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# REGIONAL BUDGET ANALYSIS

# TAVUSH MARZ

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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: Tavush Marz** publication is an analytical-informational report which summarizes the socio-economic picture of Tavush 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.*

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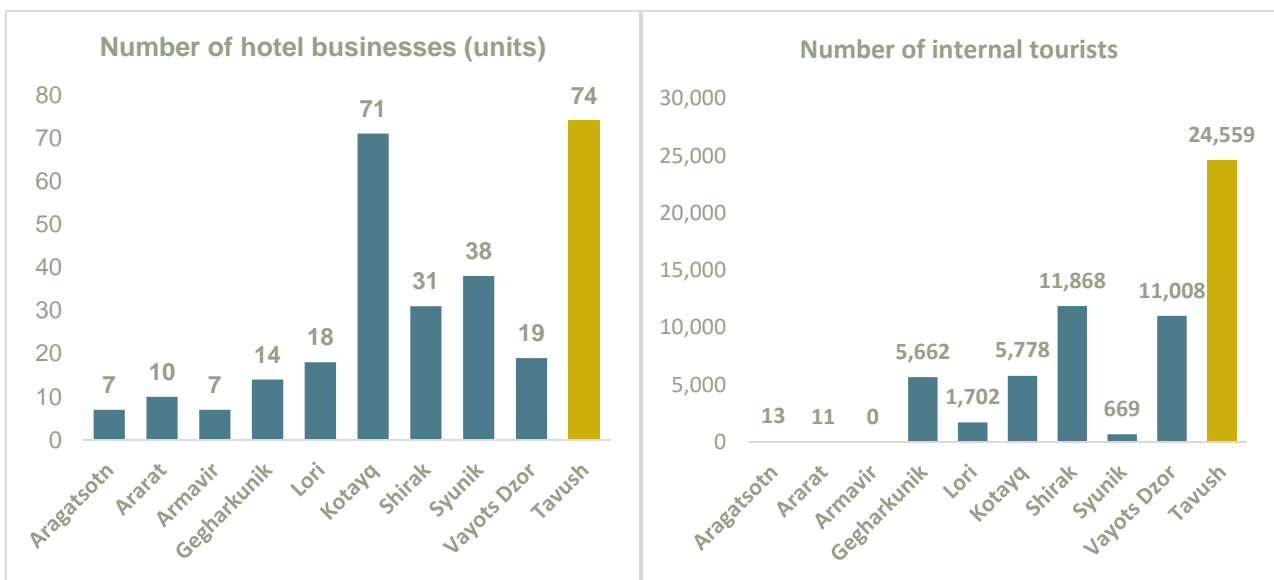
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## SOCIO-ECONOMIC SNAPSHOT OF TAVUSH MARZ

Tavush Marz is located in the North-East of Armenia bordering with Azerbaijan and Georgia. Its total area is 2,704 sq. km or 9% of total area of Armenia. Tavush Marz has 110.7 thousand ha of agricultural land (including 25.6 thousand ha of tillage). Tavush Marz has 24 communities which contain 5 urban and 60 rural settlements.

Tavush Marz is prominent for its forests: about 41% of its area is covered with mixed forests. Climate conditions in Tavush, diversity of flora and fauna, create favourable prerequisites for tourism development, specifically - eco-tourism. Tavush Marz surpasses all other Marzes in numbers of hotels and domestic tourists that stay in those hotels (see Figure 1).

**Figure 1. Number of hotel units and numbers of internal tourists that stayed in hotels per Marzes, 2019**

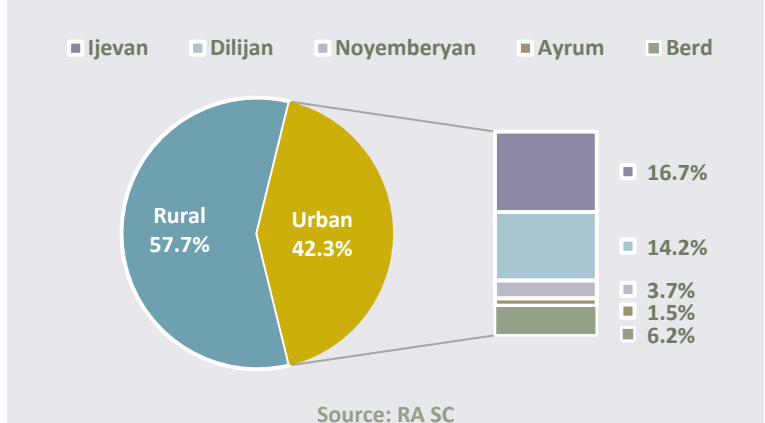


Source: RA SC

**Population:** As of the beginning of 2020, permanent population of Tavush Marz totalled to 121.5 thousand or 4.1% of Armenia’s population. 57.7% of the Tavush population live in rural, while 42.3% - in urban areas. Notably, majority of the urban population (73.1%) or 30.9% of the total Marz population lives in Ijevan and Dilijan cities.

**Gross Production:** Per 2018 data<sup>1</sup>, GDP of Tavush Marz totalled to AMD 136.7 bln constituting 2.3% of the national GDP. Per capita gross production in Tavush Marz totalled to AMD 1,113.4 thousand which is lower than the national average by 45%. It is worth noting that per capita GDP in Tavush is lower than those of all other Marzes, except Gegharkunik.

**Figure 2. Tavush Marz population breakdown per settlements, %**



Source: RA SC

<sup>1</sup> 2019 data will be available only by the end of 2021 with the publication of 2021 Marzes and Yerevan City of the Republic of Armenia in 2021 report.

Figure 3. GDP breakdown per Marzes, 2018, %

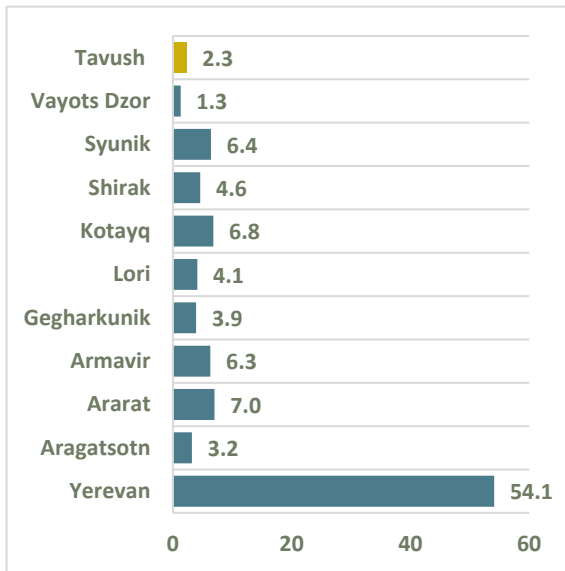
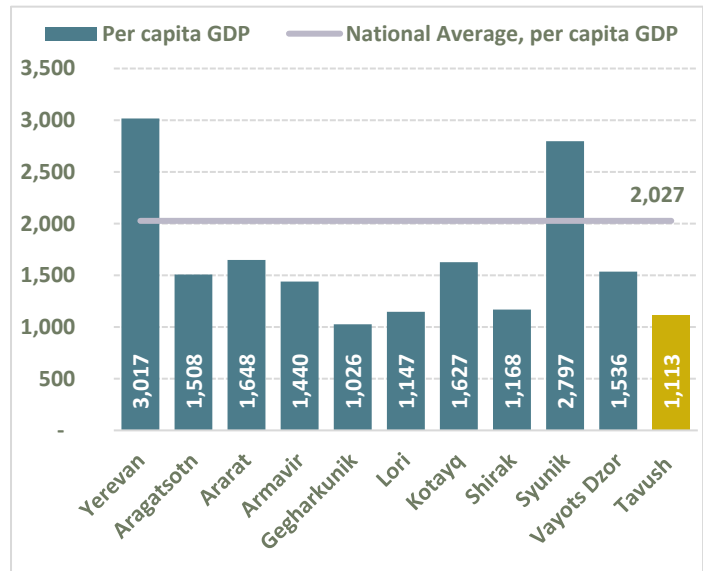


Figure 4. Per capita GDP per Marzes, 2018, AMD thousand



Source: RA SC

The most important economic sectors are agriculture and construction: their shares in the gross production of respective sectors nationwide in 2019 constituted 4.4% and 3.8% respectively.

More than half of the agricultural gross production - 73% - comes from stock-breeding, while 27% - from plant growing. Among animal stock-breeding, the major sub-sectors are cattle-breeding and swine-breeding.

