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## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF ARMENIA**

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**CYCLE 2024**

**The Revised European Social Charter:  
Ad hoc country report – Armenia**

- 1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.**

In the Republic of Armenia, the state regulation of labor remuneration is carried out through the minimum wage.

In terms of legal grounds, it should be noted that in accordance with the Article 84, Part 2 of the Constitution of the Republic of Armenia the minimum wage is defined by law. At the same time, in accordance with the part 1 of Article 179 of the Labor Code, the minimum monthly and hourly salary are defined by law. Point 6 of Part 1 of Article 3 of the RA Labor Code stipulates that one of the main principles of labor legislation is ensuring the right of every employee to fair remuneration in a timely manner and fully and not less than the minimum wage rate prescribed by law.

The cited is the Law on "Minimum monthly salary" (see the following link: <https://www.arlis.am/DocumentView.aspx?DocID=172160>).

The last time, the minimum monthly wage was increased by 10.29 percent after January 1, 2023, setting it at 75,000 AMD per month. Before that, the minimum monthly salary was set at 68,000 AMD from January 1, 2020, increasing by 23.64 percent compared to the previous amount (55,000 AMD).

Taxes paid from wage, social or other mandatory payments defined by law, any additional remuneration paid by the employer to the employee are not included in the specified minimum wage.

The basis for the above-mentioned revised amounts of the minimum monthly salary was the relevant analytical and assessment works, which was carried out by the "National Institute of Labor and Social Research" SNCO of the RA Ministry of Labor and Social Affairs.

In the absence of indexation regulations, the amount of the minimum monthly salary in RA is reviewed depending on the country's economic opportunities, inflation, state budget spending opportunities and other factors. In order to determine the new optimal amount of the minimum wage, analyzes were carried out using different methodologies, in particular, through time series, average nominal wages, as well as the proportion of real wages, under constant inflation conditions, and through forecasts in other ways, and various methodologies, including certain analyzes were carried out taking into account the value of the minimum

consumer basket per capita of RA, the minimum consumer basket or the poverty line per capita.

It should be noted that according to sub-point 5.1 of Point 5 of Appendix No. 1 of the RA Government Decree 1902-L, dated November 18, 2021 and also based on the target of setting the minimum monthly salary at least at 85.000 AMD in 2026, defined by the Government Program for 2021-2026 (approved by the RA Government decree N 1363-A, dated on August 18, 2021), it is envisaged to ensure a continuous increase of the minimum monthly salary, taking into account the macroeconomic indicators of the country.

The issue of the adjustment of the minimum wage to the cost of living is regularly discussed with the social partners.

**2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.**

Separate analytical information on this part is not available. It should be noted, however, that information presented in the answer to question 1 of this questionnaire and the increases in the minimum wage amount were essentially aimed at setting a realistic amount of the minimum wage, which will also ensure the preservation of the purchasing power of the wage.

**3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.**

As mentioned in the answer to the 1st question of this questionnaire, the state regulation of wages in the Republic of Armenia is carried out through the minimum wage, which is defined by law. Therefore, this issue is not relevant to the Republic of Armenia.

**4) Please provide information as whether the cost of living crisis has led to the extension of inwork benefits.**

Whether the crisis of the consumer basket led to the extension of labor benefits or not is difficult to assess, but statistical data documents that the ratio of the value of the minimum consumer basket to the minimum monthly salary by year was: 1.106 in 2019, 0.887 in 2020 (conditional on 2020 with an increase in the minimum monthly salary), 1,079 in 2021, and in 1,062 in 2022.

**5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.**

Taking into account the policy of social and economic activation adopted by the RA government, in particular, the elimination of extreme poverty, it was necessary to provide a variety of social services adequate to the social needs of socially vulnerable families in difficult life situations and a normative framework for their provision in the context of integrated social services.

