995 NHDR was the first attempt in Armenia to analyse the human cost of the transition. In its conclusion, the report recognized that in spite of the decrease in per capita GDP, the level of HD in Armenia still benefited from high standards of education and health care inherited from the past. Yet the key message of the report was that the existing stage of reforms in the country called for a transition from relief to development activities.

The 1996 report focused on gender issues, social integration and disintegration. The transition led to a heavier burden on women heavier, but at the same time, new opportunities had emerged for them to play important roles in economic, political and social life.

For its part, the 1997 NHDR emphasized the key issue of achievement of basic freedoms in spite of the decline in the HDI:

“...at the same time the country acquired a quality that the current method of the HDI calculation cannot quantify, the process of democratization, i.e. achieved freedoms without which human development would be unimaginable.”

While Armenia managed to halt its economic decline, it was still plagued by political instability. In fact, the years 1996 and 1997 were characterized as a period of “anti-democratic governance”.⁴ The 1997 report, highlighting the separation between society and the authorities, called for policies to ensure social cohesion as essential for survival:

“Relations evolved with difficulty from enthusiastic support for the new authorities at first, then to disappointment and alienation.”⁵

The results of the September 1996 Presidential elections led to protest rallies and mass clashes with the authorities. This was due to several reasons: the difference in the votes cast between the two major political parties was only 1.75 percent, violations and discrepancies in the ballots were disclosed, in addition to which the government displayed authoritarian traits. The Constitutional Court finally decided to leave the decision of the Central Electoral Commission in force. However, the process later led to the resignation of the first President of the Republic, Levon Ter Petrosian, in February 1998.

The 1998-2001 annual NHDRs were launched during a new stage in the transition process. The institutional political situation was normalized with the special Presidential elections of 1998 and the new authorities instituted a series of policy changes that put an end to civil unrest. Good governance was the underlying theme of the last four reports, and was considered a precondition for eradicating poverty and promoting development.

The 1998 report is dedicated to the role of the State and the process of democratization in Armenia:

“The year of 1998 is marked by the 10th anniversary of the national awakening known as the Karabagh movement that was the starting point of the democratization of Armenia in 1988. This year also witnessed the most acute political crisis in Armenia since 1988, crowned by the resignation of the country’s first President and the defeat of the political party that had come into power with the slogans of the Karabagh movement”.

The 1998 NHDR is hence dedicated to analysing the consolidation of Armenian statehood and the evolution of processes of democratization. The general conclusion suggests that the role of the state as a catalyst of sustainable HD could be enhanced and sustained by accepting and promoting other players and interested parties:

“Armenia’s goal of the 21st century, a ‘stable and prosperous state’ can be achieved and sustained only if state policy is people-centred. It must be geared to the needs of

⁴ Armenia Human Development Report 1998, Chapter 1

⁵ Armenia Human Development Report 1997, Chapter 1

the people, which can be successfully achieved only by ensuring their full and unimpeded participation. This calls for democratic structures, improved social and economic justice, and respect for human rights and fundamental freedoms.”

Starting in 1999, the Presidency of the Republic became the executing agency of Armenia’s NHDRs. The 1999 and 2000 reports carry Forewords by President Robert Kocharian. In the 1999 report, the President thanked UNDP for “...the hard work and effort in analysing our most recent turning points”. In the Foreword to the 2000 edition, the President commended the authors for their “...deep and multi-dimensional work...”, which “...can contribute greatly to the formation of civil society and statehood based on the rule of law in Armenia...”, and emphasized the choice made by the Armenian people to build a sovereign and democratic state and the fact that they had held fast to that choice even in the most unfavourable conditions. “That the Council of Europe extended its formal invitation to Armenia to become a member testifies to the underlying achievements toward democracy that had been recorded in Armenia since gaining independence.”

The 1999 NHDR was a synthesis report of progress made since independence. It referred to the transition of the Armenian economy and state institutions as a starting point for independent Armenia's transformation and provided an evaluation of the whole process. The report assessed the experience of HD over the preceding five-year period and evaluated the transition processes that had taken place in the country. It revisited the main themes of all previous NHDRs – the Social Cost of Reforms (1995), Poverty (1996), Social Cohesion (1997), and The Role of the State (1998). The 1999 NHDR focused on the achievements made in curbing the deep crisis, establishing a basis for a democratic State, and laying the legal foundation for market relations and institutional changes. At the same time, it attempted to evaluate the social cost of the reforms, which often turned out to be too high, with the general population experiencing mostly the negative impacts of modernization. Of concern were lack of social cohesion, the restricted regulatory role of the State, the haphazard implementation of reforms and the reduced access to social services mechanisms. The report presented a vision for the future development of the country in terms of two possible scenarios – one in which Armenia continued on the same path and another in which Armenia followed the HD approach. While this subject attracted attention, the report really acquired high visibility for touching upon the issue of official corruption for the first time. It carried a table on corruption in the distribution of loans from the Standing Committee of Parliament. The fact that the table was an official parliamentary tool defended against any voice that could accuse the report of displaying false information.