Figure 5. Shares of main economic sectors in Tavush Marz economy in the gross production of respective sectors of RA, 2019, %

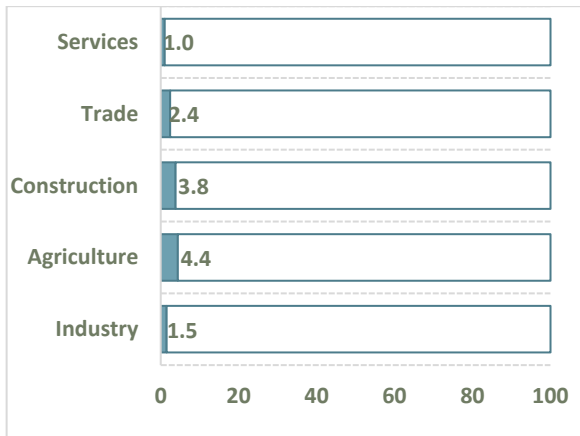
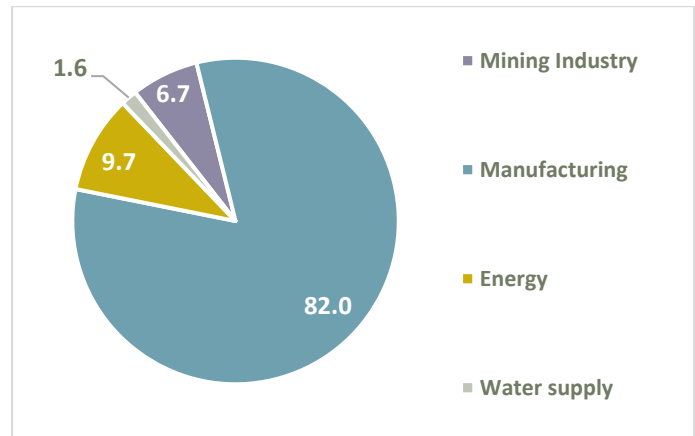


Figure 6. Breakdown of industrial production in Tavush Marz, 2019, %



Source: RA SC

The role of manufacturing is important among the industrial sectors: about 82% of industrial output is produced by manufacturing. The main subsectors of which are: food production - 61.0%, clothing production - 19.6%, production of beverages – 16.7%.

**Employment:** Tavush Marz has the lowest employment and highest unemployment rates among all Marzes. Employment rate is 36% while unemployment – 26.9%. Employment rate is below the national average by 12.9 percentage points, while the unemployment rate is above the national unemployment rate by 8.6 percentage points.

Figure 7. Employment rates per Marzes, 2019, %

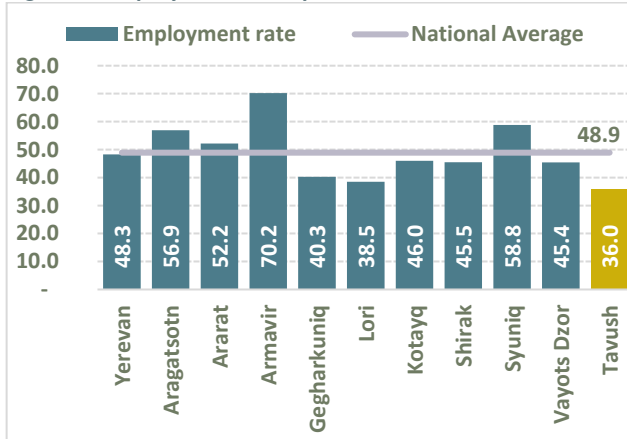
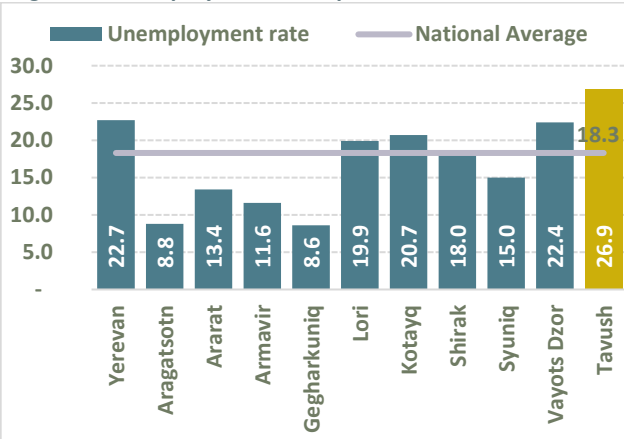


Figure 8. Unemployment rates per Marzes, 2019, %



Source: RA SC

**Income and Expenditures of population:** Average monthly incomes per HH member totalled to AMD 46,419 in 2019 which is below the national indicator by AMD 14,657 or by 24.0%. Notably, the share of wages is large in the structure of total monetary incomes (47.5%), followed by pensions (16.5%), income from sales of agricultural products and cattle (12.0%) and self-employment (10.8%). Remittances from relatives living abroad constituted 4.2% of income per HH member.

Figure 9. Average monthly monetary income per HH member, AMD

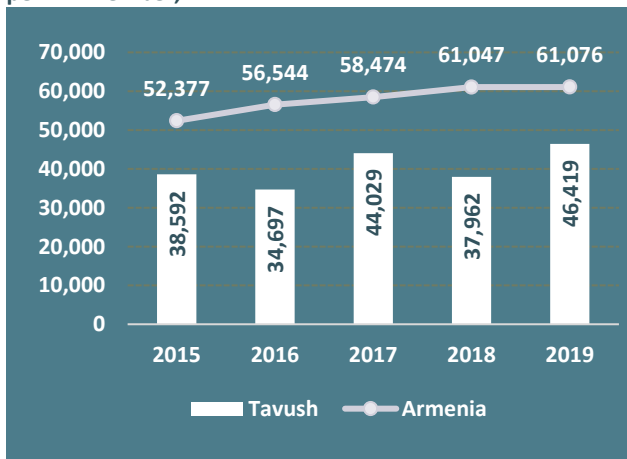


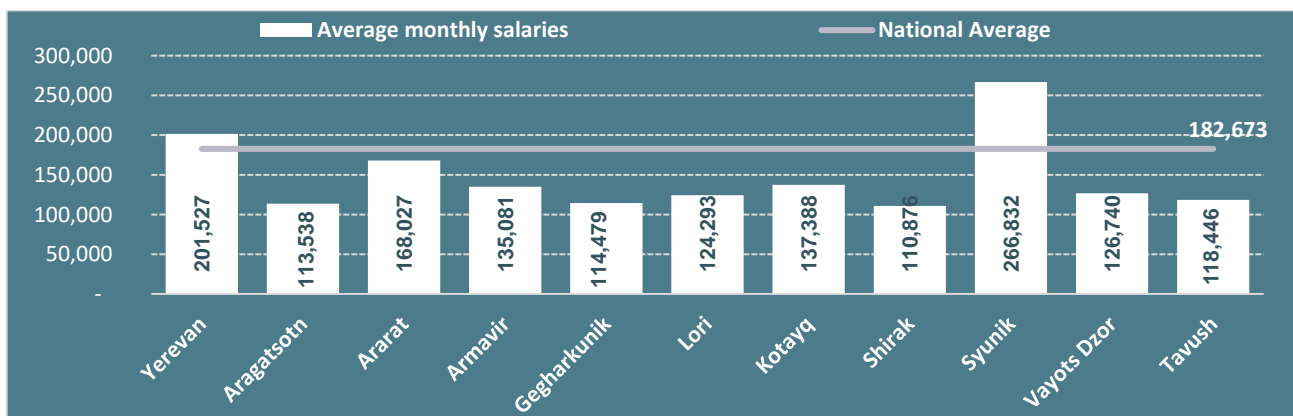
Table 1. Breakdown of average monthly monetary income per HH member in Tavush Marz per sources of income

	2019	
	AMD	%
Total	46,419	100.0
Employment	22,030	47.5
Self-employment	5,012	10.8
Sales of agricultural products and animal stock	5,570	12.0
Pensions	7,663	16.5
Benefits for increasing the family living standards	803	1.7
Other state benefits and education fellowships	37	0.1
Transfers from relatives in RA	2,403	5.2
Transfers from relatives outside of RA	1,931	4.2
Other income	971	2.1

Source: RA SC and EDRC calculations

Average monthly wages in Tavush equalled AMD 118,446 which is lower than the national average by 35.2% or by AMD 64,227.

