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HRANT MATEVOSSIAN FOUNDATION

REGIONAL BUDGET ANALYSIS

SHIRAK MARZ

Community Poverty Reduction “Know How” PROJECT
NEAR-TS/2020/421-104

JULY 2021

Community Poverty Reduction “Know-How” project, funded by the European Union, is jointly implemented by the Economic Development and Research Center (EDRC), Caucasus Research Resource Center (CRRC), Eurasia Partnership Foundation (EPF) and Hrant Matevosyan Foundation.

The objective of the Project is to contribute to the reduction of multi-dimensional poverty in Armenia through CSO capacity strengthening and increasing beneficiary awareness, promoting participation to community development programmes and implementation of pro-poor initiatives.

Economic Development and Research Center (EDRC) is a non-partisan think-tank dedicated to monitoring and analyses of public programmes and policies. Since 2001, EDRC has carried out a number of projects in which a large role was given to the analyses of policies, programmes and budgets in certain sectors and areas. Giving special importance to the efficiency, effectiveness, as well as targeting and satisfaction of the beneficiaries of the public programmes, the EDRC strives to professionally contribute to the policy making and discussion processes.

Within the **Community Poverty Reduction “Know-How” project** EDRC carries out measures aiming at mapping the public policies and programmes being implemented in Shirak, Lori and Tavush Marzes, strengthening CSO’s capacities in monitoring and evaluation, promoting better participation in policy making processes, as well as social impact assessment of current policies and specific budget programmes.

Regional Budget Analysis: Shirak Marz publication is an analytical-informational report which summarizes the socio-economic picture of Shirak Marz, as well as budget information collected from various official and community sources. It is intended for large audiences, as well for the professional community aiming at making available the information and increase awareness, creates bases for policy analyses, efficient dialogue and informed discussions.

The publication is prepared with the support of the European Union.

The content solely represents the views of the Economic Development and Research Center and does not necessarily reflect the views of the European Union.

Proper reference to the publication is obligatory when citing.

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SOCIO-ECONOMIC SNAPSHOT OF SHIRAK MARZ

Shirak Marz is located in the North-West of Armenia and borders with Turkey and Georgia. Its surface totals to 2,680 sq. km and constitutes 9% of the total territory of Armenia. 210.9 thousand ha of the total are agricultural lands (including 78.1 thousand ha of tillage). Shirak Marz consists of 42 communities, of which 3 urban and 127 rural settlements.

Population: As of the beginning of 2020, permanent population of Shirak Marz totals to 231.4 thousand or 7.8% of Armenia’s population. 58.6% of the Shirak population live in urban, while 41.4% - in rural areas. Notably, majority of the urban population (82.9%) or about half of the total population of Shirak (48.6%) is concentrated in the city of Gyumri.

Gross Production: Per 2018 data¹, Shirak Marz GDP totalled to AMD 273.7 bln constituting 4.6% of the national GDP. Per capita gross production in Shirak Marz totalled to AMD 1,168.2 thousand which is lower than the national average by 42%. It is worth noting that per capita GDP in Shirak is lower than those of all other Marzes except Lori, Tavush and Gegharkunik.

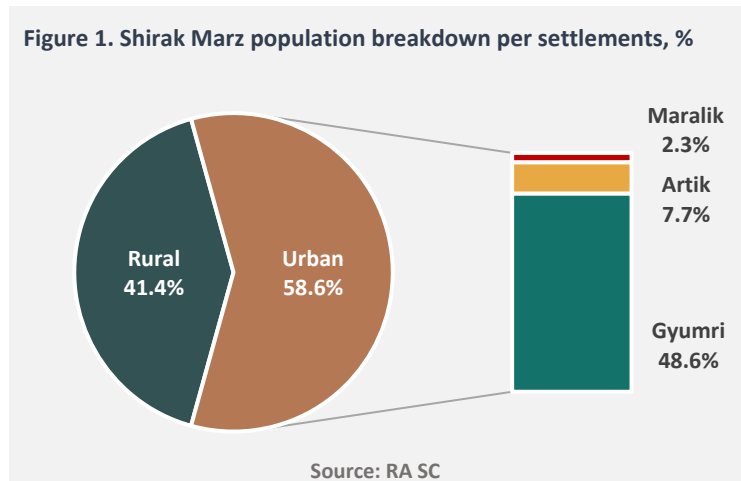


Figure 2. GDP breakdown per Marzes, 2018, %

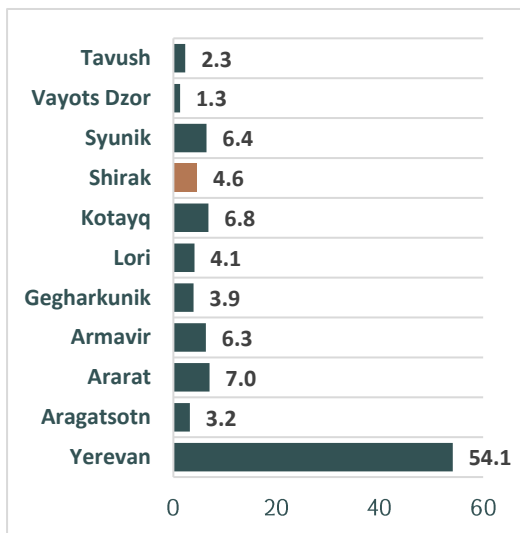
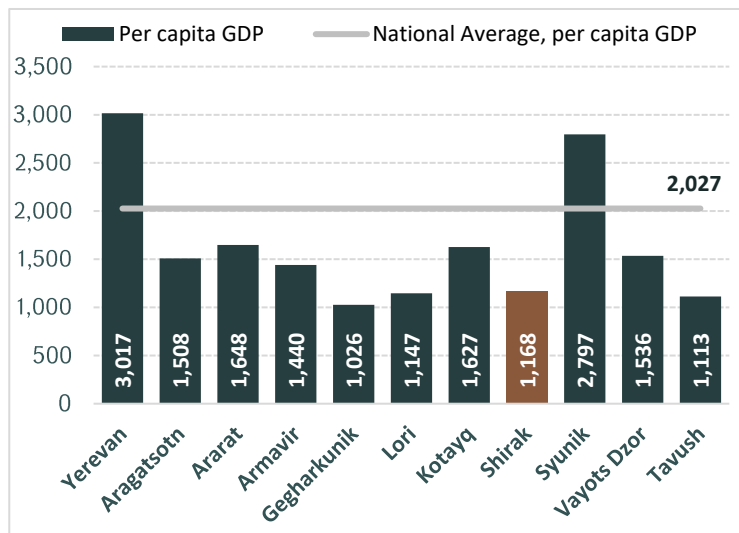


Figure 3. Per capita GDP per Marzes, 2018, AMD thousand



The most important economic sectors are agriculture and construction: their shares in the gross production of respective sectors nationwide equalled 10.4% and 6.3% respectively in 2019.

More than half of the agricultural gross production - 63.6% - comes from stock-breeding, while 36.4% - from plant growing.

¹ 2019 data will be available only by the end of 2021 in the publication of “Marzes of the RA and Yerevan city in figures, 2021”, RA SC.

The role of manufacturing is important among the industrial sectors: about 90% of industrial output is produced by manufacturing. The main subsectors of which are food production - 86.2%, production of beverages - 5.6%, production of non-metal mining products - 3.6% and clothing production - 3.0%.

Figure 4. Shares of main economic sectors in Shirak Marz in the gross production of respective sectors of RA, 2019, %

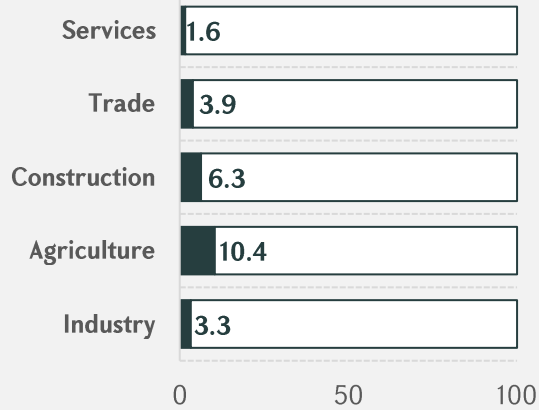
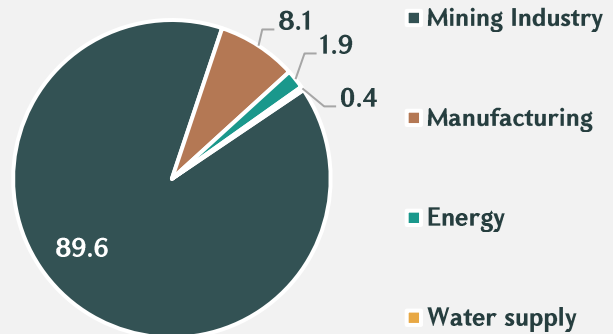


Figure 5. Breakdown of industrial production in Shirak Marz, 2019, %



Source: RA SC

Employment: Employment rate is 45.5% in Shirak Marz, while unemployment rate - 18.0%. Employment rate is below the national average by 3.4 percentage points while the unemployment rate is close to the national average.