It must be highlighted that the 1999 Armenian NHDR won one of the awards for innovation from UNDP Headquarters. The awards ceremony was held in Brazil.

The 2000 NHDR achieved huge impact. It tackled governance and democracy problems in Armenia by concentrating on the issue of human rights and HD. The report found that Armenia had experienced a decline in HD indicators since 1998, which could be attributed in part to the 1998 Russian crisis and the 1999 assassination of the

Armenian Prime Minister. The report analysed the achievements made in human rights and HD as well as the challenges ahead and focused on the lack of sufficiently developed institutions, benchmarks and measurements of human rights. Given the political constraints in the country, the efforts of the 2000 NHDR to tackle sensitive issues are commendable.

Finally, the 2001 NHDR was dedicated to 10 years of Armenia's independence and transition, and covered the political, economic and social developments of the preceding decade. The report stressed the persistence of social problems despite economic progress. Poverty is one of Armenia's most challenging issues although there have been positive shifts in the depth and severity of poverty and extreme poverty decreased from 27.7 to 22.9 percent. Poverty is especially severe in the earthquake zone, in rural areas where there is no possibility of cultivating land, in borderline regions and in urban enclaves of poverty. Among the peculiarities of Armenia (typical of CIS countries), the relatively high levels of health and education do not always help people out of poverty. This is because employment may be in non-competitive activities that become non-sustainable without State subsidies. With respect to democratic institutions, the legal framework has been established, but it has not yet transformed Armenia into a state 'ruled by law'. There are problems in elections and in the judiciary, the civil society is still embryonic, and improvements are needed in local self-governance. In the economic sphere, there is a need to develop private enterprises, an effective market, and an orientation towards poverty reduction. There are inefficient taxation and custom policies, and government regulations and restrictions that favour corruption. The report contains an explicit calculation of the dimension of the shadow economy. The total number of emigrants between 1991 and 2000 is estimated at approximately 900,000, most emigrants being men (60 percent) in the 20-44 age bracket.

Based on the analysis of the 10 year period of transition and independence, the 2001 NHDR sees Armenia's development in the framework of a market economy, an open society and a social state. The latter is enshrined in the first article of the Constitution. It implies the creation of a state that is exclusively oriented to its citizens. Ensuring stability and security in the long term is possible only under conditions of strengthening democracy and fundamental civic values.

“Given the absence of democratic traditions and weakness of civic institutions, as is the case (in) Armenia, the effectiveness of reforms is primarily conditioned by the State's activities. Consequently, reform of the State's governance system should be a top priority...To get on track toward sustainable human development, the state and the political system must clearly define the current agenda and make it public property: resolution of conflicts, integration, creation of an efficient state, guaranteeing freedoms, formation of a competitive economy, development of human resources.”

UNDP prepared a draft for an NHDR in 2002 that was never published. The selected theme was that of 'business environment as a main factor for human development'. The preparation of the report coincided with the government's formulation of the Poverty

Reduction Strategy Paper (PRSP), which was also supported by UNDP. The President's Office, UNDP's counterpart for the NHDR, was concentrating its efforts on the PRSP. The mission was given the argument included above for explaining why UNDP did not publish the report. However, there may be additional reasons, perhaps related to lack of consensus and changes in UNDP leadership.

At the moment, UNDP is preparing a new NHDR focused on the issue of education. The report will cover the following issues: (a) recent trends in HD in Armenia; (b) socialization; (c) quality of general education; (d) new organization of general education; (e) adequacy of education in terms of labour market and Armenia's development challenges (the quality of professional education); (f) understanding economic development/education gaps and their implication for future outlook of education; and (g) challenges faced by Armenia's education sector.