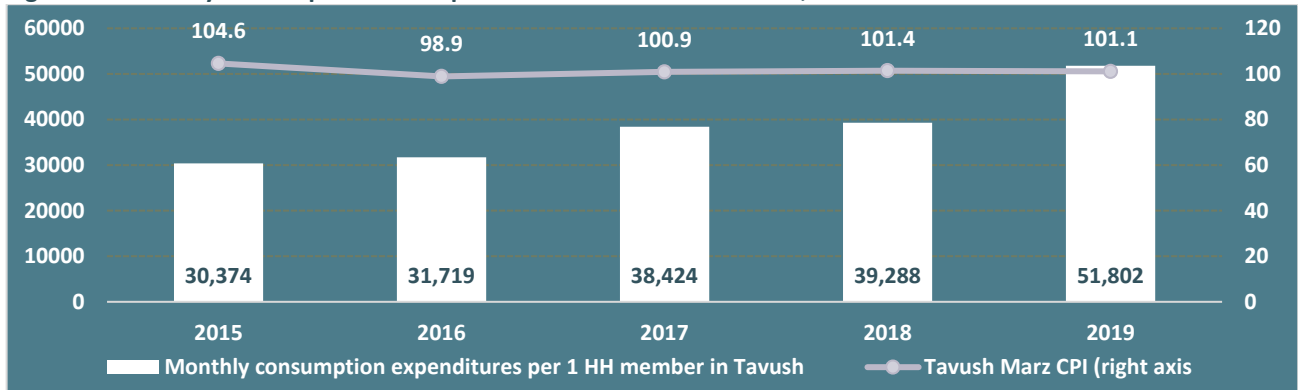
Figure 10. Average monthly salaries per Marzes, 2019, AMD



Source: RA SC

Expenditures on consumption per HH member increased by 31.9% compared to the previous year reaching AMD 51,802 in 2019.

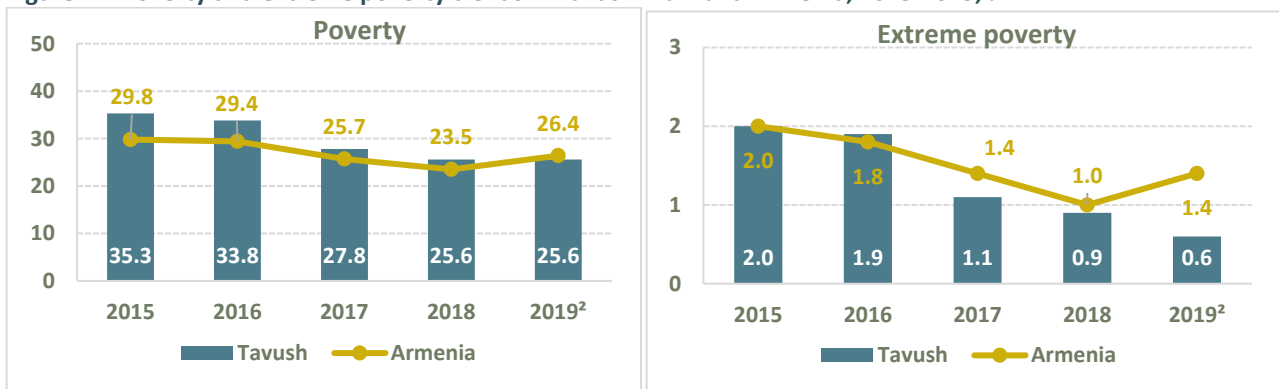
Figure 11. Monthly consumption trends per HH member in Tavush Marz, 2015-2019



Source: RA SC and EDRC calculations

**Poverty:** Poverty incidence in 2019, in accordance with the new methodology<sup>2</sup>, equalled 25.6% in Tavush which is lower than the national poverty incidence by 0.8 percentage points. In 2019, extreme poverty decreased in Tavush and equalled 0.6%.

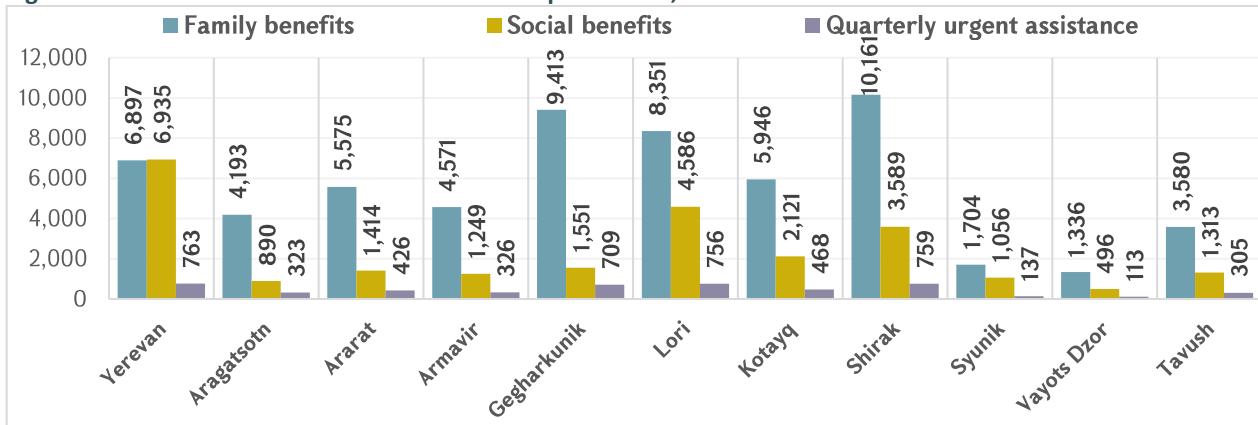
Figure 12. Poverty and extreme poverty trends in Tavush Marz and Armenia, 2015-2019, %



Source: RA SC

As of end 2020, Family living standards enhancement benefits were paid to about 16% of HHs in Tavush or 5,198 HHs. In particular, 3,580 HHs received Family benefits, 1,313 HHs were paid Social benefits and 305 HHs received Urgent quarterly assistance.

Figure 13. Distribution of HHs that receive FLSEB per Marzes, as of end 2020



Source: RA SC

<sup>2</sup>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 Tavush Marz Development Strategy<sup>3</sup> in 2017 which defines the long-term development perspectives and directions in Tavush.

According to the above-mentioned strategy, the vision for Tavush Marz development **is to be competitive Marz in terms of industry and agriculture, as well as with developed tourism infrastructure. Another objective is to ensure sustainability and proportionate development in all regions.**

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

Table 2. Tavush Marz, Strategic Development Directions and Indicators

OBJECTIVES
<ol style="list-style-type: none"> <li>1. <i>Increased competitiveness of Tavush Marz and economic diversification.</i></li> <li>2. <i>Reduction of unemployment and poverty in Tavush.</i></li> <li>3. <i>Improve and strengthening regional and local management capacities and systems.</i></li> </ol>
INDICATORS
<ul style="list-style-type: none"> <li>• <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></li> <li>• <i>Reduction in unemployment rate by 2025 down to 10% (12.1% in 2015).</i></li> <li>• <i>Poverty reduction in Tavush to reach 25% by 2025 (35.3% in 2015).</i></li> <li>• <i>Decrease the gap between the long-term unemployment rates and poverty incidence in near-border settlements and Marz averages.</i></li> <li>• <i>85% of Marz and community employees pass Marz/local development-oriented trainings.</i></li> <li>• <i>Aggregation of Marz communities by 2025: creation of 7 enlarged communities against 40 in 2016.</i></li> </ul>
PRIORITIES
<ol style="list-style-type: none"> <li>1. <i>Industrial development based on natural resource and agricultural product processing.</i></li> <li>2. <i>Sustainable tourism development.</i></li> <li>3. <i>Development of modern agriculture and rural areas.</i></li> </ol>

Source: 2017-2025 Tavush Marz Development Strategy

Horizontal dimensions of development, such as, gender equality and elimination of discrimination, environmental protection, energy efficiency, creation of informational society and competition protection are also considered important directions.

<sup>3</sup> RA Government Protocol Decree N 29 dated July 6, 2017.



## COMMUNITY POLICIES AND BUDGETS

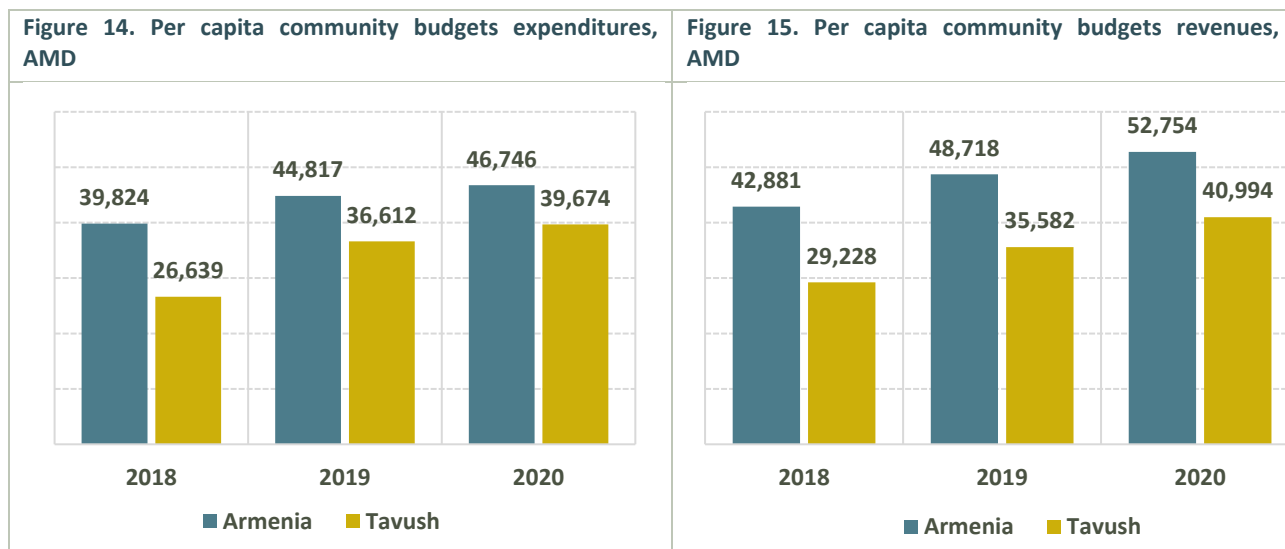
Total expenditures of community budgets in Tavush Marz totalled to AMD 4,819 mln in 2020 or 3.5% of expenditures of all communities of Armenia (consolidated community budgets of Armenia): meanwhile, revenues totalled to AMD 4,980 mln or 3.2% of the revenues of the consolidated community budget of Armenia.