Figure 6. Employment rates per Marzes, 2019, %

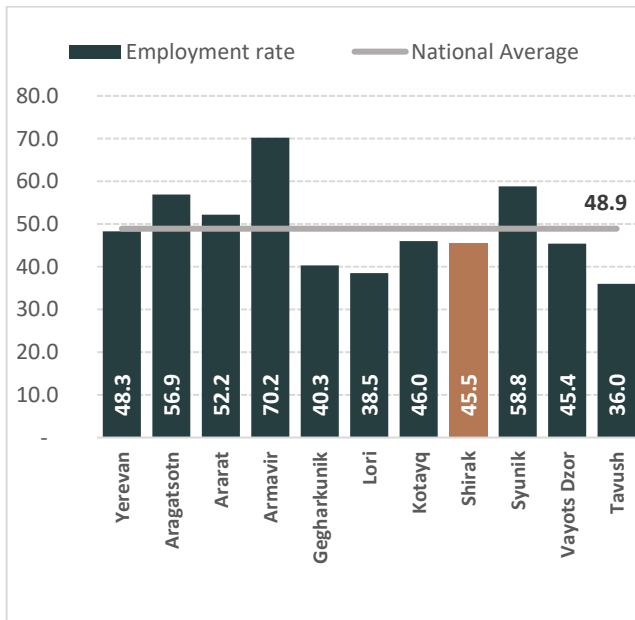
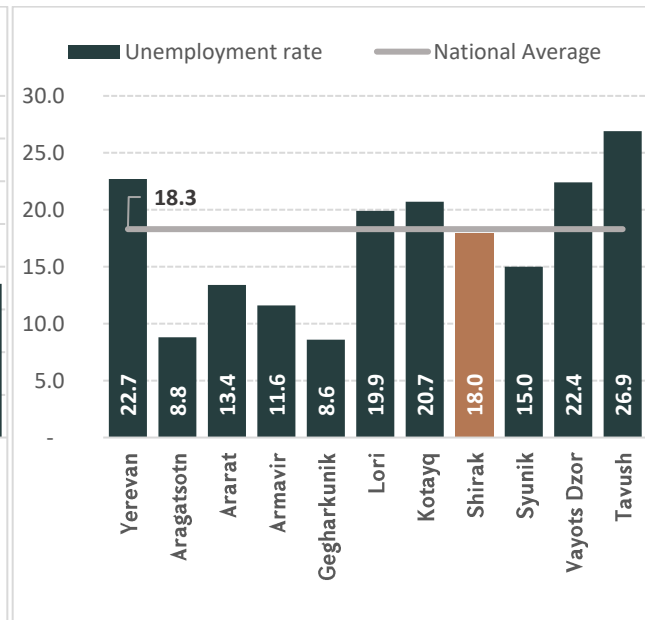


Figure 7. Unemployment rates per Marzes, 2019, %



Source: RA SC

Incomes and Expenditures: Average monthly incomes per HH member totalled to AMD 46,096 in 2019 which is below the national average by AMD 14,980 or by 24.5%. Notably, the share of salaries is large in the breakdown of total monetary incomes (35.6%), followed by income from sales of agricultural products and cattle (19.4%) and pensions (16.9%). Remittances from relatives living abroad constituted 12.9% of per capita HH incomes.

Figure 8. Average monthly monetary income per HH member, AMD

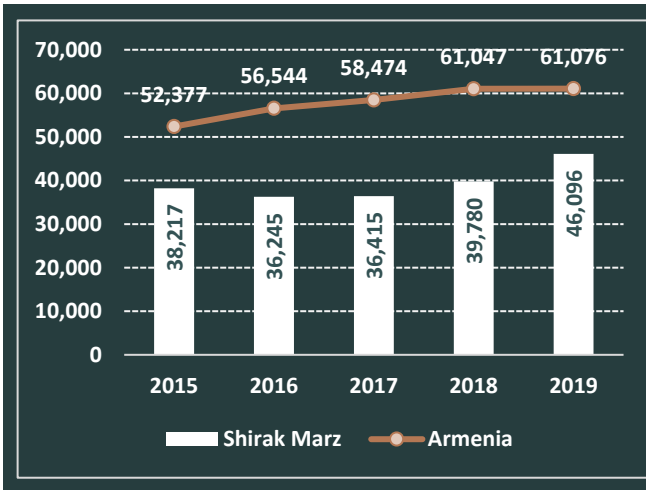


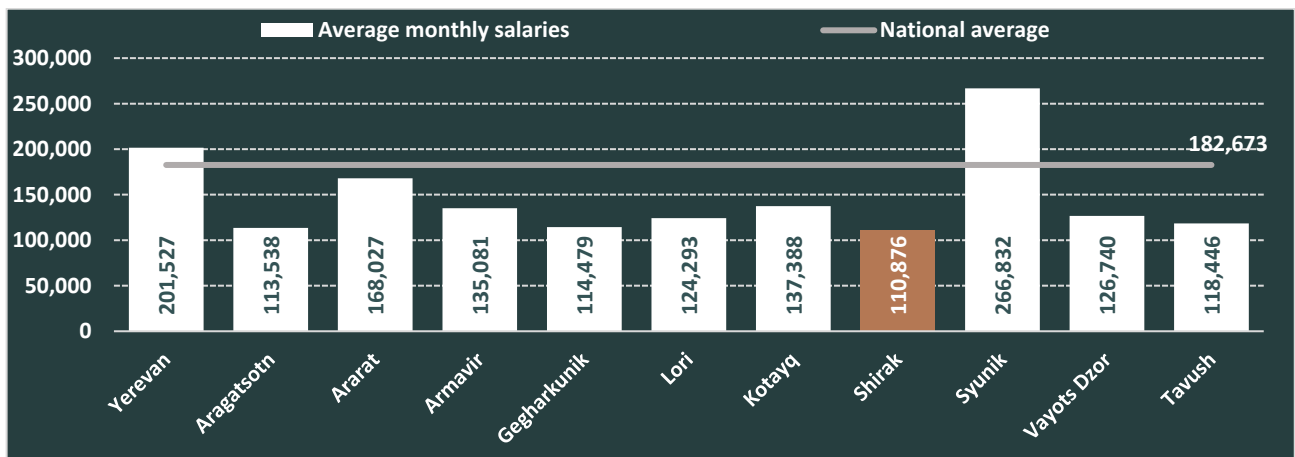
Table 1. Breakdown of average monthly monetary income per HH member in Shirak Marz, per sources of income

	2019	
	AMD	%
Total	46,096	100.0
Employment	16,408	35.6
Self-employment	4,335	9.4
Sales of agricultural products and animal stock	8,942	19.4
Pensions	7,787	16.9
Benefits for increasing the family living standards	1,631	3.5
Other state benefits and education fellowships	336	0.7
Transfers from relatives in RA	664	1.4
Transfers from relatives outside of RA	5,924	12.9
Other income	69	0.2

Source: RA SC and EDRC calculations

Average monthly salaries were the lowest in Shirak among all Marzes in Armenia totalling to AMD 110,876 which is lower than the national average by 39.3% or by AMD 71,797.

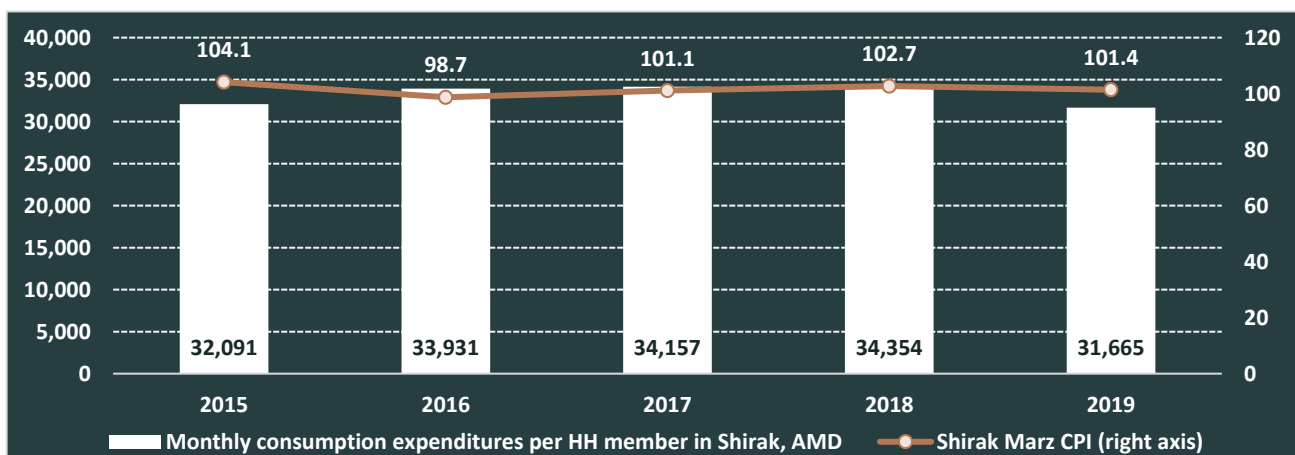
Figure 9. Average monthly salaries per Marzes, 2019, AMD



Source: RA SC

In contrast to incomes, per capita HH consumer expenditures in 2019 decreased by 7.8% compared to the previous year and equalled AMD 31,665.

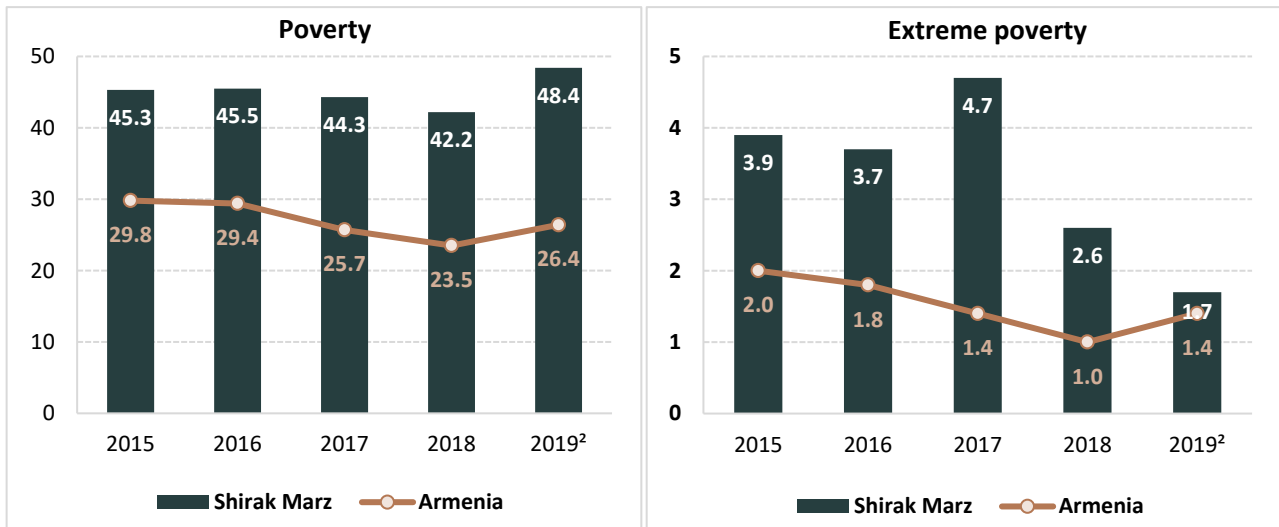
Figure 10. Monthly consumption trends per HH member in Shirak Marz, 2015-2019



Source: RA SC and EDRC calculations

Poverty: Prior to 2019, Shirak was the poorest Marz of Armenia. Poverty incidence² in 2019 reached 48.4% which implies that Shirak was the second poorest Marz in Armenia following Aragatsotn. Poverty incidence in Shirak exceeded the national average by 22 percentage points. Extreme poverty decreased in 2019 and equalled 1.7% which is higher than the national average by 0.3 percentage points.