3.1 The strategic positioning

The strategic position of NHDRs depends upon how Armenian and external actors view the UNDP – whether they regard it as an impartial UN body, able to support key national development priorities, mobilize resources, and efficiently implement development programmes. Since 1995, UNDP increased its strategic positioning in Armenia and is now recognized as an important partner in policy dialogue. UNDP focused its activities under the country cooperation framework 2000-2004 by adopting a programme approach and building partnerships. The impact in the areas of poverty reduction and post-conflict rehabilitation was notable, according to the country cooperation framework. UNDP helped establish a national social monitoring system to track vulnerability and human poverty indicators at national and local levels. The system was used during the preparation of the PRSP adopted by the government in August 2003 and is increasingly used by authorities at regional and local levels. Also, UNDP helped to promote and incorporate the concept of HD into national strategies, including PRSP and the draft Sustainable Economic Development Policy. At present, UNDP works in the framework of the country cooperation framework 2005-2009 as part of the donors' group that helps implementation of the PRSP, supports strengthening of democratic governance institutions and environmental governance in Armenia.⁶

Armenia's NHDRs were well received by the country's leaders. The 1995 and 1996 editions have a Foreword signed by Hrant Bagratian, Prime Minister of the Republic. The 1999 and 2000 editions carry a Foreword written by the President of the Republic, Robert Kocharian. For its part, the 2001 report is introduced by the Minister of Foreign Affairs, Vartan Oskanian. The Minister expresses:

“We attach great importance to similar reports that are prepared by independent experts and it views them as a support for the irrevocable commitment of the Armenian authorities to build a democratic and economically advanced state. Though the views expressed in the national human development reports do not always coincide with the views of the authorities, these reports can raise constructive

⁶ Armenia country cooperation framework 2005-2009.pdf

discussions and public debates, which in turn will contribute to a deeper understanding of the objectives and actions of society and the State.”

3.2 The production process

The production of NHDRs in Armenia is characterized by the participation of different cores of national professionals from academic centres and NGOs, headed by a National Coordinator. Only two or three persons were involved in the writing of more than one edition of the report. The exception is Nune Yeghiazarian, who assumed the position of National Coordinator for the last four editions starting in 1998.

The core group of authors varied from 6 (1997) to 25 (1996). The largest groups were formed in 1996 and in 2001 (20). In this way, different expertise was called upon to collaborate, representing a wide array of academic institutions and organizations, each contributing with different points of view. With the exception of the 1997 issue, when UNDP engaged the Institute of Philosophy and Law of the Academy of Sciences to lead production of the report, the other editions were subcontracted to experts from various organizations or to individuals through a bid. Previously, UNDP defined the conceptual framework through consultations with government and academic institutions, and included this definition in the ToR of the bid. Outsourcing to the Academy of Sciences corresponded to ‘social cohesion’ as the theme of the 1997 report, given the need to involve an organization that specialized in sociological studies.

Preparation of the first few editions involved seminars that were attended by up to 30 individuals, including members of the Academy of Sciences. For the first issue in 1995, the Minister of Economy acted as president of the Steering Committee. Since 1998, the production of reports was undertaken under the modality of National Execution. It is important to note that the former Ministry of Statistics, Analysis and State Register was selected as the government counterpart, given the knowledge of its members on substantive development issues as well as their experience in handling data and development measurements. The 1999 and 2001 issues were prepared in collaboration with the Office of the Presidency.

The process of production increased participation through readers’ comments, meetings and discussions, including with the Human Development Experts Club, which brought together former authors of NHDRs.

The reports also benefited from information, reviews and recommendations received from relevant government line ministries and departments, the National Assembly, and the National Academy of Sciences. In addition, UNDP Headquarters RBEC, UNDP Bratislava and other UN agencies provided external consultations, conceptual approaches and advice.

The statistical data were drawn mainly from the databases and materials of the former Ministry of Statistics and the present National Statistical Service, with which UNDP signed a formal agreement to facilitate preparation of HD indicators at the

national level. Starting with the 1996 issue, the report calculates the sustainable HDI, adding an environmental component to the HDI. This environmental component incorporates elements of the biosphere and basic indicators that define the aspects of natural resource utilization. The index hopes to factor in the environmental cost of the degree of attained development. The aim of this index is to prompt countries to alter their actions depending on the degree of rationality of their natural resource utilization practices. When this index is taken into account, Armenia's rank declines sharply compared to its neighbour, Georgia.

Lack of availability of adequate disaggregated data of GDP has impeded the calculation of HDIs by regions or lower-level localities. Another reason is the fact that the issue of decentralization and local governance in Armenia has not been at the forefront of national priorities. While some data is available at the regional level, the information at lower levels is incomplete or inaccessible. Nevertheless, the PRSP is being analysed by disaggregating data into sub-national areas and UNDP is providing support to localize the MDGs in the country, which will help understand the distribution of income and well-being in general.