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

	2018 Actual	2019 Actual	2020 Actual	2021 Plan <sup>4</sup>
Total Community Budget Expenditures of Tavush Marz, AMD mln	3,290	4,476	4,819	6,237
Change in Total Community Budget Expenditures of Tavush Marz, %	-3.1	36.0	7.7	29.4
Share of Total Community Budget Expenditures of Tavush Marz in the Total Community Budget Expenditures of Armenia, %	2.8	3.4	3.5	-
Total Community Budget Revenues of Tavush Marz, AMD mln	3,609	4,350	4,980	5,585
Change in Total Community Budget Revenues of Tavush Marz, %	4.6	20.5	14.5	12.2
Share of Total Community Budget Revenues of Tavush Marz in the Total Community Budget Revenues of Armenia, %	2.8	3.0	3.2	-

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

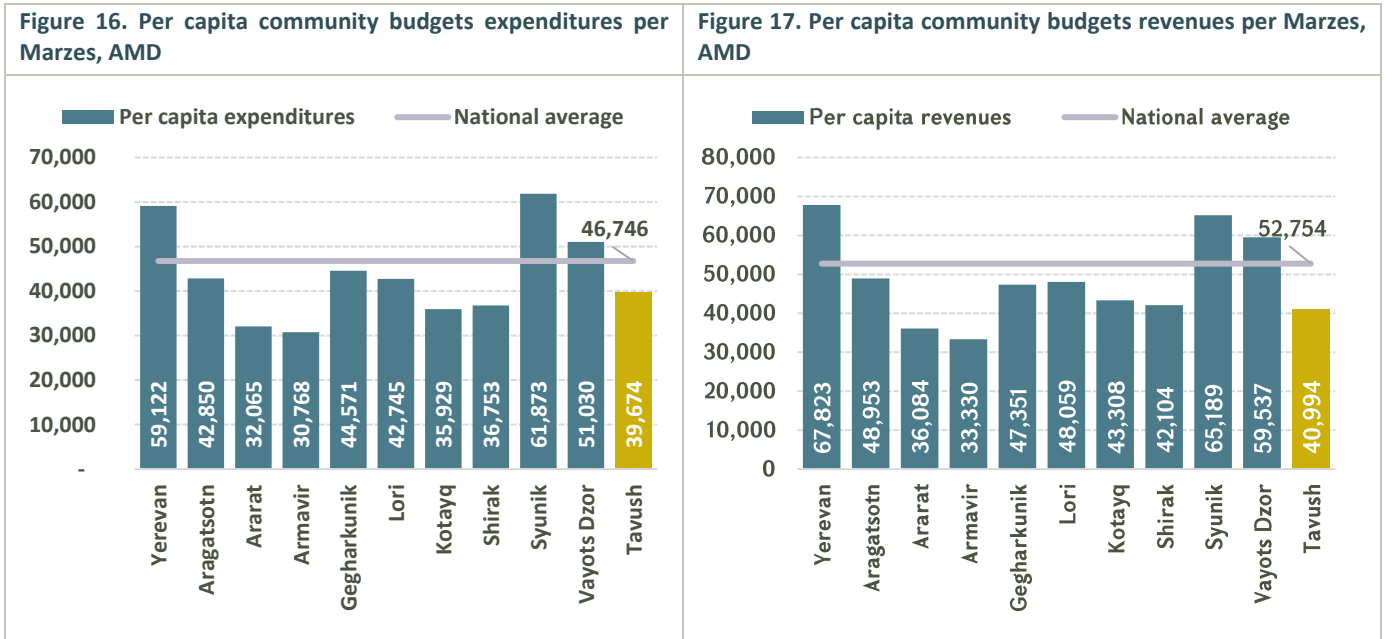
Average per capita community expenditures in Tavush Marz increased by 8% in 2020 and reach to AMD 39,674 against AMD 36,612 in 2019. The increase in community revenues is even higher: per capita revenues increased by 15%: from AMD 35,582 to AMD 40,994.



Source: RA MoF, RA SC and EDRC calculations

Community revenues and expenditures in Tavush Marz are lower than the national averages. Per capita community expenditures are below the national average by more than 15%, while revenues are lower by 22%.

<sup>4</sup>The 2021 budget data are programmed/projected indicators.

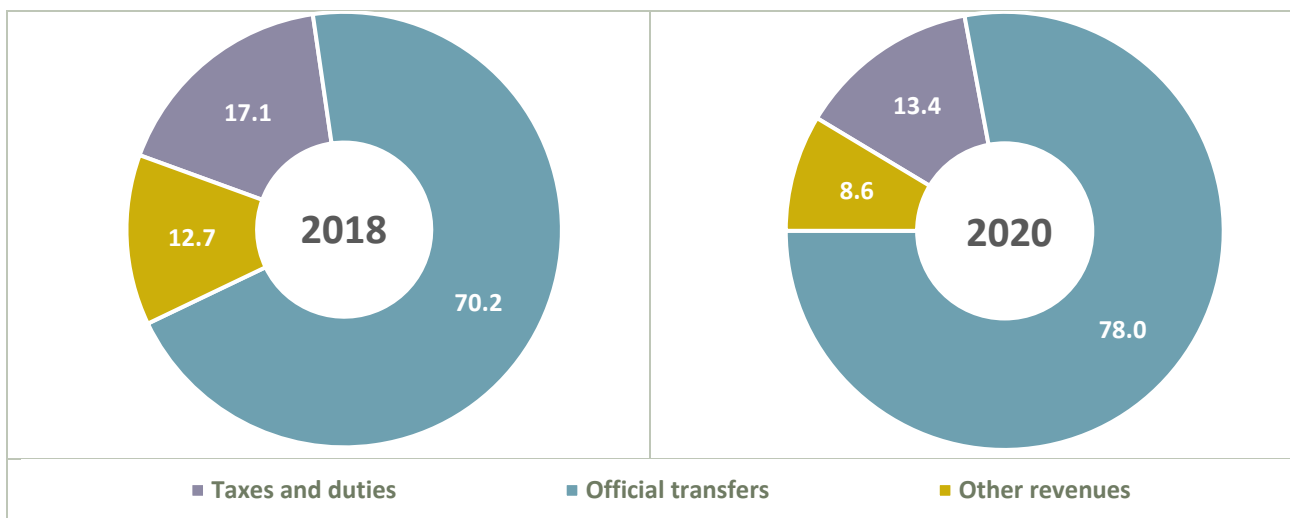


Source: RA MoF, RA SC and EDRC calculations

## COMMUNITY REVENUES

Official transfers prevail in the structure of community budget revenues. In 2020, they constituted 78% of community revenues and totalled to AMD 3,882 mln. The share of revenues from taxes and duties constituted 13.4% and equalled AMD 670 mln. It is worth noting that, as compared to 2018, the share of official transfers increased by 7.8 percentage points, while that of tax and duty revenues decreased by 3.7 percentage points.

Figure 18. Tavush Marz Total Community Budget revenues breakdown, 2018 and 2020, %

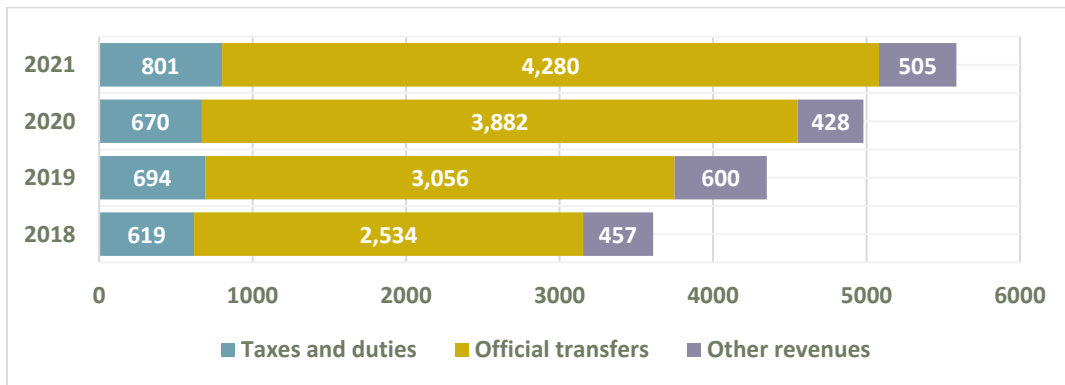


Source: Tavush Marz provincial governance unit and EDRC calculations

The increase in community budget revenues was mostly determined by the increase in official transfers. The latter increased on average by 23.8% during the last two years, while tax revenues and stamp duties decreased by 3.5% compared to 2019 and increased by 8.2% compared to 2018.