Taking into account the above, on June 9, 2022, the law HO-277-N was approved, by which a number of supplements and amendments were made to the Law "On Social Assistance", namely:

- 1) The Government of the Republic of Armenia can define other types of social services, thereby giving flexibility to the policy of overcoming social crises and managing social risks, preventing poverty. This issue is most relevant when defining social services in the case of the need for rapid response mechanisms in crisis situations. This approach is also helped by the norm of providing social services with a certificate, which gives the person (family) who needs that social service the opportunity to choose;
- 2) Another type of social protection institution of the population has been defined - small community houses, the presence of which will contribute to increasing the cost-effectiveness of the operation of care institutions. The project also defines the possibility of providing specialized care and other social services for people with mental health and mental problems.
- 3) Authorizing norms have been established for the implementation of a flexible housing policy, as well as regarding the provision of a support card, through which they will ensure the provision of food, clothing and other basic necessities to people in difficult life situations;
- 4) An authorizing norm has been established on the procedure for providing subsidies for local social programs.
- 5) Other authorizing norms necessary for effective social assistance policy development have been defined.
- 6) Provision of rehabilitation services and care will be possible through assistive devices in compliance with the Law "On the Rights of Persons with Disabilities".

At the same time, according to the RA Government Decree N 2068, dated December 29, 2022, the monthly amounts of family benefit, social benefit and quarterly emergency aid for

2023 were set at 20,000 AMD (instead of 18,000 AMD), and the insecurity unit was kept at 2022 in the amount specified for 28.00.

In 2020, the number of beneficiary families was 91,502 families, and the average amount of benefit given to one family was 31,350 AMD. In 2021, these indicators were 92,012 families and 31,350 AMD, respectively, and in 2022, 72,748 families and 32,370 AMD.

From 2021, in accordance with the Annex N 8.1 of the RA Government Decree 145-H, dated January 30, 2014, the family social benefit is paid in cashless way through the banks that have signed a social security account agreement with the Unified Social Service (Service) of the Ministry of Labor and Social Affairs of the Republic of Armenia. In accordance with the procedure established by the RA Government Decree No. 284, dated March 12, 2020, based on the electronic lists provided to the Service by the organization, and the emergency aid is paid in a non-cash way through the banks that have signed a one-time payment account agreement with the Service, according to the RA Government Decree N 287, dated March 12, 2020, based on the electronic lists provided to the Service by the organization.

Relations related to the provision and payment of childcare benefits for a child under two years of age are regulated by the Law "On State Benefits", according to which, in connection with caring for a child born before January 1, 2023, a childcare benefits for a child under two years of age is assigned to an employee on care leave, as well as to a parent who has been registered and actually resides in a rural area for at least one year as of the date of the child's birth or application.

A parent registered in the State Register of the Population of the Republic of Armenia "On Administrative Territorial Division of the Republic of Armenia" with the address of a rural residence and who actually resides in the state register of the Republic of Armenia before the child turns two years old is also entitled to the care benefit if, as of the date of applying for the care allowance, he has been registered in a rural residence for at least one consecutive year at the address. In this case, the parent has the right to care benefit, if the child is in the Republic of Armenia as of the date of applying for care benefit.

According to the amendments made to the same law on October 26, 2022 (entered into force on January 1, 2023), in the case of children born after January 1, 2023, one of the child's parents or an adoptive parent or guardian is entitled to a child care benefit up to two years old and including the month when the child turns two years old, if as of the date of application for care benefit:

- 1) the parent and the child are registered in the state register of the population of the Republic of Armenia at the address of the place of residence in the Republic of Armenia;
- 2) the child is located in the Republic of Armenia.

3) the child is not in a population social protection organization (orphanage) or does not have the status of a child left without parental care.

The above-mentioned changes also provide for the differentiation of the amount of the care benefit, depending on the circumstances of being on a care leave or not. The amount of care benefit for a parent on care leave is set by the RA government (correlated with the minimum monthly salary) for a parent on care leave for a child up to three years old, in the amount of 50 percent of the amount established by Article 1 of the RA Law "On Minimum Monthly Salary": 37,500 AMD (75,000 x 50 percent), and for a parent who is not on care leave, in an amount not exceeding 85 percent of the amount established for a parent on care leave (31,600 AMD).