The 1995 report was prepared in six months and was financed by the Government of Japan. In general, this is the average time taken to prepare a report in Armenia since there have been neither extensive surveys carried out nor calculation of indicators at sub-national levels.

The methodology of preparation attempts to involve a wide gamut of government, academic and non-governmental organizations so they have the opportunity to contribute to the dissemination of HD approaches and debate from the very start of the production process.

3.3 The dissemination process

The majority of Armenia's NHDRs were formally launched at the UN House by the UNDP Resident Representative, accompanied by a high ranking government official such as the Minister of Foreign Affairs, and in the presence of the media and guests from government, civil society and embassies. The only exception was the 1998 report. UNDP prepared press releases and events related to the NHDR were covered by the press and other media in the days following the launch. The team coordinator participated in live interviews on radio and TV and met with journalists. In some cases, UNDP organized post-launch presentations at press conferences where journalists could speak with the authors. These events were covered by the press and other media during the weeks following the launch. In the case of the 1999 NHDR, coverage extended for two or three months after the launch, no doubt because of the political issues involved; the NHDR's treatment of corruption was quoted at length by the press and the opposition.

Each report was produced in both Armenian (1000 copies) and English (1000 copies), and distributed to the President's Office, government departments, parliament, libraries, NGOs, educational institutions, regional governors, donors and other

stakeholders. Copies were also sent abroad, to international institutions and Armenian embassies. The 2000 report dealing with human rights was distributed in primary schools and the promotion effort included training sessions for over 500 primary school teachers (40 per workshop session)

For future NHDRs, the UNDP office will apply a comprehensive dissemination strategy, which was implemented for the last global human development report (HDR). This strategy involves a meeting with journalists by the communication officer one day before the launch to cover the content of the report and additional economic and social issues to generate interest; a technical presentation during the launch to discuss findings and conclusions; work with different circles of stakeholders including members of political parties; and use of the report in UNDP programming.

3.4 Partnerships

As explained above, the preparation of the report implied partnerships with think tanks, research centres, NGOs and other civil society organizations, political parties and government ministries and departments. Some of the institutions were represented in the core group of authors; others provided institutional contributions in the form of written boxes or other information.⁷

3.5 Influences

Contribution to the dissemination and debate on HD concepts and approaches

The findings of the assessment indicate that Armenian NHDRs have contributed to introducing HD concepts to the development debate in the country. At the beginning of the transition, the academic community and public officials were not acquainted with the HD approach or with technical methodologies for HD analyses; furthermore, there existed few technical reports in the country and the number of NGOs was very limited. Thus, by virtue of their participatory method of production, their content and quality, NHDRs represented a unique contribution to the country. The situation has now changed. A variety of reports are being published by donors, government and civil society, and the

⁷ For example, the 1996 report included participation of the Sustainable Development NGO; the Independent Sociometer Sociological Center; the Center for Policy Analysis; the Diagnostics Medical Center; Armenian Center for National and International Studies; Magistros Physicians Association; AAA NGO Center; Institute of Philosophy and Law of the National Academy of Sciences; the Association of Armenian Banks; Eco-Noosphere Research Centre of the National State Party; Yerevan State University, and Yerevan Architecture and Construction University; and the government ministries of Social Issues, Energy, Construction, and Environmental Protection and Mineral Resources. The 1999 report included collaboration by the ministries of Foreign Affairs, Education and Science, Industry and Trade, Culture, Youth Affairs and Sports, Social Welfare and the Prime Minister's Office, as well as the National Academy of Sciences and the Center for National and International Studies. For its part, the 2001 report received collaboration from the Armenian Center for National and International Studies, the Association For Sustainable Development, Union of Information Technology, Enterprises, Armenian Sociological Association, Yerevan Press Club, Logica, Independent Research in Business and Finance, the Government Public Sector Reform Commission, Orran Benevolent NGO, and Spiritual Armenia Cultural Union.

number of academic centres and NGOs has increased, expanding into different parts of the country. Any report now has to compete with various other reports being produced. As a result, in order for the NHDR to become a useful advocacy tool, innovative ways should be sought to define an attractive profile and subject matter for each NHDR.

Government officials assured us that the first reports constituted an important source of knowledge and information. “The human development report was a major document”. The first issue presented a clear situation of the country at a moment when no information was available on poverty. The first Armenian household sample survey was conducted in 1996.