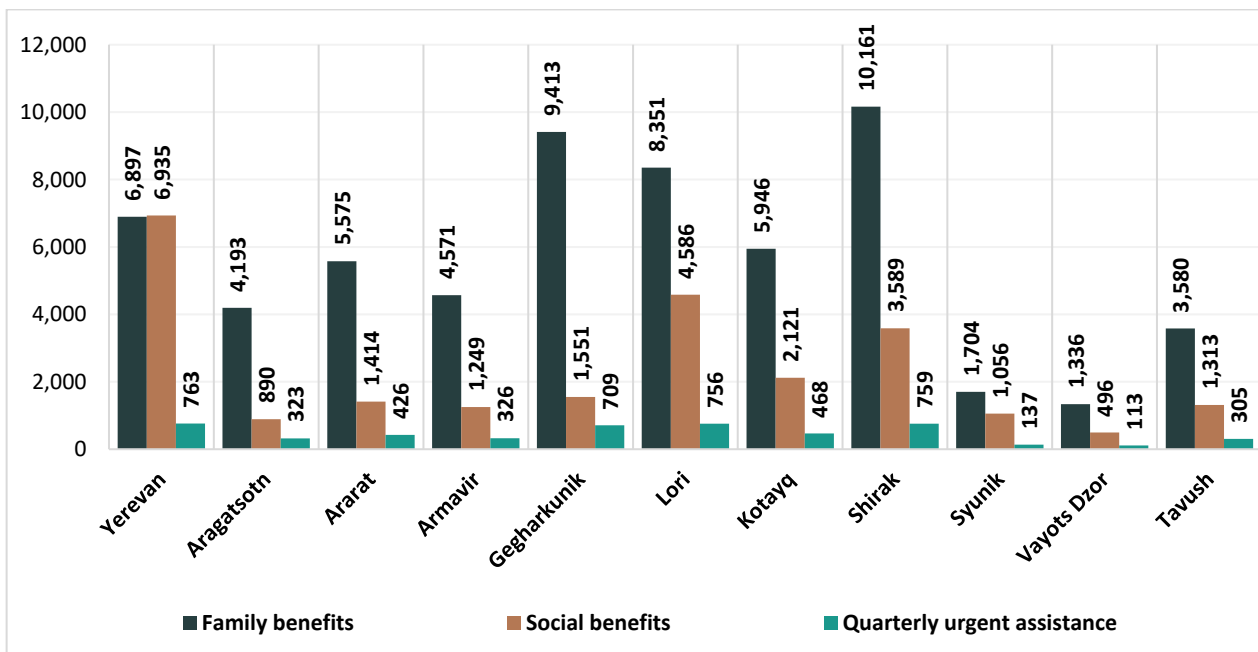
Figure 11. Poverty and extreme poverty trends in Shirak Marz and Armenia, 2015-2019, %



Source: RA SC

As of end-2020, family living standard enhancement benefits (FLSEB) were paid to about 23% of HHs in Shirak or 14,509 HHs. In particular, 10,161 HHs received Family benefits, 3,589 HHs were paid social benefits and 759 HHs received urgent quarterly assistance. Notably, in terms of numbers of beneficiary HHs for family benefits, Shirak surpasses all Marzes and Yerevan.

Figure 12. Distribution of HHs that receive FLSEB per Marzes, as of end 2020



Source: RA SC

² In 2020, new methodology was used for the poverty assessment (Armenia Social Snapshot and Poverty: 2020 <https://www.armstat.am/am/?nid=81&id=2323>), therefore, 2019 data is not fully compatible with previous years' data.

MARZ DEVELOPMENT POLICY

Government of Armenia approved 2017-2025 Shirak Marz Development Strategy³ in 2017 which defines the long-term development perspectives and directions in Shirak.

According to the above-mentioned strategy, the vision for Shirak Marz development is **to be a leading Marz in Armenia ensuring sustainable socio-economic opportunities in communities, achieve competitive economy and high level of employment.**

The Strategy defines the following strategic objectives for the Shirak Marz development, as well as targets for outcomes and priority development directions.

Table 2. Shirak Marz, Strategic Development Directions and Indicators

OBJECTIVES	INDICATORS	PRIORITIES
<ol style="list-style-type: none"> 1. <i>Increased competitiveness of Shirak Marz and economic diversification.</i> 2. <i>Ensuring the high levels of continuous, comprehensive and sustainable economic growth and proportionate development in Shirak.</i> 3. <i>Increased participation of Marz and local (community) role-players in the process of Marz Development policy implementation and improvement of human capital management skills.</i> 	<ul style="list-style-type: none"> • <i>At least 10% increase in the numbers of persons with vocational education or graduate degree, non-agricultural formal employment positions and active organizations by 2025 compared to 2015.</i> • <i>Per capita GDP in Shirak shall exceed the 60% of the national per capita GDP in 2025.</i> • <i>Poverty reduction in Shirak Marz by 10 percentage points by 2025.</i> • <i>Aggregation of communities in Shirak to 11-15 enlarged communities by 2025 against 79 in 2016.</i> 	<ol style="list-style-type: none"> 1. <i>Development of information and communication technologies.</i> 2. <i>Modernization of agricultural technologies and development of rural areas,</i> 3. <i>Promotion of and support to small and medium industrial organizations.</i> 4. <i>Tourism development.</i>

Source: 2017-2025 Shirak Marz Development Strategy

Horizontal dimensions of development, such as, equity and elimination of discrimination, environmental protection and energy efficiency, competition protection are also considered important directions.

³ RA Government Protocol Decree N 29 dated July 6, 2017.

COMMUNITY POLICIES AND BUDGETS

Total expenditures of community budgets in Shirak Marz amounted to AMD 8,503 mln in 2020 or 6.1% of total expenditures of all communities of Armenia (consolidated community budgets of Armenia): meanwhile, revenues totalled to AMD 9,741 mln or 6.2% of the revenues of the consolidated community budgets of Armenia.

Table 3. Shirak Marz, Community Budgets, Main Indicators, 2018-2021

	2018 Actual	2019 Actual	2020 Actual	2021 Plan ⁴
Total Community Budget Expenditures in Shirak Marz, AMD mln	6,646	7,725	8,503	9,715
Change in Total Community Budget Expenditures of Shirak Marz, %	-0.9	16.2	10.1	14.2
Share of Total Community Budget Expenditures of Shirak Marz in the Total Community Budget Expenditures of RA, %	5.6	5.8	6.1	-
Total Community Budget Revenues of Shirak Marz, AMD mln	7,093	8,156	9,741	11,151
Change in Total Community Budget Revenues of Shirak Marz, %	5.7	15.0	19.4	14.5
Share of Total Community Budget Revenues of Shirak Marz in the Total Community Budget Revenues of RA, %	5.6	5.6	6.2	-

Source: RA MoF, Shirak Marz provincial governance unit and EDRC calculations

Per capita community budget expenditures increased by 11% in 2020 as compared to the previous year, reaching AMD 36,753 against AMD 33,118 in 2019. The increase in community revenues is even higher: per capita revenues increased by 20% and totalled to AMD 42,104.

Figure 13. Per capita community budgets expenditures, AMD

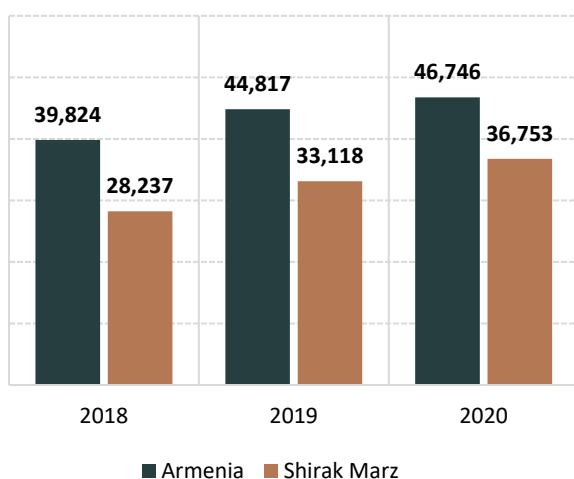
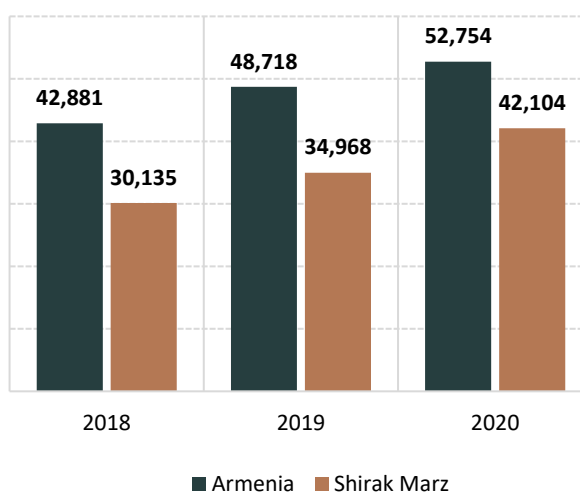