For 2021, total community revenues are projected to equal to AMD 5,585 mln, thus increasing from the 2020 level by 12.2%. Notably, all revenue categories are projected to increase.

Figure 19. Tavush Marz Total Community Budget revenues, 2018-2021, AMD mln



Source: Tavush Marz provincial governance unit and EDRC calculations

## TAXES AND DUTIES

Interestingly, the share of real estate (property and land) tax decreased in the total tax and duty 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 20. Breakdown of tax and duties of Total Community Budget in Tavush Marz, 2018-2021, %

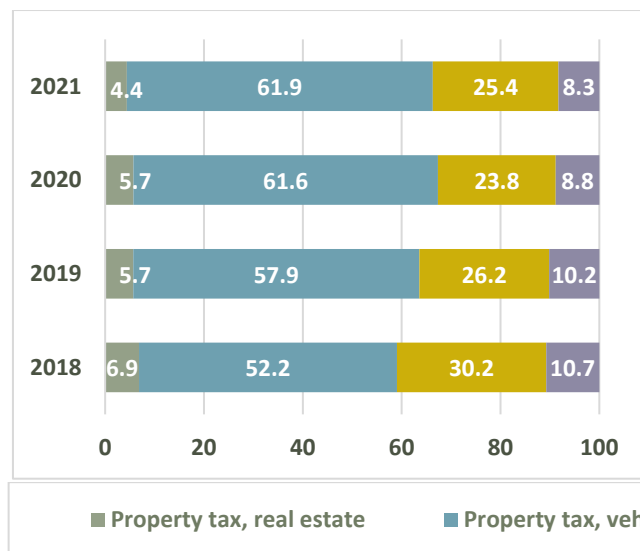
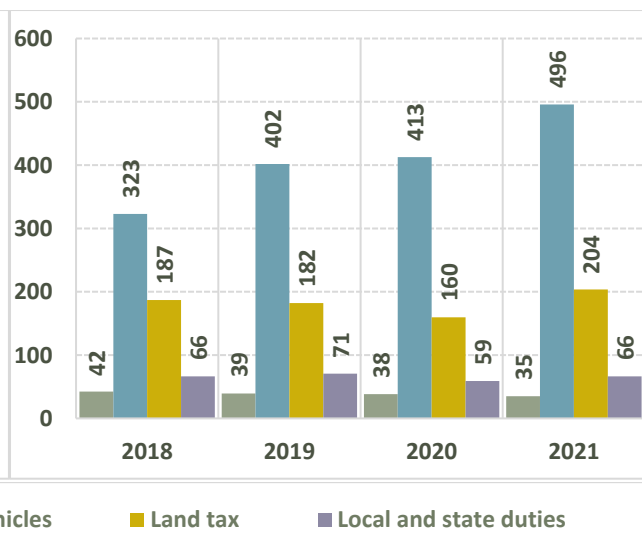


Figure 21. Dynamic of tax and duties of Total Community Budget in Tavush Marz, 2018-2021, AMD thousand



Source: Tavush Marz provincial governance unit and EDRC calculations

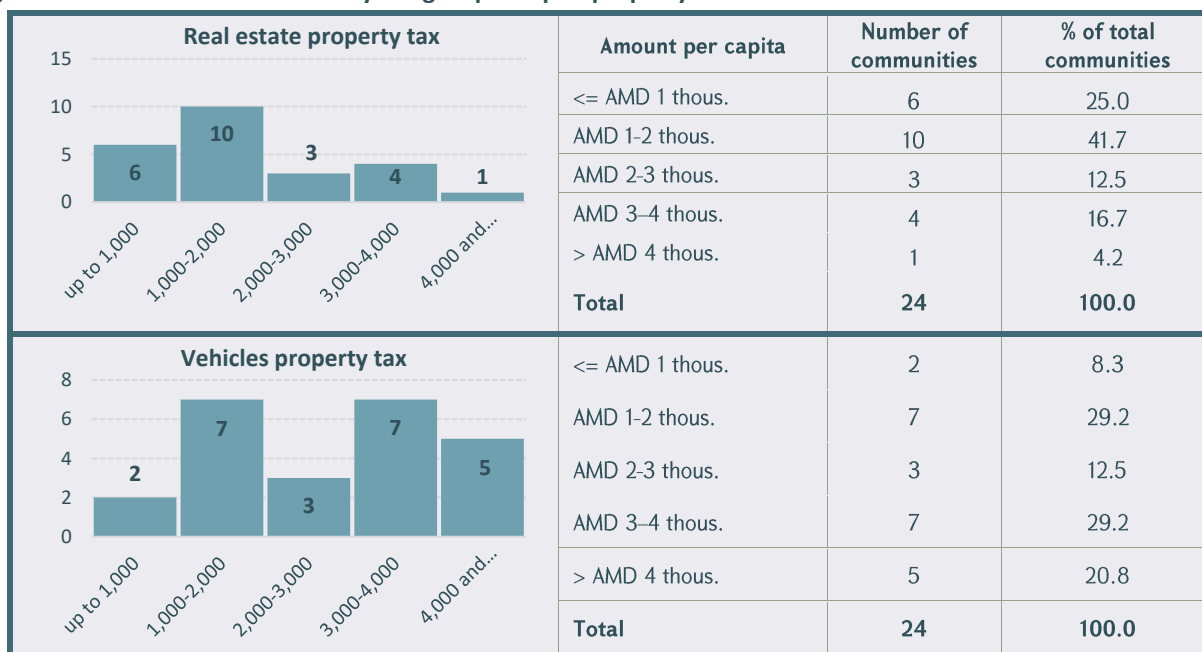
Per capita average annual real estate taxes in Tavush Marz communities totalled to AMD 1,700, while the property tax on transportation means – AMD 2,800.

The highest collection of real estate taxes was recorded in Aknaghbyur community – AMD 4,200. In 67% of communities, annual per capita real estate taxes do not exceed AMD 2,000. It is worth noting that more than 81% of real estate taxes comes from land tax, while only 19% - from property tax on buildings and structures. Notably, property tax on buildings and structures is not being collected at all in 2 communities of Tavush Marz due to low cadastre value of respective real estate items<sup>5</sup>.

<sup>5</sup> 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 50% of communities, per capita vehicle property tax exceeds AMD 3,000.

Figure 22. Breakdown of community budgets per capita property taxes



Source: Tavush 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 2.0 mln in 2020. External transfers were received by only one community - Ayrum.

Donations prevail in the structure of domestic transfers. During 2019-2020, donations increased on average by AMD 317 mln or by 12.6%. Despite the increase in the size of donations in absolute terms, their share in the structure of total domestic transfers decreased from 93.4% in 2018 to 77.1% 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 communities<sup>6</sup>. 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 needs<sup>7</sup>.*

The growth rate of state subventions paid to local governments exceed the growth rate of donation and reached 131% in recent years. AMD 1,653 was transferred to the local governments in Tavush in 2020 which represents an increase of 2.2 times from the previous year.

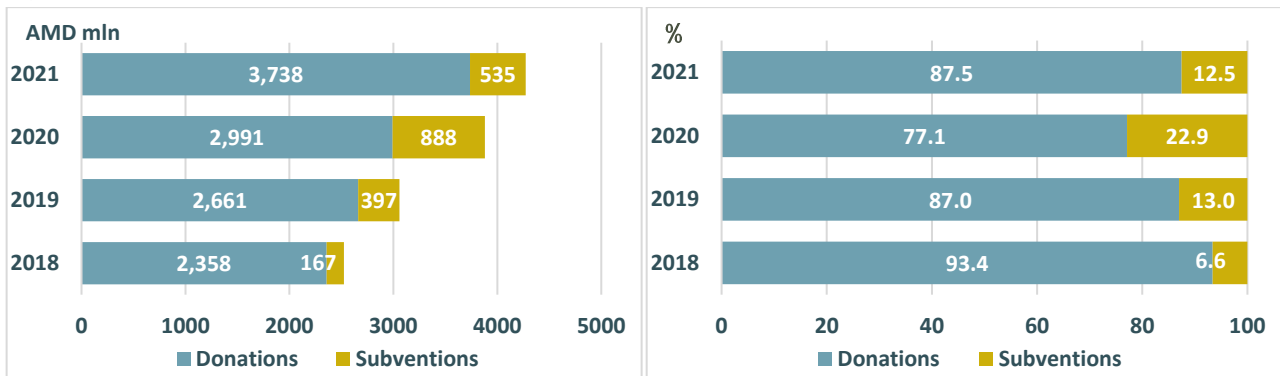
However, it is worth noting that projected subventions for 2021 are lower than in 2020 by about 40%.