The contents of the reports were discussed in many circles, including the Human Development Experts Club, and provided opportunities for a wide range of individuals and organizations to acquire knowledge, engage in useful exchange and share their views. The production of the reports generated intense discussion. For example, the discussion about alternative scenarios during the preparation of the 1999 NHDR was heated given the lack of consensus among experts concerning possible outcomes. Some interviewees felt that the participation of government officials in the production of NHDRs was positive because they could act independently in a free atmosphere with colleagues from the academic and NGO communities. Thus, they acted in their dual roles as government officials and experts and could look at issues more objectively than they could in their strictly official capacity. The NHDR acted as a mirror to evaluate society and the people.

We have been told that if the 1995 report generated interest because it was Armenia’s first NHDR, the 1996 report became very popular because it raised the issue of the large size of the hidden economy.

Various members of the NGO community were disappointed that the production of NHDRs stopped after the 2001 issue. The mission was informed that complaints and demands related to the lack of an NHDR were very high in 2002 and 2003. These are clear indicators of interest. The interviewees reported that the NHDRs were very useful for a wide range of users including journalists and editors, researchers, university professors and students (who use them for teaching, term papers and theses). Some interviewees indicated that NHDRs helped compare Armenia’s development situation vis-à-vis other Eastern European countries such as neighbouring countries (Georgia, Azerbaijan) and countries that had done better in the transition (Baltic countries). They also confirmed that the reports were being quoted in scientific articles and economic essays. Many people continue to consult old editions at the UN library. Members of NGOs active in the field of human rights highlighted the quality of the 2000 issue devoted to human rights, insofar as it not only made data available but also offered substantive ideas.

Influence on government policy

Government officials have confirmed that elements of HD-related concepts were incorporated in the poverty reduction policies as a national priority reflected in the

Interim PRSP and PRSP.⁸ In 1999, the UNDP discussed with the Ministry of Finance and World Bank the idea of launching a monitoring and analysis system in the area of poverty. Thus, a UNDP project on the monitoring system and the Interim PRSP were initiated. It is important to note that the senior government official in charge of these activities was the government director of the 1998 NHDR (the NHDR was produced via the modality of National Execution). Also, government officials who worked on the Interim PRSP used the NHDR as a major source. Moreover, the PRSP used experts who had participated in the production of NHDRs as consultants for capacity-building and other activities. Updating of the PRSP in 2003 involved a long process of participation involving civil society, stakeholders and the donor community, and included round tables held in various regions of the country. In addition to these more obvious examples, the NHDR could also have had other influences. The PRSP concept of poverty does not restrict the definition of poverty to lack of income. It incorporates a multidimensional concept of poverty that includes access to services and other aspects such as education, health, social insurance and culture, which would constitute what is called the human poverty component. However, the concept of poverty as privation of capabilities is not used as a comprehensive concept. The HD approach is reinforced with the incorporation of MDGs into the PRSP and the analysis made is for each country region. UNDP and the World Bank have helped with this process.

Many factors may have influenced the approach of the PRSP. Donor support plays a key role in the Armenian PRSP exercise. The most important donors supporting PRSP implementation are the World Bank, UNDP and GTZ, which are also represented in the PRSP Secretariat. DFID, USAID and the European Union are also involved. The major donors in Armenia gather in monthly coordination meetings to discuss progress made in implementing the PRSP.⁹

Statistics reveal that more than 40 percent of Armenia's population still lives below the poverty level. Thus, the adoption of the PRSP in 2003 by the Armenian Government was a very important step forward. The PRSP provided the Government with a framework that aimed at addressing poverty as one of the key challenges in the country. Other steps have also been taken. Government officials opined that the State Medium Term Expenditure Framework and the budget have been linked to PRSP objectives through a Medium Term Implementation Plan that comprises 300 projects. During the past several years the number of people living in extreme poverty has gone down.¹⁰

In November 2004, the Government of Armenia adopted The Conceptual Framework for the PRSP Monitoring Indicators System. This Framework emphasized the need for disaggregating monitoring indicators by regions, and by rural-urban and other socio-demographic categories. As a follow-up, UNDP helped produce the related 'Guidelines for Development of Pro-poor Policies in the Social Sector' (2004). This

⁸ Human Development Reports Network (HDRNet). Consolidated Reply, 19 January 2003, contribution by Narine Schakyan from UNDP Kazakhstan.