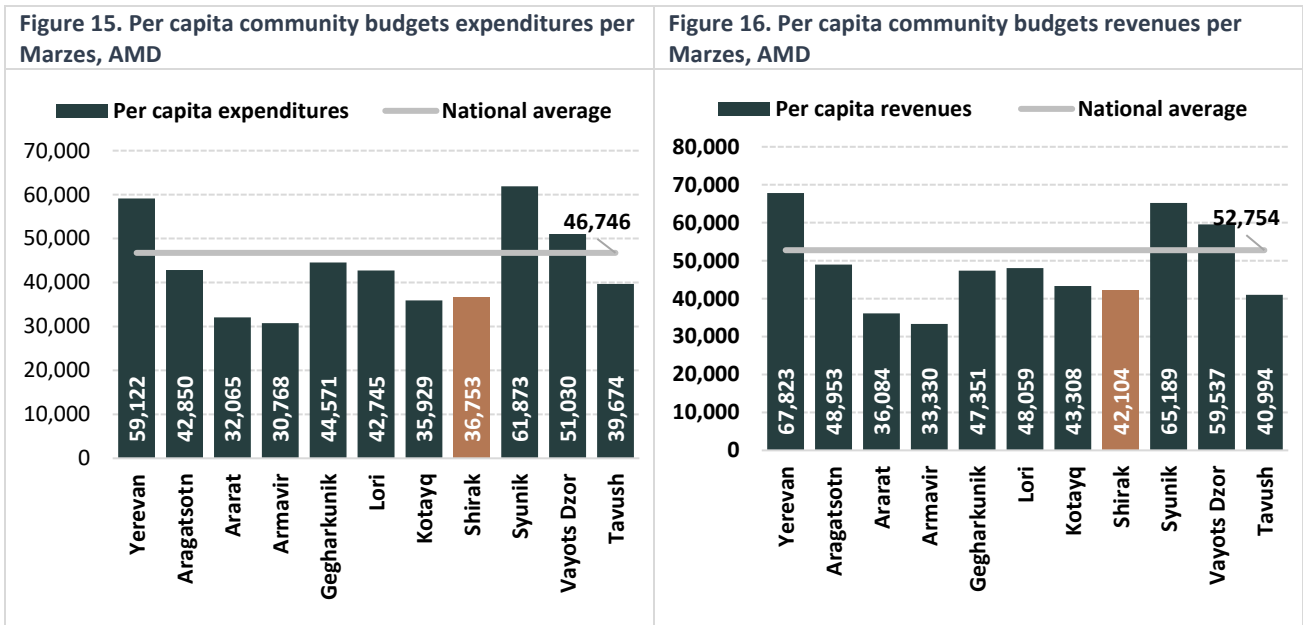
Figure 14. Per capita community budgets revenues, AMD



Source: RA MoF, Shirak Marz provincial governance unit, RA SC and EDRC calculations

Community revenues and expenditures in Shirak Marz are lower than the national averages. Per capita community expenditures are below the national average by more than 21%. Revenues are lower by about 20%.

⁴The 2021 budget data are programmed/projected indicators.

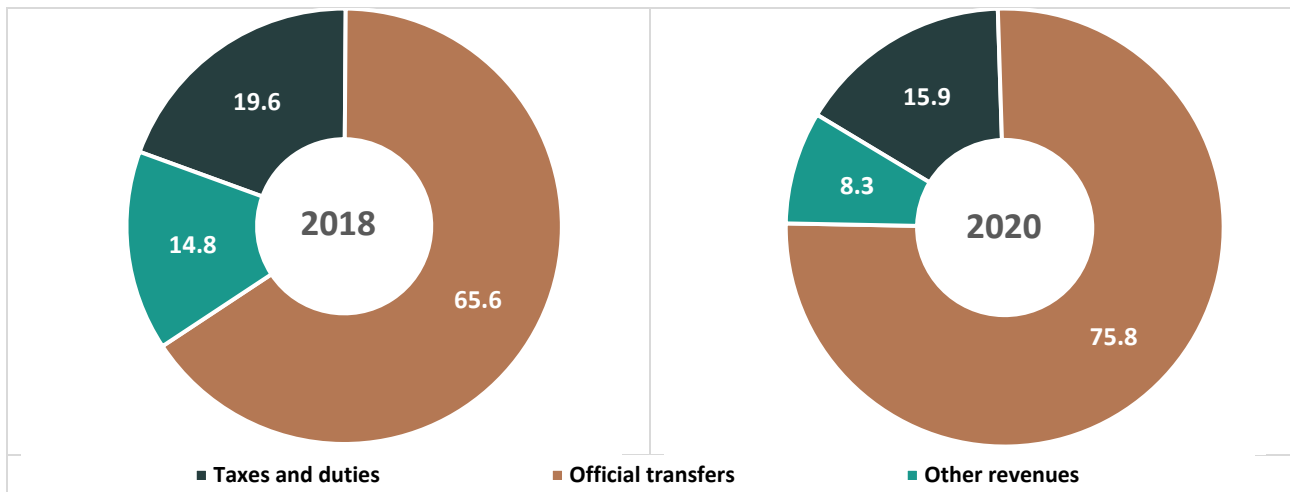


Source: RA MoF, RA SC and EDRC calculations

COMMUNITY REVENUES

Official transfers prevail in the structure of community budget revenues. In 2020, they constituted 75.8% of community revenues and totalled to AMD 7,384 mln. The share of revenues from taxes and duties constituted 15.9% and equalled AMD 1,548 mln. It is worth noting that, as compared to 2018, the share of official transfers increased by 10.2 percentage points, while that of tax and duty revenues decreased by 3.7 percentage points.

Figure 17. Shirak Marz Total Community Budget revenues breakdown, 2018 and 2020, %

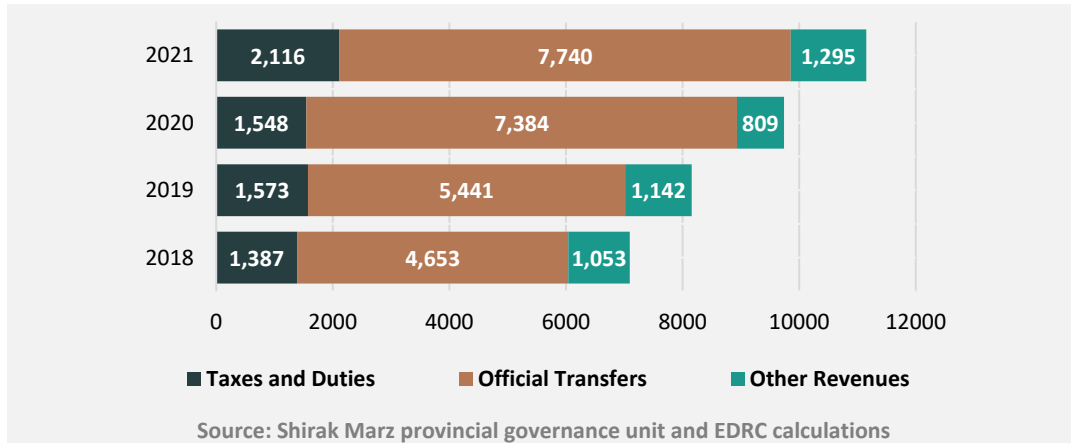


Source: Shirak Marz provincial governance unit and EDRC calculations

The increase in community budgets revenues was mostly determined by the increase in official transfers. The latter increased on average by 26.3% during the last two years, while tax revenues and stamp duties decreased by 1.6% compared to 2019 and increased by 11.6% compared to 2018.

For 2021, total community revenues are projected to equal to AMD 11,151 mln, thus increasing from the 2020 level by 14.5%. Notably, all revenue categories are projected to increase.

Figure 18. Shirak Marz Total Community Budget revenues, 2018-2021, AMD mln



TAXES AND DUTIES

Interestingly, the share of real estate (property and land) tax decreased in the total tax and duties revenues during 2018-2020. This holds true both for the property tax on buildings and structures within community boundaries and land tax. Local and state duties payable to the community budgets also decreased.

Unlike the taxes on real estate, budget inflows from property taxes on transportation means increased.

Figure 19. Breakdown of tax and duties of Total Community Budget in Shirak Marz, 2018-2021, %

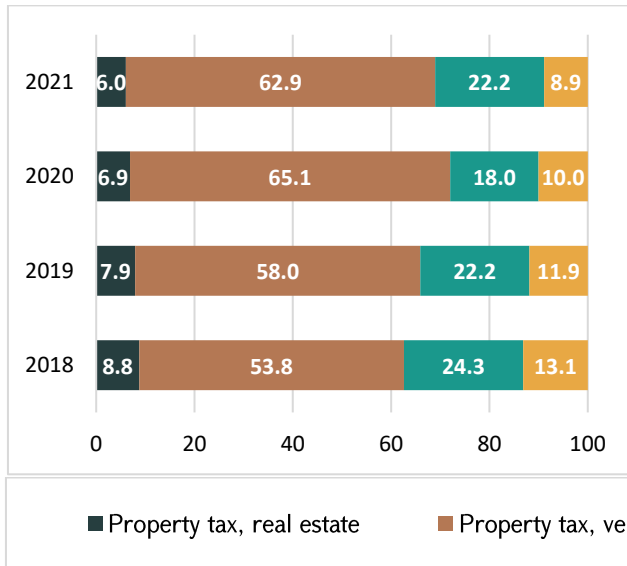
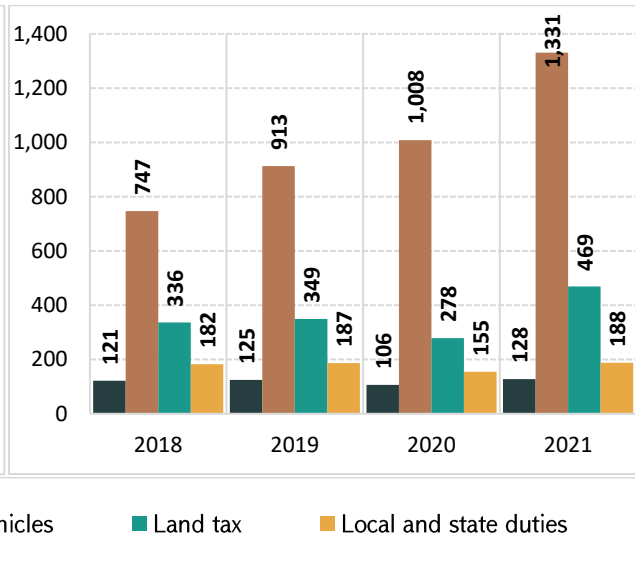


Figure 20. Dynamic of tax and duties of Total Community Budget in Shirak Marz, 2018-2021, AMD thousand



Shirak Marz provincial governance unit and EDRC calculations

Per capita average annual real estate taxes in Shirak Marz communities totalled to AMD 2,000, while the property tax on transportation means – AMD 3,000.