At the same time, in case of one year registration at the address of a rural settlement, another 31,600 AMD is paid as a village resident (total: 69,100 AMD).

It should also be noted that a foreign citizen parent has the right to care benefit if he meets the above conditions, and as of the child's birthday, the parent has been registered at the address of the place of residence in the Republic of Armenia for at least three consecutive years.

In order to improve the demographic situation, the RA Government decree 2169-L, dated December 23, 2021, was adopted, which established that on the occasion of the birth of the 3rd (when the child was born on or after January 1, 2022) and every subsequent child in the family, monetary support is provided in the amount of 50,000 AMD per month until the child reaches the age of 6, inclusive.

The conditions for assigning a one-time benefit for the birth of a child for a foreign citizen parent have been clarified. It has been established to assign a one-time benefit for the birth of a child of a person holding diplomatic service positions in the diplomatic service of the Republic of Armenia in a foreign country, his spouse in a foreign country, a person who is a citizen of the Republic of Armenia, who works in the administrative technical or service staff of the diplomatic service, if the state registration of the child's birth has been carried out by the Diplomatic Service of the Republic of Armenia.

The changes also affected the procedure for paying social benefits. In particular, it has been established that family and social benefits, as well as emergency assistance, are paid in cash or non-cash form on the basis of an application to elderly people (75 years of age and older) and persons with a profound level of functional limitations or a severe level of functional limitations. And in other cases, the family benefit, social benefit and emergency aid are paid in cash, if the family benefit, social benefit and emergency aid have been appointed (the appointment application has been submitted):

- 1) in cities and villages with more than 1,000 inhabitants until February 1, 2023;

2) in villages with up to 1000 inhabitants until July 1, 2023.

In the Republic of Armenia, the social housing fund includes multi-apartment buildings, assigned to the Ministry of Labor and Social Affairs of the Republic of Armenia as a social housing fund by the RA legislation, as well as the housing of certain categories of persons classified in special groups of the state non-profit organization "Social Service Center for Single Elderly and Disabled People at Home", social houses operating under the authority of "Mission Armenia" charity NGO, multi-apartment buildings (social houses) operating as a social housing fund under the authority of Gyumri and Goris municipal governments.

In accordance with the RA Decree of May 13, 2022, "The procedure for compensation of natural gas, electric energy and water supply rents consumed by single pensioners living in the social housing fund in the Republic of Armenia, as well as setting the volumes of expenses subject to compensation in 2022 and by the RA Decree of July 30, 2020, the amount of expenses to be reimbursed for natural gas, electric energy and water supply rents consumed by the beneficiaries of the Decree N 669-N on the repeal of the Decree N 1278-N was set for each pensioner for the year 2022 (the number of pensioners in 2022: 100, in 2023: 110) calculated per month: a maximum of 12.000 AMD.

12.0 thousand AMD is distributed among the rents of services consumed by each beneficiary as follows:

1. to each beneficiary living in gasified apartments:
  - a. for natural gas rent: 4.000 AMD per month.
  - b. for electricity rent: 7.000 AMD per month.
  - c. for water supply rent: 1.000 AMD per month.
2. to each beneficiary living in non-gasified apartments:
  - a. for electricity rent: 11.000 AMD per month.
  - b. for water supply rent: 1.000 AMD per month.

Reimbursing rents for communal services in large part or in full contributes to alleviating the social insecurity of single, disinherited pensioners living in social housing.

**6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.**

According to the RA Prime Minister Decree N 1082-A, dated September 29, 2021, in order to identify the problems in the insecurity (social) assessment system, increase the

targeting and efficiency of the system, as well as introduce a new system, the commission chose a hybrid system as the basis for the new insecurity assessment system a method of checking family welfare, which involves moving to determining eligibility for benefits based on the family's disposable income (through the verification of easily verifiable incomes and the introduction of difficult verifiable incomes).

The target of the new insecurity assessment system is extremely poor families based on income (and assets) with monthly disposable incomes below the minimum food basket on a per member basis equal to one adult member. The new system envisages the guaranteed minimum income policy, where the guaranteed minimum income or benefit entitlement threshold is defined as the value of the minimum food basket, which will allow to overcome extreme poverty.