⁹ <http://www.prsp-watch.de/index.php?page=countries/armenia.php>

¹⁰ Interview with UN Resident Coordinator Lise Grande. In: <http://www.arminfo.am/political-issue17.htm>

document presented disaggregated indicators for health care, education and basic public services, elaborated on the basis of the 2003 national human development survey. It also described how to use the indicators for more targeted pro-poor policies in the mentioned spheres.

Finally, the 'Human Poverty and Pro-poor Policies in Armenia (2005) Report' was prepared by a group of national experts based on the results of the national human development survey. The Report hinges on social monitoring databases and methodologies created with UNDP Armenia support, as well as pro-poor policies developed by UNDP.

The NHDRs have influenced particular government policies. A member of an NGO informed us that he had used the first Armenian NHDR (1995) to substantiate a paper on poverty assessment on the basis of a poverty line and minimum consumption basket and the need for action in this area. The paper was officially adopted. Another NGO representative told us that he had used the NHDR as a basis for arguments to improve the laws on employment and the labour code. As a consequence, the government introduced modifications that accepted, for example, participation of NGOs. In 2000 an NGO published a document denouncing the situation of people in prison. Three months later the 2000 NHDR on human rights included a box with a reference to this issue and underlined Armenia's international commitments on human rights. During the dissemination of the report there was a debate on TV and a very prominent human rights lawyer presented the case of people in prison without due process. Some days later, several people were released from prison. The conclusion is that the NHDR amplified the claim of an NGO; it was used as a tool by an NGO to raise an issue and to be heard, and it helped to resolve the situation in the spirit of the rule of law.

Influence on strengthening technical and intellectual networks

Members of the NGO community have stressed the fact that NHDRs have helped strengthen NGOs as a source of information in reviewing national development initiatives. Equally importantly, NHDRs have helped provide a political base upon which NGOs can develop strategies and policies and define clear beneficiaries. For example, on the basis of the reports, some NGOs shifted from being benevolent organizations to advocates of interests and capacity-building. For this purpose, NGOs use the material, arguments and data from the reports. This background also allowed NGOs to justify the arguments used to influence government decisions and to formulate projects and mobilize resources from donors.

The importance of these networks cannot be underestimated. Individual experts who have been authors or participated in some way or another in the production of NHDRs have later joined academic centres or NGOs and/or have been appointed in high-ranking positions in government. The reverse is also true and this cross-fertilization among people of different disciplines and between government and civil society organizations is particularly significant. Furthermore, some NGOs that participated in the

NHDR process also participated in the consultation and monitoring processes of the PRSP.

Influence on education of human resources

As indicated earlier, the 2000 NHDR was distributed in the country's 1400 high schools. It was the basis for curricula on civic education, and courses on the social sciences and humanities. Over 500 teachers have been trained on HD concepts in a process that started in 2001.

Furthermore, UNDP with the Yerevan State University, Department of Economics prepared a textbook and a Master's course on HD for postgraduate students. It took almost a year to prepare the draft of the textbook; after incorporating feedback from lecturers and students, the textbook was published and thus helped the official introduction of the course into the University's curricula. The textbook is structured as follows:¹¹

- Section 1: Conceptual Approaches to Human Development
- Section 2: Nature Use and Environmental Protection Components of Human Development
- Section 3: Economic, Social and Demographic Components of Human Development
- Section 4: Political and Legal Components of Human Development
- Section 5: Educational-scientific and Cultural Components of Human Development

The textbook was officially launched at the University using the format of an open lecture delivered by the UNDP Resident Representative. This format of the open lecture on HD has been adopted along the years.¹²

The School (Faculty) of Economics is the largest in the University. It has 1300 students – 1000 at the bachelor level and 300 graduates. In 1996-97, the size of the student body was only half of what it is today. The 1995 and 1996 NHDRs raised the interest of lecturers on the HD approach, and some of them began collaborating with UNDP. In 1999 the UNDP office in Russia invited the Deputy Dean of the School of Economics and the Armenian NHDR coordinator to participate in a seminar on HD at the Master School of Economics of the Moscow State University. This participation prompted the idea of creating a similar Masters programme in Armenia. The programme was defined as more comprehensive than the one in Russia, which focused on socio-economic issues. To design the course they used the Russian programme, the global HDRs and articles by Amartya Sen, Mabul-UI-Haq and other key intellectuals. The course was tested starting in 2000. In 2002 the course was made mandatory as part of the curriculum confirmed by the President (Rector) of Yerevan State University. Since then,

¹¹ The English version of the Overview is available at www.undp.am

¹² Narine Sahakyan, presentation at NHDR Regional Workshop, Lusaka, Zambia, 18-20 October 2005, and Human Development Reports Network (HDRNet). Consolidated Reply, *ibid*.