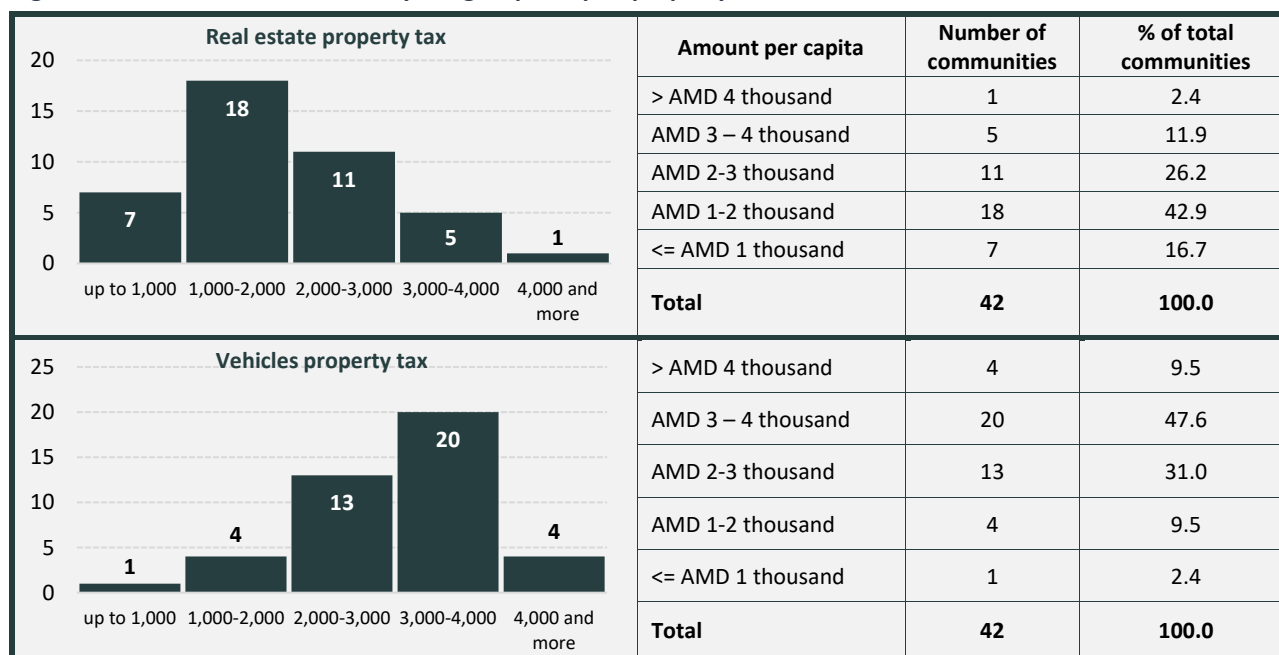
The highest collection of real estate taxes was recorded in Haykasar community – AMD 6,800. In 60% of communities, annual per capita real estate taxes do not exceed AMD 2,000.

It is worth noting that more than 72% of real estate taxes comes from land tax, while only 28% - from property tax on buildings and structures. Notably, property tax on buildings and structures is not being collected at all in 9 communities of Shirak Marz due to low cadastre value of respective real estate items⁵.

⁵ Law on Property Tax (not in force starting January 1, 2021).

For the case of vehicles (transportation means) property tax, the distribution has the opposite picture. For more than 57% of communities per capita vehicle property tax exceeds AMD 3,000.

Figure 21. Breakdown of community budgets per capita property taxes



Source: Shirak Marz provincial governance unit and EDRC calculations

OFFICIAL TRANSFERS

Overwhelming majority of official transfers - 99.9% - are domestic transfers, i. e. are the donations and subventions from the state budget paid to the local self-government units. The share of external transfers is very low: AMD 1.3 mln in 2020. External transfers were received by only one community - Arpi.

Donations prevail in the structure of domestic transfers. During 2019-2020, donations increased on average by AMD 654 mln or by 13.9%. Despite the increase in the size of donations in absolute terms, their share in the structure of total domestic transfers decreased from 95.3% in 2018 to 77.6% in 2020.

Donations are annual non-refundable transfers paid by the state budget to local government budgets in order to level out the existing differences in financial capabilities and are aiming at assisting the harmonious development of communities, as well as creating possibilities to implement minimum expenditures in all communities⁶. Donations from the state budget consist of 2 parts. First, communities with less than 3500 inhabitants are paid donations in the amount defined by the Annual Budget Law of the respective year (equal amounts for all eligible communities). While the second section of donations are paid to communities depending on their revenue-generating capacities and expense needs⁷.

The growth rate of state subventions paid to local governments exceed the growth rate of donation and reached 174% in recent years. The growth of subventions amounts was the largest in 2020: AMD 1,653 mln was transferred to the local governments in Shirak which represents an increase of 2.7 times from the previous year.

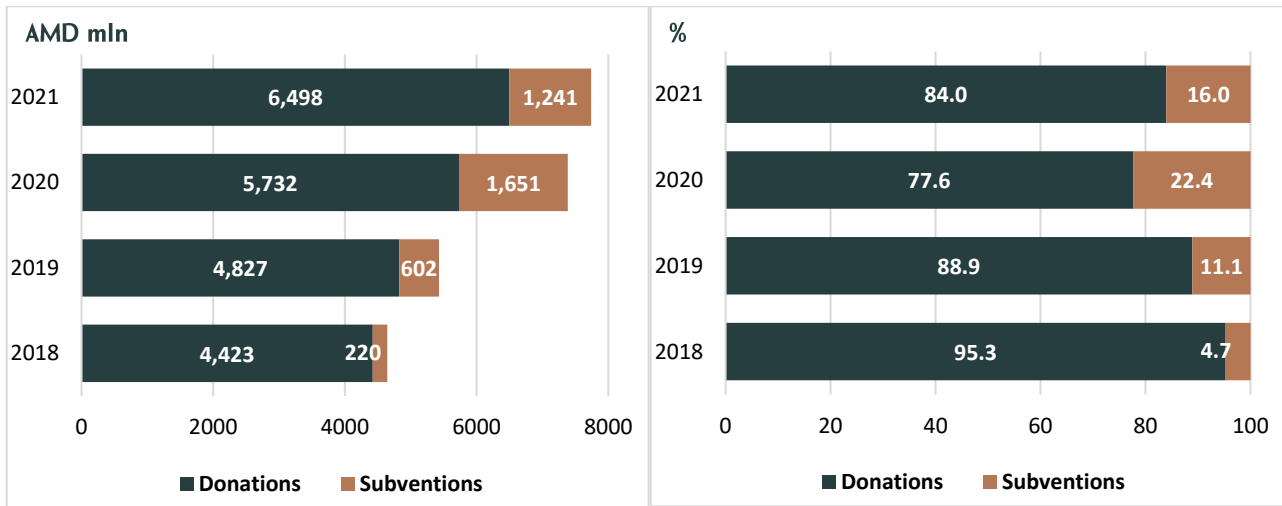
It is worth noting that projected subventions for 2021 are lower than in 2020 by about 25%.

In 2020, donations totalled to AMD 5,732 mln which represents an increase of 19% from the previous year, while a 13% increase is projected for 2021 (reaching AMD 6,498 mln in absolute terms).

⁶ RA Law on Financial Levelling, Article 2.

⁷ RA Law on Financial Levelling, Articles 5-16.

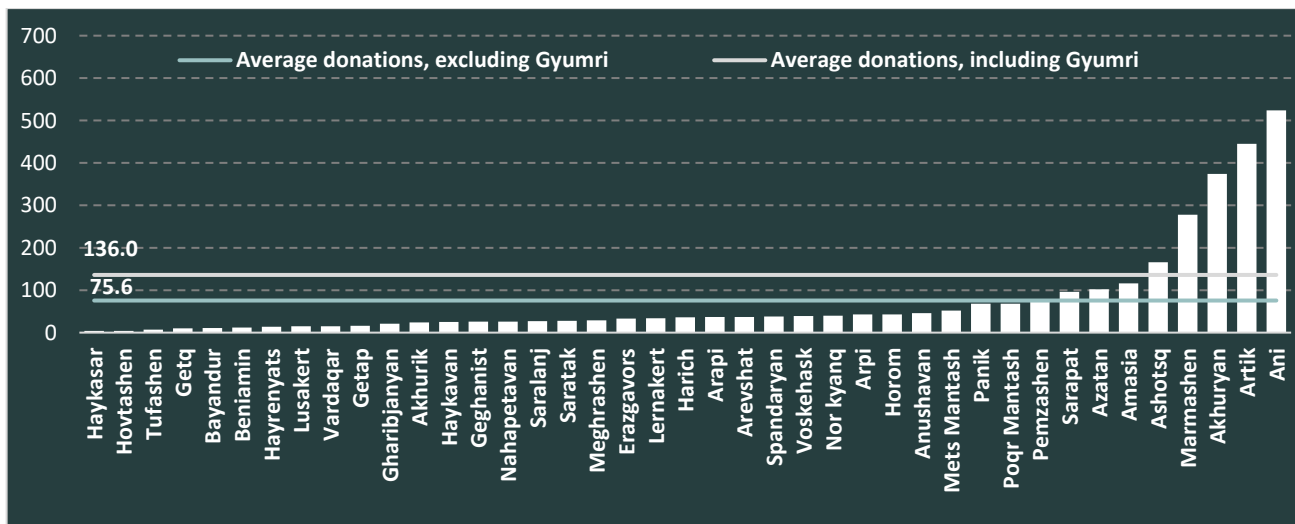
Figure 22. Breakdown of domestic donations



Source: Shirak Marz provincial governance unit and EDRC calculations

Donations were paid to all 42 communities of Shirak Marz. The average size of donations totalling to AMD 136.5 mln. For the case of 35 communities (or 83% of total), donations did not exceed AMD 100 mln. At the same time, the city of Gyumri received AMD 2,630 mln as a donation which constitutes 45.9% of all donations amount paid to communities in Shirak. Average size of donations paid to communities in Shirak, excluding donations to Gyumri, equalled AMD 75.6 mln.