Thus, the target of the new insecurity assessment system, the beneficiaries of the new system are the extremely poor population according to the minimum food threshold, the benefit threshold is the value of the minimum food basket per member equal to one adult member, and the guaranteed minimum income per member equal to adult member will be calculated for family care depending on the index.

***7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.***

By the RA Government Decree N 1880, dated November 18, 2021, supplements and amendments were made to RA Decree N 1122, dated November 3, 2016, an opportunity to set lower tariffs has been created.

***8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.***

*1. Round-the-clock care services for elderly and/or disabled persons - number of beneficiaries: 1260.*

The event is carried out in "Yerevan N1 Boarding House", "Nork Boarding House", "Vardenis Neuropsychological Boarding House", "Dzorak" Center for the Care of Persons with Mental Health Problems" state non-profit organizations, Armenian Red Cross Gyumri 24-hour care center and In the "Vanadzor Home for the Elderly" Foundation.



The medium-term expenditure plan for the coming years envisages increasing the planned number of beneficiaries by at least 50 to provide care for beneficiaries who need bed care, as well as for people with mental health problems.

At the same time, the provision of medical care is carried out according to improved standards, simplified procedures and conditions, in accordance with the RA Government Decree 1744-N of November 10, 2022, which is mainly effective from 2023, and some points will be effective from 2024 and 2025.

*2. Home care services for elderly and/or disabled persons - number of beneficiaries: 1,250.*

It also includes home care services for people with mental health problems. The event is carried out by the state non-profit organization "Social Service Center for Single Elderly and Disabled People at Home", "Mission Armenia" charitable NGO, "Haykakan Caritas" benevolent NGO, Armenian Red Cross Society, "Armavir Development Center", "Association for Health and Care for the Elderly" by non-governmental organizations.

In the following years, it is planned to increase the number of beneficiaries by around 100, and starting from next year, it will be carried out exclusively through delegation of the service. Thus, the entire event will be implemented by the non-governmental organizations in the field, which results from the policy of deinstitutionalization of the state, state-community-public sphere cooperation.

*3. Care and food provision services in day care centers for persons over 18 years of age - number of beneficiaries: 1200*

The event is carried out by the "Mission Armenia" charitable NGO, the "Haykakan Caritas" charitable NGO, and the "Association for Health and Care of the Elderly" NGO. Due to the sub-legislative amendments of 2022, the day care services provided to the elderly were completely separated from the catering service for socially disadvantaged persons, which is implemented in the canteen, in accordance with the RA Government Decree 984-N of 2015 (amended in 2022 by Decision 1740-N). Thus, the order and conditions of providing care and food were separated, the standards were specified, and the groups of beneficiaries were separated. In the following years, according to the plan of the RA government, it is planned to increase the number of beneficiaries in the day care centers, defining at least one center in each region, with a calculation of 50 beneficiaries. There will also be changes for canteens, while food cards will be introduced.

*4. Provision of temporary housing services for homeless people - Number of beneficiaries: 100.*

Currently, general temporary shelter services are provided by the "Hans Christian Kofoed" charity foundation, but in the following years it is planned to add specialized shelter services, reception-diagnostic center services, as well as crisis centers for the elderly who need shelter due to natural or man-made disasters.

This is fixed by the RA Government Decision No. 1069 of 2015 (updated in 2022 by Decision No. 1699) and the RA Government plan for 2021-2026.

In 2021, the Law "On the Rights of Persons with Disabilities" was adopted. The purpose of the law is to create equal opportunities and accessible conditions for the participation of persons with disabilities in all spheres of public life, and to eliminate discriminatory manifestations. By the RA Decree N 943-L, dated June 8, 2023, the "Comprehensive program of social inclusion of persons with disabilities for 2022-2027" was approved. The comprehensive program defined the priorities for the realization of the rights of people with disabilities and social inclusion in the coming years. Within the framework of each priority, such measures have been planned that contribute to the social inclusion of persons with disabilities, the fight against stereotypes and discriminatory attitudes towards them.