200 students have taken the course with the new textbook. The present Deputy Dean continues in the same position at the School of Economics. He was editor of the 1999 NHDR. The connection is self-explanatory.

The Deputy Dean of the School told the mission that 100 copies of the textbook were given to the State Economic Institute located in Yerevan. The latter has also started a Masters course on HD.

The assessment mission gleaned some interesting information during its meeting with students of Yerevan State University. While a few students complained that the course was too general, some students, including the ones who had raised objections, discussed with the mission their ideas on their respective theses, which is a requirement for the Master's diploma. The theses include issues of living standards, poverty, influences of climate change on Armenian agriculture and use of the Kyoto protocol to promote business with CO₂ reduction.

4. Application of evaluation criteria

On the basis of the analysis that has been made, the following evaluation criteria hold:

A. Relevance

The series of NHDRs in Armenia are strategically relevant as a tool for advocacy on HD by virtue of producing good quality analyses on key development issues in Armenia and raising awareness and disseminating the HD approach. Given the political constraints, the inclusion of difficult issues such as lack of democratic governance, problems of electoral representation and corruption, is to be commended.

B. Effectiveness

The Armenian NHDRs have been effective in achieving the objectives established by UNDP corporate policy and UNDP Armenia. In addition to raising awareness on HD, the reports have influenced national debates and policy-making in government and civil society circles. To this end, a positive development has been the process of production, which influenced people through participation, including government officials who later made policy decisions. A drawback was the non-publication of the 2002 issue, apparently due to what was considered a superimposition over the government PRSP. However, the publication of this issue could have presented alternative viewpoints on poverty and inequality reduction.

C. Efficiency

The mission did not cover the details required to make a definite statement on this criterion. It appears that UNDP maintained average costs of producing and disseminating the NHDRs and the projects that supported them were well managed and produced timely outputs.

D. Sustainability

The 'normal' view of sustainability cannot be applied here. Since the NHDR is the flagship advocacy tool of UNDP, it is not expected to be transferred to the government or civil society. The inclusion of many academic and non-governmental organizations in production ensures a wider availability of professionals so the production process is not dependent on a few consultants. The lack of understanding on the different roles of the NHDR and the MDG reports could hamper the continuity of NHDRs. This risk can be averted by proper and adequate dissemination of information about both the differences and the complementary character of both documents.

5. Conclusions

- The contents of the NHDRs are directly related to the evolution of the Armenian transition. The themes have changed according to particular crossroads of the transition. After the initial difficult years of independence, there was a more gradual evolution of political and economic life in the country that allowed for the treatment of specific subjects, particularly good governance as a required process for HD in Armenia.
- NHDRs were produced by different core groups of authors and involved many institutions from government, academia and the NGO system as providers of institutional support and information. This participatory process was reinforced by a UNDP communication strategy that helped disseminate the contents of the reports in close cooperation with the mass media.
- NHDRs played a role in introducing HD notions to Armenia, giving access to information, providing independent development approaches and recommendations for policy-making. In so doing, they constituted effective vehicles of advocacy.
- The reports influenced government policy both directly and indirectly, for example, their influence on the UNDP poverty monitoring system, which provided a multidimensional concept of poverty in the formulation of the Interim PRSP. The latter was widened as a framework into the present PRSP, which is the major development government strategy now in force in Armenia.
- NHDRs provided NGOs with information and helped the latter justify their actions, both in their relationships with government and donors and with each other.
- Armenian NHDRs have helped strengthen technical and intellectual networks. Former authors and participants in the NHDR process may later occupy senior positions in government or civil society organizations and vice versa. Working together, academics and NGO members discuss their views and this exchange generates cross-fertilization and a widening of the space for human development concepts, approaches and policy-making.
- NHDRs have influenced the educational system at the university level, providing development frameworks and data to professors and students, and contributing to the formation of future Armenian leadership. Particularly, the School of Economics at Yerevan State University formally incorporated into its curriculum a Masters graduate course on HD, for which a special textbook was written. Since its inception, 200 students have taken the course, and the university is sharing the textbook with another university, which will be introducing HD as a subject in its own curriculum.