In 2020, donations totalled to AMD 2,991 mln which represents an increase of 12% from the previous year, while a 25% increase is projected for 2021 (reaching AMD 3,738 mln in absolute terms).

<sup>6</sup> RA Law on Financial Levelling, Article 2.

<sup>7</sup> RA Law on Financial Levelling, Articles 5-16.

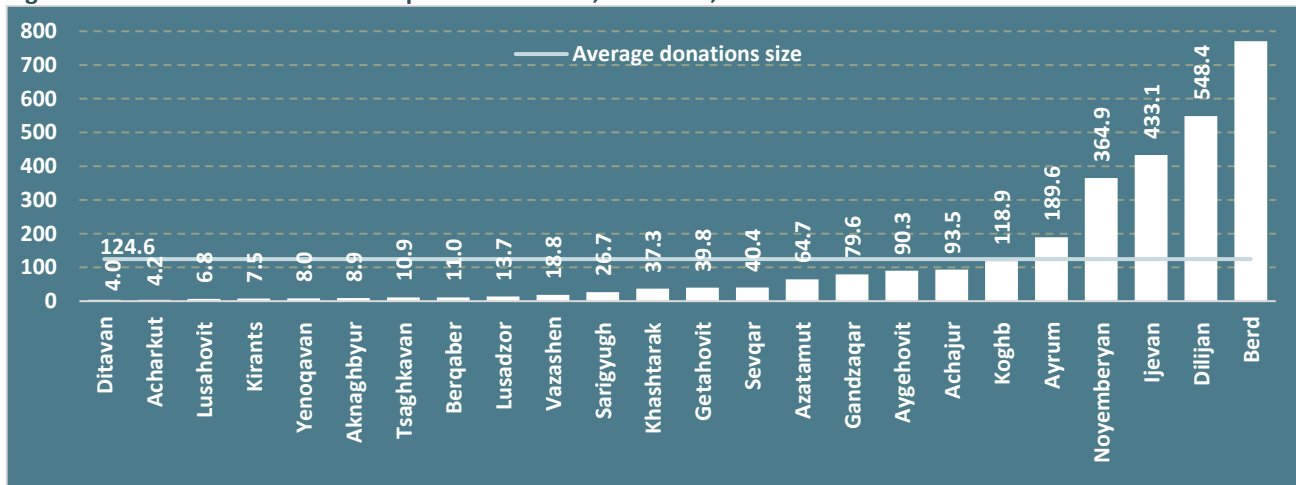
Figure 23. Breakdown of domestic donations



Source: Tavush Marz provincial governance unit and EDRC calculations

Donations were paid to all 25 communities of Tavush Marz. The average size of donations totalled to AMD 124.6 mln. For the case of 35 communities (75% of communities), donations did not exceed AMD 100 mln. At the same time, Noyemberyan, Ijevan, Dilijan and Berd communities together received AMD 2,117 mln as a donation which constitutes 70.8% of all donations amount paid to communities in Tavush.

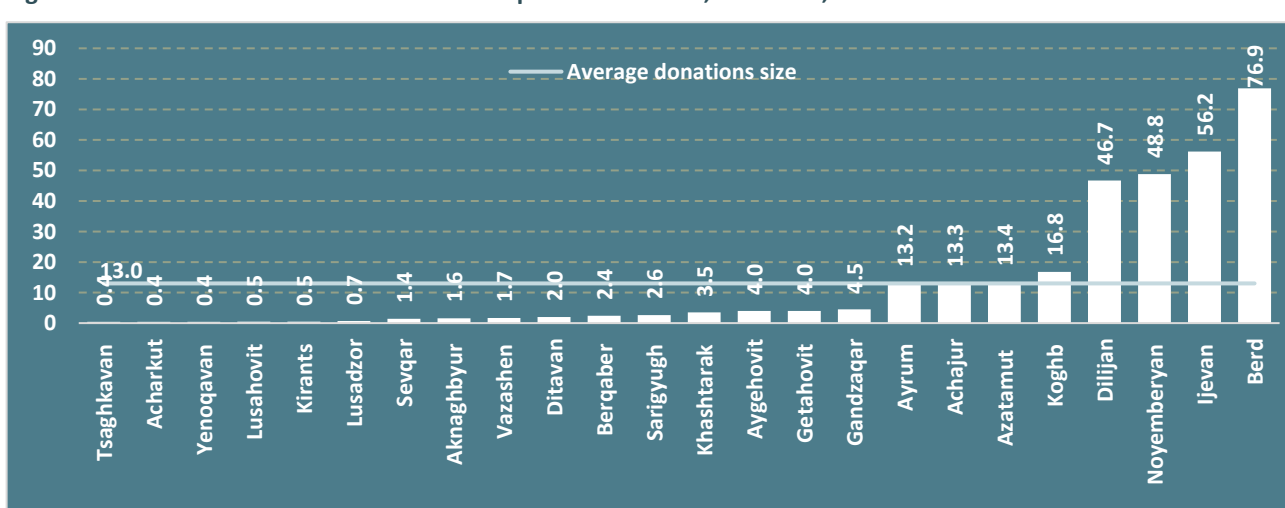
Figure 24. Distribution of donations per communities, AMD mln, 2020



Source: Tavush Marz provincial governance unit and EDRC calculations

All 24 communities received subventions from the state budget; in particular, all of them received current subventions with an average size of AMD 13.2 mln.

Figure 25. Distribution of current subventions per communities, AMD mln, 2020

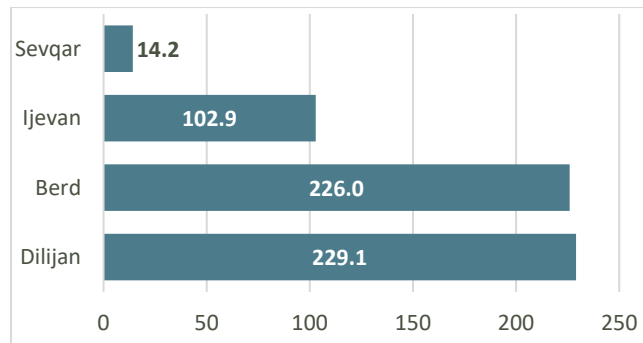


Source: Tavush Marz provincial governance unit and EDRC calculations

Capital subventions were transferred to 4 communities: Dilijan, Berd, ljevan and Sevqar. It is worth noting that capital subventions were paid to 12 communities in 2019.

**Subventions** are non-reimbursable and non-refundable monetary resources transferred to the local government budgets for the implementation of specific targeted expenditures (programmes)<sup>8</sup>.

Figure 26. Distribution of capital subventions per communities, AMD mln, 2020



Source: Tavush Marz provincial governance unit and EDRC calculations

## COMMUNITY EXPENDITURES AND PROGRAMMES

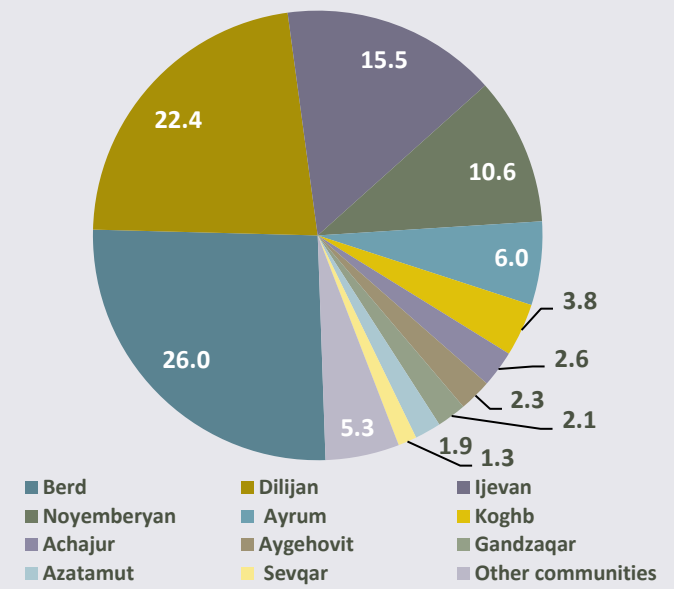
Total expenditures of local governments in Tavush Marz increased by 7.7% in 2020 compared to the previous year.