At the same time, care and social-rehabilitation services for persons with disabilities are implemented, aimed at their social inclusion and formation of independent life skills. In particular, white cane training is being carried out for visually impaired persons, developing the independent life skills of persons with disabilities, ensuring the right to independent living, moving, and using transport. Day centers provide social-rehabilitation services for people with disabilities aimed at their social inclusion and formation of independent life skills. Monthly services are provided to about 410 people with disabilities in about 11 day centers. Round-the-clock care for people with disabilities (including those with intellectual and mental problems) is organized in 4 small group homes. In order to implement the above-mentioned services, grant tenders are announced, as a result of which the winning organizations are provided with grants from the RA state budget in order to organize the care, employment, and training of necessary skills for persons with disabilities. In order to promote the social inclusion of persons with disabilities, support funds are provided from the state budget based on state certificates. Organizations providing support funds are qualified by the Ministry of Labor and Social Affairs of the Republic of Armenia in accordance with the established procedure.

In 2023, support funds are provided to about 21 organizations providing services in various regions of the republic in approximately 54 service areas. About 15,000 support funds are provided annually.

At the same time, in 2021, the Law "On Assessment of Personal Functionality" was also adopted. According to the law, there will be a transition from a medical-social examination to a functional assessment model based on the International Classification of Functions model of the World Health Organization, which will provide an opportunity to carry out a multilateral assessment of a person's needs, consider disability in the context of social factors and determine social services adequate to the individual needs of each person. From February 1, 2023, the new system of assessment of the person's functionality is valid for first-time applicants for the purpose of determining disability, and from 2024, it will also be valid for repeated applicants. The assessment of the person's functionality is carried out through the "e-disability" electronic system, the system is completely digitalized, the information is automatically exchanged with the "Armed" system and related electronic systems.

Within the framework of the "Services of support centers for persons subjected to domestic violence" event, organizations providing services of support centers for persons subjected to domestic violence are operating in all regions of the Republic of Armenia and in the city of Yerevan. About 1,500 people use the service annually. The service provided by the support centers to the victims of domestic violence may include:

- provision of consultations through the hotline service;
- socio-psychological support;
- legal advice;
- providing assistance to a person who has been subjected to domestic violence in finding employment;
- informs the person who applied to the support center about his rights, available services and the procedure for using other protection measures determined by law.

Within the framework of the "Shelter services for persons subjected to domestic violence" event, provision of services prescribed by legislation is carried out in the territory of the Republic of Armenia and in the city of Yerevan to persons subjected to domestic violence. About 200 people use the service annually. The shelter provides the following services:

- provides safe living space to the beneficiaries free of charge;
- provides social support;
- provides psychological support;
- provides legal assistance;
- provides medical assistance;
- provides food and clothes, and the children with the necessary furniture and equipment for class preparation.

Within the framework of the "Temporary support for victims of domestic violence" measure, the Ministry of Labor and Social Affairs of the Republic of Armenia provides financial support to victims of domestic violence in the amount of up to 150,000 AMD. The process of providing financial support is regulated by the RA Decree No. 333, dated March 29, 2019 "On establishing the procedure for managing the temporary support account for victims of family violence". About 120 people use the service annually. Financial support to a person subjected to domestic violence is provided for the following purposes:

- to cover the minimum necessities of life;
- for compensation or partial compensation for the purpose of arranging treatment or rehabilitation;
- for the compensation of the rent of a residential area for the purpose of providing temporary accommodation;
- for the compensation of the rent of training courses for the purpose of employment, except for the courses provided for in the state employment regulation programs defined by the Law of RA "On Employment" for unemployed and uncompetitive persons in the labor market.

***9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.***

The information is shared above, specifically, under the question #8.

***10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.***

The Government of Armenia and, particularly, the Ministry of Labour and Social Affairs of Armenia has held regular discussions with social partners (Confederation of Trade Unions of Armenia and Union of Employers of Armenia), as well as presented for public discussion, specifically, the issue of minimal wages to address the increase of the cost of living in Armenia.