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# UN, IFIs Discuss with RoA Ways to Offset Social Impact of the Crisis

United Nations Development Programme / Armenia - 14/4/2009

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## PRESS RELEASE

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UN, IFIs Discuss with RoA Government Ways to Offset Social Impact of the Crisis

Yerevan, 14 April 2009 - The Ministry of Labor and Social Issues, the United Nations (UN), World Bank (WB) and International Monetary Fund (IMF) offices in Armenia, organized a conference on "Social Impact of the Global Economic Crisis on Armenia." The objective of the conference was to discuss consequences of the global economic and financial crisis and find measures to mitigate its impact on vulnerable groups. The conference brought together around 120 participants.

Representatives from international organizations warned today that the global economic and financial crisis could have a serious impact on the Armenian economy and affect the country's ability to achieve the Millennium Development Goals (MDGs) by 2015. UN, WB and IMF officials told a conference that while the effects on the Armenian economy are already being felt, the population is now starting to feel the social impact as well.

The exposure and impact of the crisis varies across countries and sectors, but it is becoming more apparent that what started as an economic crisis is now turning into a human development crisis. During the first two months of 2009 the unemployment rate in Armenia has increased, while the Gross Domestic Product (GDP) has decreased by 3.7 percent compared to the same period in 2008. Moreover, non-commercial private transfers dropped by about 35 percent in February 2009 compared with a year earlier.

According to the World Bank report on "Implications of the Global Economic Crisis for Poverty in Armenia," the current crisis could push 172,000 more people below the poverty line in 2009-10, increasing the total number of poor to an estimated 906,000 people, out of which 297,000 people will be extreme poor. A large part of Armenia's gains in reducing poverty over the last years would be erased.

"In many developing countries, the consequences of the crisis could be a possible reversal of the gains in human development and progress towards the achievement of the MDGs, especially in the areas of healthcare, including reduction of child mortality, improvement of maternity health, and education," said Ms. Consuelo Vidal, UN Resident Coordinator.

Acknowledging the government's commitment to maintain the current level of funding for the social sector, including salaries, pensions, family and other benefits, UN Agencies will support the government's efforts in devising solutions that will draw together all stakeholders, including international organizations, private sector and the civil society. In addition, the UN in Armenia is in the process of tailoring its current programmes to address the needs of those most affected by the crisis.

"We need to be fast and flexible and seek cost-effective solutions to emerging problems, particularly, focusing on bringing international experience and knowledge to help in developing recovery mechanisms," Ms. Vidal emphasized.

"Economic growth in Armenia has led to substantial poverty reduction, but these achievements are now at risk. The global economic crisis will have potentially serious implications for poverty and this calls for significant responses by the Government of Armenia and its development partners," said Aristomene Varoudakis, World Bank Armenia Country Manager.

The Government has shown commitment by accelerating the implementation of World Bank funded projects under the new IDA Fast Track Facility.

Such policy responses may include support to the development of small and medium sized businesses, design and implementation of labor intensive programmes, including public works, better monitoring of the human development impacts of the crisis, development of food security initiatives, efficient budgetary allocation and spending in social sectors, continuous support to the government in capacity building to provide quality social services, adjustment and expansion of existing basic social safety net instruments to better target the most vulnerable groups, as well as generation of reliable data on children and women for tailored policy interventions.

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