The overwhelming share of total community expenditures - 80.6% - came from expenditures of Berd (26.0%), Dilijan (22.4%), ljevan (15.5%), Noyemberyan (10.6%) and Ayrum (6.0%) communities. Expenditures of Koghob (3.8%), Achajur (2.6%), Aygehovit (2.3%), Gandzaqar (2.1%), Azatamut (1.9%) and Sevqar (1.3%) communities follow next. The share of other communities ranges 0.1% to 1.0% of total community expenditures.

The largest functional category of local government expenditures is “Education” to which about 30% of total expenditures were dedicated. The share of “General public services” has decreased during the recent years and equalled 29% in 2020.

The next largest directions/functions are “Environmental protection”, “Economic Relations”, “Housing Construction and Utilities and Leisure”, “Culture and Religion” with 13.7%, 12.0%, 6.7% and 6.6% respectively.

Figure 27. Breakdown of Total Community Budget expenditures per communities, Tavush Marz, 2020, %



Source: Tavush Marz provincial governance unit and EDRC calculations

<sup>8</sup> 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 28. Tavush Marz Total Community Budget Expenditure Items as share of Total Community Budget, 2018-2021, %



Source: Tavush Marz provincial governance unit and EDRC calculations

Expenditures in “Economic relations” category mostly refer to the road sector.

80.3% of community expenditures are recurrent expenditures, including 27% of those expenditures being salaries and wages.

On average, capital expenditures constituted 29.2% of total expenditures. Notably, the growth in community budget expenditures in previous years was mostly determined by increased capital spending which has resulted in changing the proportions of current and capital expenditures: the share of capital expenditures has increased in the total, while that of current expenditures – decreased.

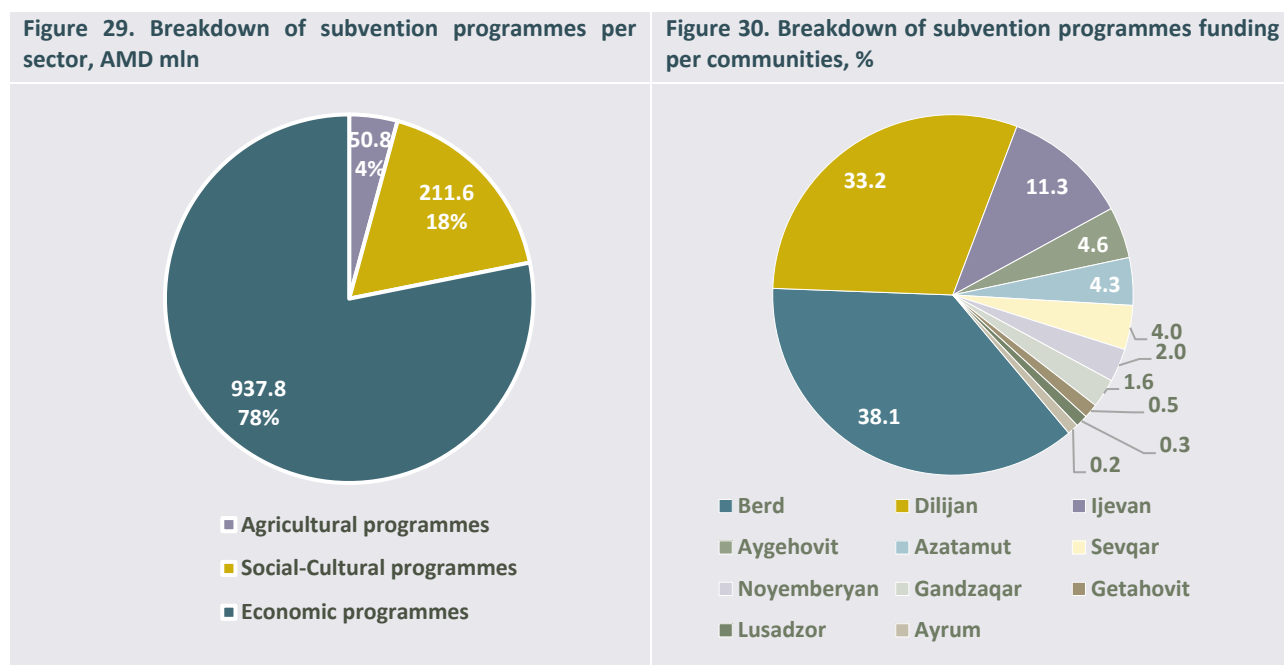
Table 4. Tavush Marz Community Budgets Expenditures, Economic classification, 2018-2021

	2018		2019		2020		2021	
	AMD mln	%	AMD mln	%	AMD mln	%	AMD mln	%
<b>Total Expenditures</b>	<b>3,289.8</b>	<b>100.0</b>	<b>4,475.6</b>	<b>100.0</b>	<b>4,819.4</b>	<b>100.0</b>	<b>6,236.6</b>	<b>100.0</b>
<b>Current Expenditures</b>	3,320.6	100.9	3,779.8	84.5	3,869.4	80.3	5,098.4	81.7
<b>Salaries and wages</b>	1,060.3	32.2	1,184.8	26.5	1,304.3	27.1	1,440.4	23.1
<b>Expenditures for non-financial assets</b>	404.0	12.3	995.8	22.2	1,404.9	29.2	1,426.2	22.9
<b>Inflows from the sales of non-financial assets</b>	- 434.8	- 13.2	- 300.1	- 6.7	- 454.9	- 9.4	-288.0	-4.6

Source: Tavush Marz provincial governance unit and EDRC calculations

## SUBVENTION PROGRAMMES

More than AMD 1.2 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 infrastructure in 11 communities of Tavush Marz<sup>9</sup>. It is worth noting that AMD 605.2 mln of co-financing to 10 programmes in 6 communities was approved by the RA Government in December 2020, therefore, those subvention programmes will be effectively implemented during 2021.



Source: RA Government Decrees and EDRC calculations

Among subvention programmes, economic infrastructure development programmes prevailed: AMD 937.8 mln was transferred as Government co-financing to those programmes (apart from the community part of co-financing). Social and cultural infrastructure programmes followed next with total AMD 211.6 mln co-financing, while agricultural programmes – with AMD 50.8 mln state co-financing.

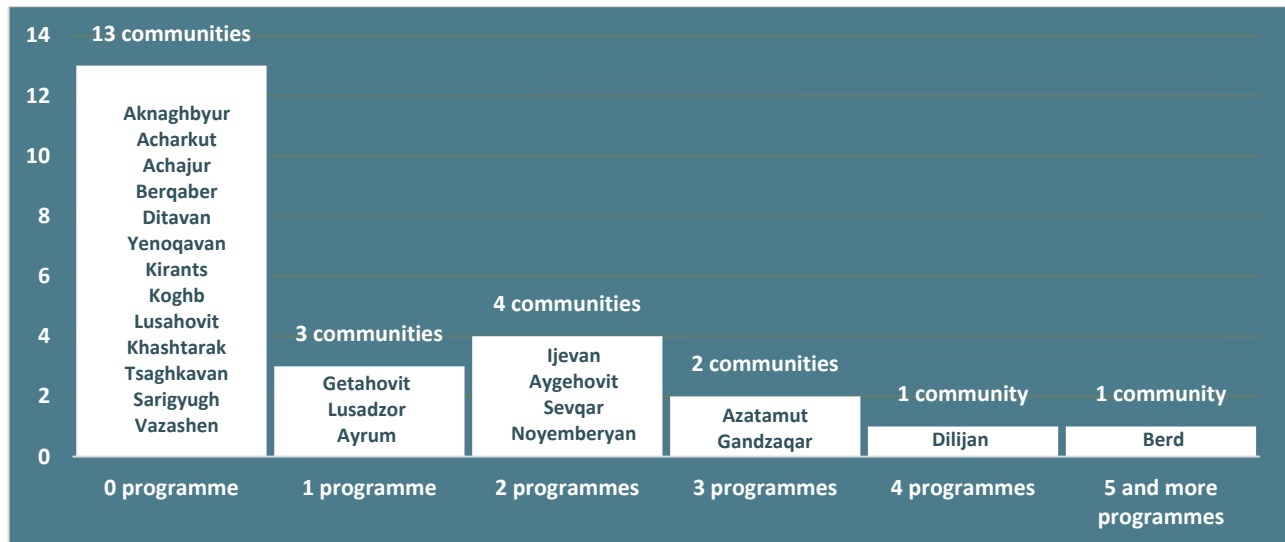
A large portion of subventions from the state budget (82.6% of total) – was transferred to Berd (38.1%), Dilijan (33.2%) and Ijevan (11.3%) communities for the implementation of approved programmes.

<sup>9</sup> 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.



In 4 communities of Tavush, 3 and more subvention programmes were carried out in each of them during 2019 and 2020. 3 programmes were carried out in each community Azatamut and Gandzaqar, 4 programmes - in Dilijan and 8 programmes – in Berd. There were 4 communities which implemented 2 programmes in each of them. 13 communities did not have any subvention programme (see Figure 31).