Figure 23. Distribution of donations per communities⁸, AMD mln, 2020



Source: Shirak Marz provincial governance unit and EDRC calculations

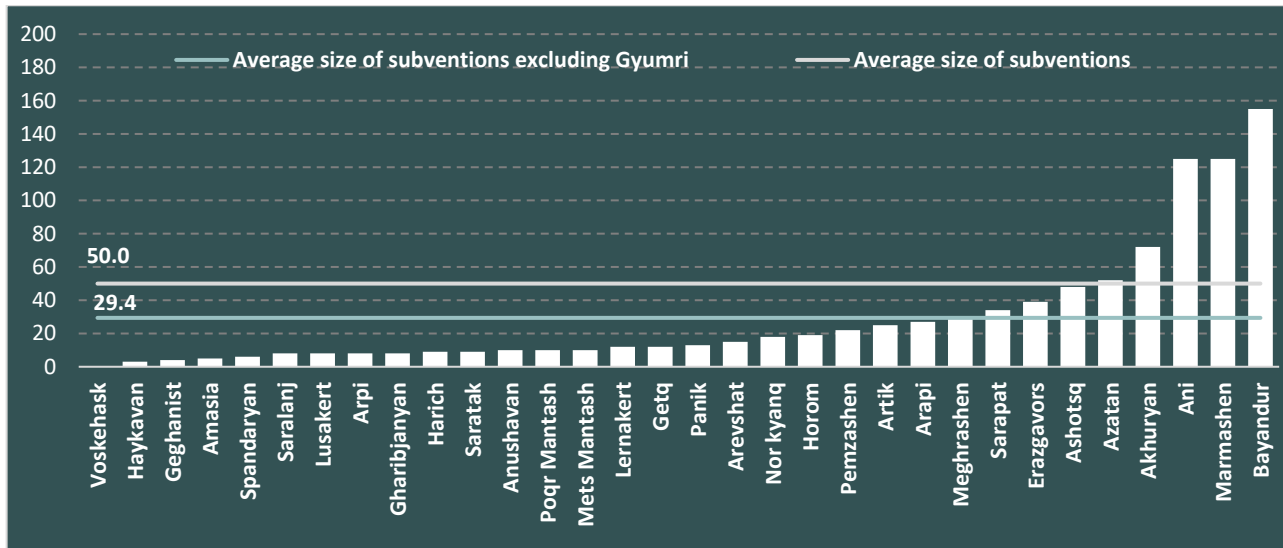
79% of communities (33 communities) received subventions from the state budget; in particular, for 32 communities, those were capital subventions. Average size of capital subventions equalled AMD 50 mln. AMD 710.8 mln was transferred to Gyumri local government as a capital subvention which constitutes 43% of the total amount of capital subventions received by all communities in Shirak.

Subventions are non-reimbursable and non-refundable monetary resources transferred to the local government budgets for the implementation of specific targeted expenditures (programmes)⁹.

⁸ City of Gyumri is not presented.

⁹ RA Government Decree N1708-N On approving the Procedures of Providing Subventions from the State Budget to the Communities, November 16, 2006, Part I.3.

Figure 24. Distribution of capital subventions per communities⁷, AMD mln, 2020



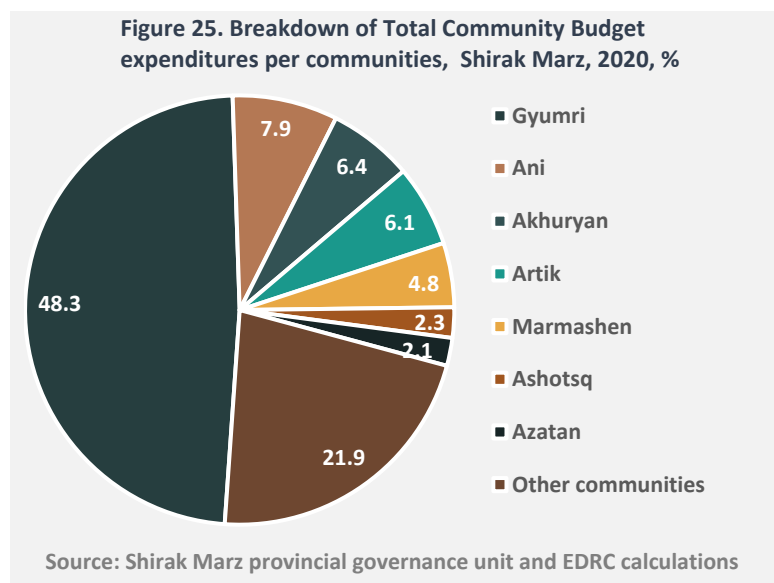
Shirak Marz provincial governance unit and EDRC calculations

Current subventions were transferred to 14 communities in Shirak: the average size of such subventions was AMD 0.6 mln.

COMMUNITY EXPENDITURES AND PROGRAMMES

Total expenditures of local governments in Shirak Marz increased by 10.1% in 2020 compared to the previous year. Notably, 5.3 percentage points of the mentioned increase took place due to increased expenditures of Gyumri local government.

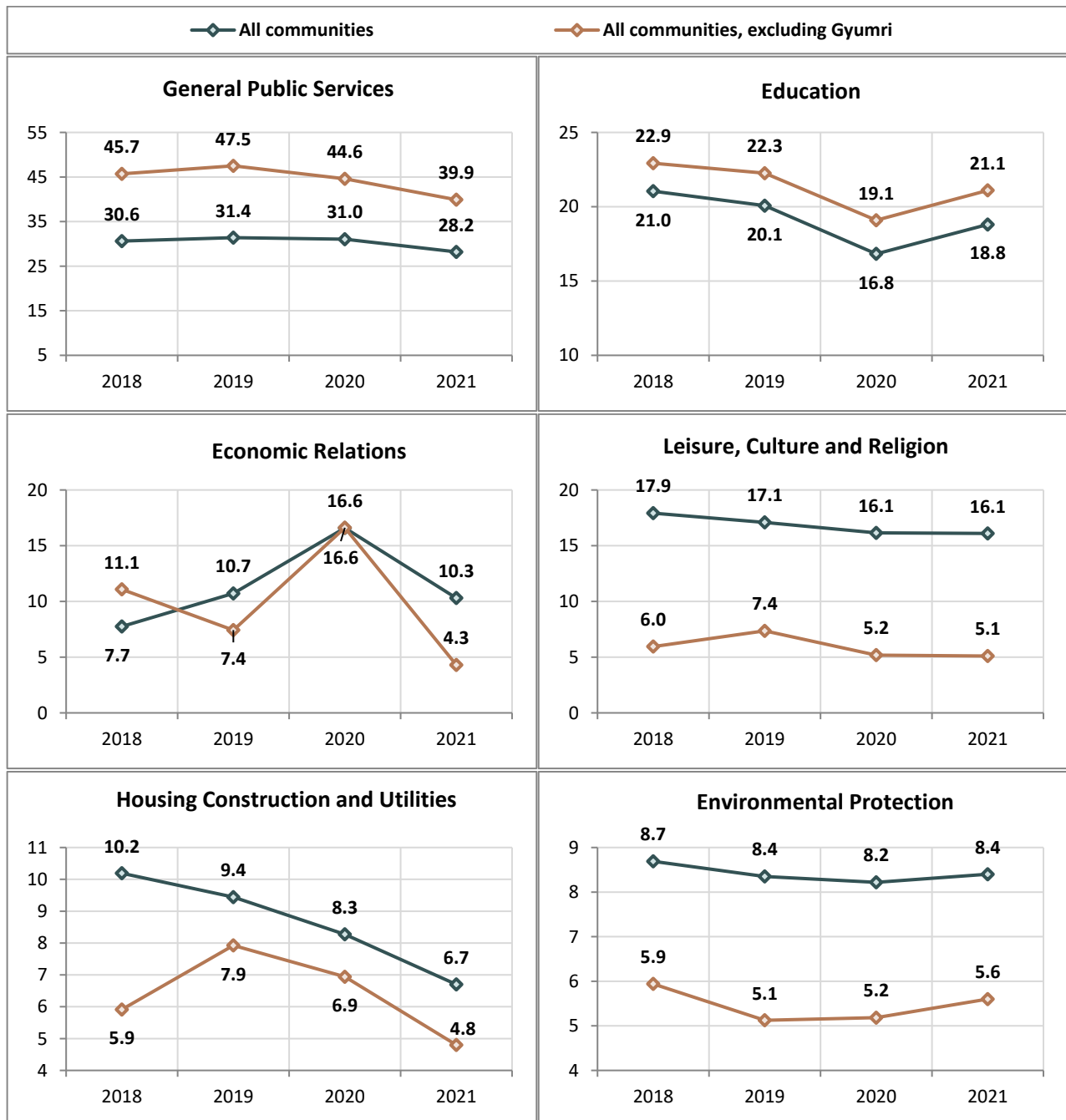
Expenditures of Gyumri community constitute 48.3% of total expenditures of all communities in Shirak, followed by Ani (7.9%), Akhuryan (6.4%), Artik (6.1%), Marmashen (4.8%), Ashotsq (2.3%) and Azatan (2.1%). The share of remaining communities' expenditures in the total ranges between 0.1 and 1.9%.



Source: Shirak Marz provincial governance unit and EDRC calculations

The largest functional category of local government expenditures is “General Public Services” to which 31% of total expenditures were dedicated to (about 45% - excluding Gyumri). These expenditures are followed by Education, Economic relations and Leisure, culture, religion functional categories with 16.8%, 16.6% and 16.1% respectively. When excluding Gyumri expenditures, “Education” expenditures’ share equals 19.1%, while “Leisure, culture and religion” expenditures will constitute only 5.2% of the total.