6. Lessons learned

The mission identified some positive aspects of the Armenian experience as well as some challenges for transferring it to other countries:

- The role of a proactive UNDP Resident Representative willing to take risks is a decisive factor in the production and influence of an NHDR. In the case of Armenia, the negative decision concerning the non-publication of the 2002 draft represented a loss of credibility for UNDP.
- The extent to which UNDP should consult with government for defining the topic of an NHDR is questionable. UNDP could satisfy the wishes of the President or high-ranking officials. However, UNDP may want to tackle some alternative and relevant subject that constitutes a UN and UNDP corporate priority.
- Another question is the decision on whether to build UNDP in-house expertise or to subcontract the production of an NHDR to a leading NGO. Armenia opted always for the second alternative.
- The opportunity cost of issuing the NHDR compared with MDG reports has been raised by the present UNDP Resident Representative.

7. Recommendations

- UNDP should give priority to the production of NHDRs as its flagship advocacy tool directly linked to the important function of soft assistance and policy dialogue. There is no contradiction with the MDG reports. While MDG reports are produced in collaboration with the government and the UN team, the NHDR allows UNDP to promote independent views on human development at the national level. The mandates of MDG reports and NHDRs are clearly different. While MDG reports should be short documents that monitor compliance with government commitments, NHDRs are analytic and policy-oriented documents that deal with a wide range of critical HD issues and the influence of political, economic, social and cultural variables on the development process.
- UNDP should respond to the challenge of producing a report that can compete with the many reports that are now being produced by a wide variety of organizations. While producing the NHDR, the UNDP should take into consideration that the report adds value to a series of publications that represents a wave of impacts upon Armenian society.
- The production of NHDRs should continue as a process of participation with ample consultations, but it should also keep due independence to analyse hidden problems and sensitive priority issues in Armenia's development process.
- Insofar as topics are concerned, certain subjects may be dealt with even if they are not current government priorities. For example, the issue of decentralization, fiscal functions of local governments and local democracy may be pertinent; they are considered a priority in other Eastern European countries and the European Union.
- As for capacity-building of human resources, UNDP could explore the incorporation of HD approaches into the secondary school curricula. At the university level, it would be important to emphasize case studies in the framework of economic theory, comparative analyses of global experiences and best practices, particularly in Eastern Europe, and examples of practical applications.

ANNEX 1: List of interviews

Political leaders and government officials

1. Hovhannes Azisyan – Coordinator of PRSP, RA Ministry of Finance and Economy
2. Astghik Minasyan – Head of Department, RA Ministry of Labour and Social Affairs
3. Mr. Yuri Poghosyan – Member of State Council of Statistics
4. Ashot Yesayan – Former Deputy Minister of RA Labour and Social Affairs

Civil society organizations

5. Ms. Tamara Abrahamian, President of Araza
6. Mikayel Aramyan, President of The Fund Against Violation of Law
7. Movses Aristakesyan, Center of Economic Rights
8. Marietta Danagulyan, Branch Chairman, Head of Project Department, Astghik Aid Union to the Disabled Children
9. Alla Gadzoeva, Labour and Social Research National Institute
10. Ms. Anahit Harutunian, President of Spiritual Armenia
11. Aram Ivanyan, member of Astghik Aid Union to the Disabled Children
12. Narine Mayilian, Small and Medium Business Foundation
13. Mr. Hamlet Petrossyan, President of Hazaarashen, Armenian Center of Ethological Studies
14. Nelson Shakhnazarian, President, Economic Research Institute
15. Ani Stepanyan, Member of Mission Armenia
16. Rima Ter-Minasyan, Deputy Chairman, Women’s Republican Council

Experts

17. Mr. Khachatur Bezirchyan, Consultant to the President of Civil Service Council and former Director of the School of Public Administration
18. Mrs. Aghavni Karakhanyan, Founding Director, Institute for Civil Society and Regional Development; former Professor of the School of Public Administration
19. Dr. Heggine Manasyan, Director, Caucasus Research Resource Centers – Armenia, Eurasia Foundation
20. Mrs. Nune Yeghiazaryan, NHDR Project Coordinator

Academics

21. Harutyun Marzpanyan, Deputy Dean of Department of Economics, Yerevan State University
- 22-29. Focus group: Seven students of the Department of Economics, Yerevan State University

UNDP

30. Alexander Avanesov, UNDP Deputy Resident Representative
31. Anna Gyurjyan, Programme Assistant
32. Astghik Mirzakhanyan, CTA
33. Aghassi Mkrtchyan, NHDR focal person
34. Narine Shakyan, Portfolio Manager
35. Consuelo Vidal, UN Resident Coordinator and UNDP Resident Representative



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