**Figure 31. 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 783.2 mln was spent on road construction and rehabilitation in 6 communities.

3 communities implemented drinking water supply and sewerage system construction and rehabilitation programmes with AMD 74.4 mln co-financing. Another 3 communities invested in construction and reconstruction of street lights with AMD 40.0 mln co-financing.

2 communities spent AMD 18.4 mln on purchasing various vehicles and equipment: Gandzaqar community spent AMD 4.3 mln on agricultural equipment and Berd community spent AMD 14.1 mln public transportation means.

**Agricultural programmes** predominantly referred to the irrigation system rehabilitation. AMD 37.1 mln in total was spent by 2 communities in Tavush on irrigation system construction and rehabilitation.

Under **Social-cultural subvention programmes**, 3 communities rehabilitated common ownership areas in multi-apartment blocks: AMD 115.6 mln was spent for that purpose.

1 community rehabilitated kindergarten buildings, 1 community constructed a local market, another one purchased a building for the local self-governance unit and another community rehabilitated its cultural centre.

Figure 32. 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	Renovation of common ownership parts of multi-apartment buildings	Street lights construction/ rehabilitation	Total, AMD mln	Total, %
Azatomut				5.4			45.8		51.2	4.3
Aygehovit	26.5				28.9				55.4	4.6
Ayrum							2.2		2.2	0.2
Berd	288.1	14.1		33.5		35.1	67.6	18.6	457.1	38.1
Gandzaqar		4.3			8.3			7.2	19.8	1.6
Getahovit						5.9			5.9	0.5
Dilijan	315.6		83.2						398.8	33.2
Ijevan	135.3								135.3	11.3
Lusadzor	3.2								3.2	0.3
Noyemberyan	14.4			9.4					23.8	2.0
Sevqar						33.3		14.2	47.5	4.0
<b>Total, AMD mln</b>	<b>783.2</b>	<b>18.4</b>	<b>83.2</b>	<b>48.3</b>	<b>37.1</b>	<b>74.4</b>	<b>115.6</b>	<b>40.0</b>	<b>1,200.2</b>	<b>-</b>
<b>Total, %</b>	<b>65.3</b>	<b>1.5</b>	<b>6.9</b>	<b>4.0</b>	<b>3.1</b>	<b>6.2</b>	<b>9.6</b>	<b>3.3</b>	<b>-</b>	<b>100.0</b>

Source: RA Government Decrees and EDRC calculations

## EXTERNALLY FUNDED STATE BUDGET PROGRAMMES







Apart from donations and subventions to communities, as well as budget programmes implemented by the Central Government from the Annual Budget, a number of externally funded projects<sup>10</sup> are listed below that had significant impact from the viewpoint of social and economic development of Tavush Marz and were aimed at solving special problems in Tavush Marz.

- Under the Sustainable Land Management Component of GEF **Infrastructure and Rural Financing Support Project** drinking water systems were rehabilitated in 7 settlements in Tavush Marz.

	Koghb	Artsvaberd	Koti	Aygedzor	Chinchin	Haghartsin	Norashen
<b>Drinking water system rehabilitation</b>	✓	✓	✓	✓	✓	✓	✓

<sup>10</sup> Includes only Credit and Grant programmes of Foreign countries and International Organizations, which are implemented through the State Budget.

- Under the EU **Armenia Regional Development Programme**, the following 2 pilot projects on regional development are being implemented in Tavush:
  - ✓ Dilijan and Adjacent Communities Development Initiative (implemented by IDEA foundation);
  - ✓ Tavush Region Integrated and Balanced Economic Development (implemented by Community Center for Development NGO).
- Under the WB **Social Investment and Local Development Project** various micro projects were implemented in Tavush Marz, in particular, in health, education, culture, special care and infrastructure sectors.

	Micro project	Settlement	Implementation status
	Kindergarten construction	Artsvaberd	Completed
	Kindergarten reconstruction/rehabilitation	Navur	Completed
		Azamatut	Completed
		Berd	Completed
	School rehabilitation	Ptghavan	Completed
	School sport hall construction or reconstruction	Bagratashen	Completed
	Rehabilitation of Bridge of Hope office	Noyemberyan	Completed
	Rehabilitation of village gatherings place	Aygepar	Completed
	Construction of community centre	Verin Karmir Aghbyur	Completed
	New drinking water pipeline construction	Voskepar	Completed
	Rehabilitation of drinking water supply system	Varagavan	Completed
		Verin Tsaghkavan	Completed
	Drinking water supply pipeline construction, construction/rehabilitation of water reservoirs, rehabilitation of distribution system	Archis	Underway
		Lchkadzor	Underway
Movses		Underway	
	Improvement of communal services, creation of public transportation system and road rehabilitation	Berd	Completed

- Under the WB **Community Agricultural Resource Management and Competition 2<sup>nd</sup> Project**, 10.339 km of water lines, 10 shepherds' shelters and 3 cote, 1 veterinary service centre were constructed, as well as investments were made in 4 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, number	Implementation Status
<b>Component I</b> Community pastures and stockbreeding management systems	Tsaghkavan	2	590	0	0	Completed
	Artsvaberd	1	1,130	2	1	Completed
	Chinari	2	686	0	0	Completed
	Tavush	1	1,250	2	1	Completed
	Movses	3	633	0	0	Completed
	Varagavan	2	430	0	0	Completed
	Berd	2	1,050	0	0	Completed
	Nerqin Karmir Aghbyur	3	750	0	0	Completed
	Koti	3	720	0	0	Completed
	Koghb	1	2,750	1	1	Completed
	Ditavan	1	350	0	0	Completed
<b>Component II</b> Value Chain development	<b>Value Chain</b>	<b>Applicant</b>	<b>Community</b>	<b>Project</b>		<b>Implementation Status</b>
		Arthur and Edita LLC	Jujevan	Jujevan food preserve workshop equipment modernization, technological upgrade and food safety improvement		Completed
	Fruits and Vegetables	Arthur Babajanyan Individual Entrepreneur	Bagratashen	Dried fruit production, equipment modernization and exports of products		Completed
		Berdavan Wine Company OJSC	Berdavan	No sugar juice, jam and other preserves production		Underway
	Tea	Edna LLC	Tavush	Increase of production capacities and utilization of exports potential		Underway
<b>Component III</b> Capacity development in state bodies	<b>Community</b>	<b>Project</b>				<b>Implementation Status</b>
	Berd	Veterinary Service Centre establishment				Completed

- Under the USAID **Local Self-Governance Reform Programme** investments in the community development social, economic, sanitary and environment protection infrastructure were carried out in 5 enlarged communities of Tavush Marz.

Community	Energy efficiency		Improvement of public service quality (equipment improvement)	Agricultural support (Equipment improvement)	High-Tech sector support (provision of engineering laboratories)	Implementation status
	Solar system construction	Establishment of solid fuel brick production				
Dilijan	✓		✓	✓	✓	Underway
Noyemberyan	✓		✓	✓		Underway
Ayrum			✓	✓		Completion phase
Koghb	✓		✓	✓		Completion phase
Berd	✓	✓	✓	✓		Just started

- Under the WB **Lifeline Road Rehabilitation** project 99.09 km of roads were rehabilitated in Tavush Marz since 2009.

Road Section	Length (km)
Berd-Tovuz-Nerqin Karmir Aghbyur km0+000-km2+580	2.58
Berd-Tovuz-Nerqin Karmir Aghbyur km2+580-km7+200	4.62
Poqr Ayrum–Mets Ayrum–Chochkan km1+984–km6+000	4.02
Poqr Ayrum–Mets Ayrum–Chochkan km6+000–km9+820	3.82
M4 (M-16)-Achajur km0+000-km3+676	3.68
M4-Khashtarak-Lusahovit km0+000-km5+520	5.52
Movsesgyugh-Norashen-Verin Karmir Aghbyur km0+000-km8+815	8.82
Ijevan-Gandzaqar, km0+000-km6+970	6.97
Chinari-Aygedzor-Artsvaberd-Verin Karmir Aghbyur-Berd km0+000-km22+900	22.90
Chinari-Aygedzor-Artsvaberd-Verin Karmir Aghbyur-Berd km22+900-km32+520	9.62
Berd-Navur-Itsaqar km32+505-km43+570	11.07
Berd-Aygedzor-Chinari km0+000-km4+450	4.54
H36-Movses-Choratan-Norashen km0+000-km5+587	5.59
M6-Archis km0+000-km3+671.80	3.67
M4-Getahovit km0+000-km1+404.71	1.68

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## LIST OF ABBREVIATIONS

Bln	billion
CSO	Civil Society Organization
EBRD	European Bank for Reconstruction and Development
EDRC	Economic Development and Research Center
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