Figure 26. Shirak Marz Total Community Budget Expenditure Items as share of Total Community Budget, 2018-2021, %



Source: Shirak Marz provincial governance unit and EDRC calculations

Expenditures in “Economic relations” category mostly refer to the road sector. This holds equally true both for Gyumri and other communities in Shirak.

77.3% of community expenditures are recurrent expenditures. Notably, they constitute 81.7% of Gyumri expenditures and 73.1% - for all the remaining communities. 27% of those expenditures are paid as salaries and wages. The share of salaries and wages is lower in Gyumri – 21.4% - compared to other communities.

On average, capital expenditures constituted 27.3% of total expenditures.

Table 4. Shirak Marz Community Budgets expenditures, Economic classification, 2020

	Gyumri		Total, excluding Gyumri		Total for Shirak Marz	
	AMD mln	%	AMD mln	%	AMD mln	%
Total Community Expenditures	4,110.8	100.0	4,392.5	100.0	8,503.3	100.0
Current Expenditures	3,359.4	81.7	3,211.1	73.1	6,570.4	77.3
<i>Salaries and wages</i>	878.4	21.4	1,409.7	32.1	2,288.0	26.9
Expenditures on non-financial assets	1,073.5	26.1	1,250.9	28.5	2,324.4	27.3
Inflows from the sales of non-financial assets	- 322.1	- 7.8	- 69.4	-1.6	- 391.5	- 4.6

Source: Shirak Marz provincial governance unit and EDRC calculations

SUBVENTION PROGRAMMES

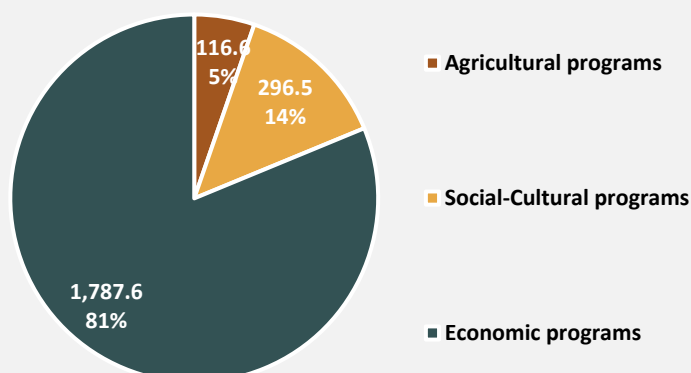
More than AMD 2.2 bln was transferred from the State Budget in 2019 and 2020 as co-financing to the subvention programmes intended for the development of social and economic infrastructures in 33 communities of Shirak Marz¹⁰.

Among subvention programmes, measures on developing economic infrastructure prevailed: only State Budget co-financing (excluding the community financing of the same programme) totalled to AMD 1.8 bln during 2019-2020. Social and cultural infrastructure development programmes followed with AMD 0.3 bln while agricultural programmes – with AMD 0.1 bln financing.

Large share of subventions from the State Budget was transferred to co-finance the programmes implemented in Gyumri community, followed by Marmashen (9.0%), Ani (8.1%) and Bayandur (7.1%) communities.

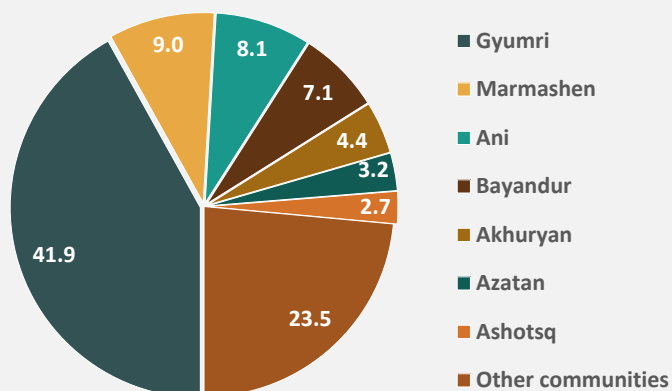
In 13 communities of Shirak Marz 3 and more subvention programmes were carried out in each of them during 2019 and 2020. Notably 5 or more programmes were carried out in 4 communities. Those communities were Gyumri, Akhuryan, Ani and Marmashen.

Figure 27. Breakdown of subvention programmes per sector, AMD mln



Source: RA Government Decrees and EDRC calculations

Figure 28. Breakdown of subvention programmes funding per communities, %

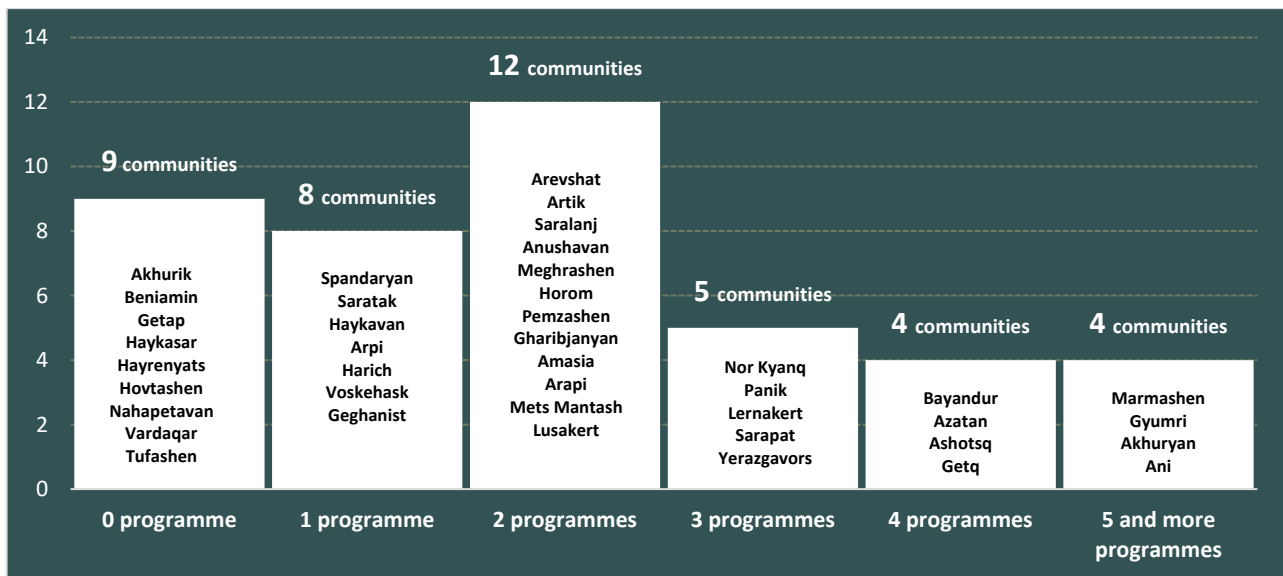


Source: RA Government Decrees and EDRC calculations

¹⁰ Depending on the sector and specifics of the given project, as well as the geographic location of the community and expected project impact on the socio-economic situation in the community, the Central Government provides co-financing to the subvention programmes in the size of 30%-70% of the total project cost.

12 communities had 2 subvention programmes each, while 9 communities did not have any subvention programmes during the same period (see Figure 29).

Figure 29. Distribution of communities per numbers of subvention programmes, 2019 - 2020



Source: RA Government Decrees and EDRC calculations

Among **Economic development programmes**, intra-community road construction and rehabilitation programmes prevailed. During the reviewed two years, AMD 1,020.6 mln was spent on road construction and rehabilitation in 17 communities.

Energy saving and energy efficiency programmes also constitute a large number. Solar photo-voltaic power systems were installed in 15 communities under subvention programmes with the total amount of AMD 157.8 mln.

7 communities carried out street lighting systems installation or rehabilitation programmes that amounted to AMD 89.2 mln.

6 communities spent AMD 376.0 mln on purchasing various vehicles and equipment (mostly waste collection and snow cleaning machinery and equipment), including 1 community that spent AMD 10.4 mln on purchase of agricultural equipment and tools.

Agricultural programmes predominantly referred to the irrigation system rehabilitation and installation of anti-hail stations. AMD 49.7 mln in total was spent by 4 communities in Shirak Marz on irrigation system construction and rehabilitation, while 6 communities purchased anti-hail stations for a total amount of AMD 56.6 mln.

Under **Social-cultural subvention programmes**, 3 communities constructed, rehabilitated or refurbished kindergarten buildings, 6 communities constructed, rehabilitated or refurbished various public buildings, while 2 communities rehabilitated parks (for more details, please, see Figure below).

Figure 30. Distribution of State Budget Subventions per communities and directions of use, AMD mln, 2019-2020

	Road construction/rehabilitation	Purchase of equipment	Kindergarten Construction/rehabilitation	Construction/rehabilitation of public buildings	Irrigation system construction/rehabilitation	Drinking water supply and sewerage system construction/rehabilitation	Installation of solar photo-voltaic stations	Renovation of common ownership parts of multi-apartment buildings	Street lights construction/rehabilitation	Purchase of anti-hail systems	Connection of settlements to the gas system	Construction/rehabilitation of parks	Total, AMD mln	Total, %
Azatan	52.1								18.2				70.3	3.2
Akhuryan	72.0		12.2	13.4									97.6	4.4
Amasia							10.7			5.3			15.9	0.7
Ani	52.3	25.6					38.9		28.4	23.1			178.4	8.1
Anushavan							9.8					4.3	14.1	0.6
Ashotsq	47.6	2.3		5.1			5.5						60.5	2.7
Arapi	26.5					15.4							41.9	1.9
Arevshat				2.1			15.4						17.4	0.8
Artik	23.2						16.8						40.0	1.8
Arpi						8.2							8.2	0.4
Bayandur				17.0	17.8						120.4		155.2	7.1
Geghanist			3.9										3.9	0.2
Getq	12.4				5.5		4.0						21.8	1.0
Gyumri	594.5	271.3		28.3								28.9	922.9	41.9
Yerazgavors	30.8				18.2								49.0	2.2
Lernakert				4.9			3.3		7.0				15.2	0.7
Lusakert	7.8				8.3								16.2	0.7
Haykavan										3.2			3.2	0.1
Harich	9.0												9.0	0.4
Horom	24.2								19.4				43.6	2.0
Gharibjanyan							8.5			3.0			11.5	0.5
Marmashen		41.2	106.8	23.7			6.0	6.6		13.7			197.9	9.0
Mets Mantash							10.0		4.8				14.8	0.7
Meghrashen				27.7									27.7	1.3
Nor Kyanq	21.7						6.0						27.8	1.3
Voskehask		10.4											10.4	0.5
Pemzashen	11.6								8.6				20.2	0.9
Saralanj							7.8		2.9				10.7	0.5
Sarapat		25.3				10.4				8.4			44.0	2.0
Saratak	9.0												9.0	0.4
Spandaryan							6.2						6.2	0.3
Panik	5.6			11.7			8.8						26.2	1.2
Poqr Mantash	10.1												10.1	0.5
Total, AMD mln	1,020.6	376.0	122.9	133.8	49.7	34.0	157.8	6.6	89.2	56.6	120.4	33.2	2,200.8	-
Total, %	46.4	17.1	5.6	6.1	2.3	1.5	7.2	0.3	4.1	2.6	5.5	1.5	-	100.0

Source: RA Government Decrees and EDRC calculations

EXTERNALLY FUNDED STATE BUDGET PROGRAMMES

Apart from donations and subventions to communities, as well as budget programs implemented by the Central Government from the Annual Budget, a number of externally funded projects¹¹ are listed below that had significant impact from the viewpoint of social and economic development of Shirak Marz and were aimed at solving special problems in Shirak Marz.

- Under the USAID **Local Self-Governance Reform Project** investments in the community development social, economic, sanitary and environment protection infrastructure were carried out in 4 enlarged communities of Shirak Marz.






Programme/Community	Sarapat	Amasia	Ashotsq	Arpi
Energy efficiency (solar system construction)	✓			
Improvement of public service quality (equipment improvement)			✓	✓
Agricultural support (Equipment improvement)	✓	✓	✓	✓
Development of Community capacities		✓		
Implementation status	Completion phase	Completion phase	Completed	Completion phase

- Under the WB **Lifeline Road Network Improvement project**, 106.88 km of roads were rehabilitated in Shirak Marz since 2009.

Road Section	Length (km)
M1-Tavshut-Aghvorik-Ardenis-Zorakert-Tsaghkut-Garnaricg km0+000-km10+123	10.23
Horom-Nor Kyanq-Panik-Spandaryan-Geghanist km0+000-km3+700	3.70
Horom-Nor Kyanq-Panik-Spandaryan-Geghanist km3+700-km8+000	4.30
Horom-Nor Kyanq-Panik-Spandaryan-Geghanist km9+400-km12+286	2.87
M1-Lernakert km4+600-km8+550	3.95
Gyumri-Voghji-Gyulibulagh-Aregnadem km0+000-km4+700	4.70
Gyumri-Voghji-Gyulibulagh-Aregnadem km4+700-km9+400	4.70
Gyumri-Voghji-Gyulibulagh-Aregnadem km9+400-km14+200	4.80
M7-Voskehask km0+000-km2+080	2.08
Gyumri-Arevik-Aygabats km0+000-km4+800	4.80
Gyumri-Arevik-Aygabats km4+800-km10+430	5.63
Akhuryan-Karnut km4+000-km8+000	4.00
Karnut-Musaelyan (Basen) km8+000-km13+000	5.00
Musaelyan (Basen)-Jrarat km13+000km16+770	3.77
Road Gyumri-Akhuryan km0+000-km4+000 and Road Basen-Hovit km0+000-km1+520	5.52
Road Gharibjanyan-Akhurik, km0+000-km2+582	2.58
Maralik-Qaraberd-Dzithanqov, km0+000-km11+100	12.08
H32-Vahramaberd-Hovumi-M1 (Vahramaberd km0+000-km+631, km0+000-km0+325, Hovuni km0+000-km5+044)	6.00
M1-Hayrenyants-Tufashen-H83 (Haykasar) km0+000-km8+872, km0+000-km1+579	11.15
T-7-14 -Shirak-Kamo, km0+000-km4+627 (School 1-0,42+School 2-0,247+0,097) - (0,377-M7)	5.01

¹¹ Includes only Credit and Grant programmes of Foreign countries and International Organizations, which are implemented through the State Budget.









- Under the WB **Social Investment and Local Development Project**, 18 microprojects were implemented in Shirak Marz, in particular, health, education, culture, special care and infrastructure sectors.

	Microproject	Settlement	Implementation status
	Kindergarten renovation	Aygabats	Completed
		Anushavan	Completed
		Arevik	Completed
		Gyumri (Arevik kindergarten)	Completed
		Gyumri (Zangak kindergarten)	Underway
	Kindergarten construction	Gyumri (Nanulik kindergarten)	Completed
		Horom	Underway
Capital renovation of kindergartens	Spandaryan	Completed	
	Voskehask	Completed	
	Panik	Underway	
	School construction	Pemzashen	Completed
		Vardaqaar	Completed
	School renovation, heating system installation	Krasar	Completed
	School sport hall construction or reconstruction	Haykadzor	Completed
		Panik	Completed
	New drinking water pipeline construction	Harich	Completed
	Jajur	Completed	
	Reconstruction of external drinking water system	Lernakert	Completed
	Irrigation system rehabilitation	Amasia	Underway
	Gravity irrigation system construction or rehabilitation for Hoghmik, Goghovit, Torosgyugh and Tsoghamarg settlements	Sarapat	Underway
	Improvement of communal services and intra-community transportation system creation	Ani	Completed
	Rehabilitation of communal services, rehabilitation of intra and inter-community road transportation	Marmashen	Completed
	Improvement of community economic environment through technical modernization and service improvement	Akhuryan	Completed

- Under the WB **Community Agricultural Resource Management and Competitiveness 2nd Project**, 40 km of water lines, 10 shepherds' shelters and 1 cote, 1 veterinary service centre were constructed, as well as investments were made in 6 food companies to increase local producers' and processing companies' capacities in value chains.

	Settlement	Watering system, number	Pipeline length, m	Shepherd's shelter, number	Cote	Implementation Status
	Component I Community pastures and stockbreeding management systems	Tavshut	2	450	0	0
Mets Sepasar		2	6,000	1	1	Underway
Zuygaghbyur		3	5,000	1	1	Underway
Hartashen		3	6,000	1	1	Underway
Ghazanchi		2	4,500	1	1	Underway
Amasia		3	300	1	1	Completed
Aregnadem		1	172	1	1	Completed
Alvar		3	4,832	1	1	Completed
Aghvorik		2	374	1	1	Completed
Artik		5	4,700	1	1	Completed
Poqr Mantash		4	7,700	1	1	Completed
Component II Value Chain development	Value Chain	Applicant	Settlement	Project		Implementation Status
	Milk	Ahotsq cheese company LLC	Musaelyan	Purchase of modern cheese production equipment		Completed
		Igit LLC	Azatan	Capacity strengthening and dairy business expansion		Completed
		Amasia Leading Cheese Company LLC	Amasia	Rokfor cheese production		Completed
		Slavik Chapanyan Avetiqi Individual Entrepreneur	Berdashen	Let us develop local production		Completed
		Nan kat LLC	Gyumri	Chees production modernization, food security ISO 22000:2018 management system introduction, organization of exports		Underway
	Meat (Fish)	Khayts Ishkhan LLC	Gyumri	Caviar volume increase and exports		Completed
Component III Capacity development in state bodies	Community	Project			Implementation Status	
	Panik	Veterinary Service Center establishment			Completed	

- Under Sustainable Land Management Component of GEF **Infrastructure and Rural Finance Support Project**, irrigation and drinking water systems were rehabilitated in 7 settlements in Shirak Marz, as well as an industrial refrigerator was constructed.

Settlement	Improvement and rehabilitation of drinking water systems	Irrigation system rehabilitation	Construction of refrigerators
Dzithanqov			
Gandzaqar			
Sarnaghbyur			
Gusanagyugh			
Jajur			
Jrarat			
Horom			

- Under the EU **Armenia Regional Development Programme**, the following 2 pilot projects on regional development are being implemented in Shirak:
 - ✓ Boosting Technological Developments in Shirak Marz (implemented by Innovation Centre Foundation),
 - ✓ Production of wool thread and cloth in Amasia (implemented by Amasia local government and People in Need NGO).
- Under the WB **Local Economy and Infrastructure Development Project**, the first phase of Kumayri historical district development project in Gyumri were completed, which covered 6 streets of the said district: Shiraki, Gayi, Varpetats, Jivani, Abovyan and Ghorghanyants.
- Under the EBRD **Gyumri Urban Roads Project**, 23 streets of Gyumri were rehabilitated, renovated and equipped during 2020, including pavements (sidewalks), rainwater drainage system rehabilitation and street light systems.
- Kaps Dam with total capacity of 25 mln c. m. is intended to be rehabilitated under the KfW **Akhuryan River Water Resource Integrated Management Project**; the height of the dam will be 55 m upon completion. During the first phase of the Project, the fundament of the dam will be constructed in such a manner that it is feasible to erect the dam during the 2nd phase to reach the capacity of maximum of 60 mln c.m.
- Under the **North-South Road Corridor Development project** funded by the ADB and EIB, construction of Talin-Lanjik and Lanjik-Gyumri sections (Tranche 3) and rehabilitation of Gyumri bypass – Gyumri-Bavra section (Tranche 5) are being carried out.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
Bln	billion
CSO	Civil Society Organization
EBRD	European Bank for Reconstruction and Development
EDRC	Economic Development and Research Center
EIB	European Investment Bank
EU	European Union
FLSEB	Family Living Standards Enhancement Benefits
GDP	Gross Domestic Product
GEF	Global Environmental Fund
HH	Household
KfW	German Development Bank (Kreditanstalt für Wiederaufbau)
mIn	million
MoF	Ministry of Finance
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
RA	Republic of Armenia
SC	Statistics Committee
USAID	United States Agency for International Development
WB	World Bank