

Analytical Report

On conformity of 2011 RA Annual Draft Budget with RA Demographic Policy Strategy

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This report aims to track conformity of 2011 RA Draft State Budget programs as well as that of objectives and financial and non-financial outcome indicators in such programs with provisions of RA Demographic Policy Strategy Paper. This report by no means seeks to examine and analyze either Demographic Policy Strategy or its objectives and related policy activities.

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Introduction

Following the Demographic Policy Strategy for the Republic of Armenia (hereinafter referred to as DPS) approved by the Armenian Government July 2, 2009, the State Program 2010 and List of Program Implementation Activities were approved December 24, 2009. Besides, throughout 2010, budgetary discussions were held and decisions on 2011 draft budget were taken. During the first six months of 2010, the Medium Term Expenditure Program (MTEP) was developed by the Armenian Government and submitted for discussion to the RA National Assembly. The MTEP covers main priorities, fiscal principles, budget indicators and sector financial limits/upper limits for the period 2011-2013. In October, 2010, the 2011 RA Annual Draft Budget was as well submitted to the National Assembly and was still under discussion while this report was compiled.

Demographic Policy Strategy

The Demographic Policy Strategy accurately reflects the current situation and tendencies of demographic development in Armenia, along with the unfavorable state of such tendencies and urgency level of this problem. The Strategy Paper contains information on number and structure of the population, as well as key factors in such tendencies and current challenges.

The second part of the Paper covers strategic aims, priorities and tendencies. Generally, the Paper is analytical and descriptive in nature and provides guidance for strategic decisions; however, the quantitative assessment level of strategic aims proves too low. While the Strategy and the list of related annual activities comply with Sustainable Development Program, medium-term and long-term strategic and program quantitative objectives and indicators fail to arise from the DPS directly. Unlike the situation mentioned, the budget system and decision-making mechanisms are generally more closely interrelated with medium-term and long-term targets clearly defined in quantitative terms, e.g. interrelationship between Sustainable Development Program and Medium Term Expenditure Program. However, the DPS clearly identifies the list of indicators for monitoring and analysis (instead of quantitative values of indicators).

Nevertheless, the Strategy is implemented through 2010 Annual Program derived from the DPS and list of relevant activities reviewed in this report, along with 2011 Draft Budget.

The Annual Program and List of activities also reflect the demographic situation, persistent major problems and expected outcomes. Besides, the activities are grouped in line with the priorities below:

- Provision of necessary information;
- Birthrate increase;
- Death rate decrease;
- Public health protection and improvement;
- Regulation of migration processes;
- Development of regions and mitigation of disproportional regional distribution of population;
- Preservation and protection of spiritual (non-material) cultural values.

Government Budget Planning Framework

The Law on Budget System of the Republic of Armenia stipulates principles of budget decision-making system. Accordingly, such decision-making process has two main stages: strategic budgeting and detailed budgeting. It follows that key budget decisions throughout budget cycle are taken at the strategic stage in the context of three-year development. Addendum A contains key points and terms of the budget timetable.

Generally, strategic planning and sectoral policy-making issues in our country lack sufficient regulation and coordination. State bodies oftentimes draft papers on objectives and activities in different sectors later approved by superior authorities (for instance, the RA Government). However, estimates of fiscal implications of such papers are general in nature and unable to enter the budget system automatically. In order to mitigate the risks above, a medium term expenditure framework was introduced in Armenia. This framework provides for unified review of sectoral policies and relevant budget allocations.

It follows that in order to facilitate decision-making on sufficient budget allocations, it is of paramount importance to introduce and secure any strategic decision through medium-term expenditure program. Considering as well that Armenia is adopting the program budgeting system, all medium term expenditure applications must contain needs assessment and follow a strict program logic implying description of relevant outcomes and indicators.

Conformity Analysis

Priority 1. Provision of Necessary Information

Activity planning within *Priority 1* is heavily dependent on developing and conducting relevant programs at competent departments as well as introducing performance indicators, impact assessment and other similar activities. Such activities imply performance plans of departments, and information at such level does not form part of budget information. Therefore, budget analysis of activities within *Priority 1* is not included in this report.

Priority 2. Birthrate Increase

Birthrate is most directly influenced by social and economic, cultural and healthcare programs, including as follows:

- Anti-poverty programs;
- Employment programs;
- Child benefits and assistance programs;
- Programs to improve living conditions;
- Family planning programs, as well as spiritual and cultural programs.

At present, the 2011 RA Draft State Budget includes the following provisions within the above-mentioned budget programs:

Child Benefits

Two activities within this program are very closely related to *Priority 2* of the DPS.

Benefits for Children Under 2 Years Old

As for the activities mentioned, the Draft State Budget provides for a 34% growth as compared with 2010 Draft Budget. However, such growth does not result from policy changes by any means. In fact, it can be argued that the DPS had no direct impact on budget allocations for the program. Increased financial allocations depend on 2 factors:

- About 24% rise in the number of beneficiaries due to forecasted natural rise (lack of policy influence),
- About 8.5% rise in compensation links back to similar rise in living wage. As a result, childcare benefit calculated at the rate of 60% of the living wage rises automatically. Thus, the DPS also had no significant impact on budget draft in this case.

One-Time Child Benefit

Planned financial and non-financial indicators within this activity grew by an equal rate, i.e. 9% (44260 beneficiaries as compared with 40609 ones and 4.7 billion AMD as compared with 4.3 billion AMD). Allocated limits remained unchanged, and it can be argued that in this case, DPS once again failed to exert a noticeable impact on budget indicators.

Preschool services

The state budget system used to have no direct allocations for this program as expenditures in this field have been considered only under community powers so far. As from 2011, some amounts have been allocated from the State Budget to fund four Regional Governor's Offices (marzpetaran), and this funding will be extended every year. Below you can find allocations broken down by regional municipalities:

Program	RA Governor's Offices (marzpetaran)	2011 Draft Budget	Beneficiaries
Preschool Education		96,995.7	
	Governor's Office of Aragatsotn Regional Municipality	21,895.4	620 ¹
	Governor's Office of Ararat Region	22,212.8	630 ¹
	Governor's Office of Lori Region	13,221.9	125
	Governor's Office of Shirak Region	39,665.6	375

Based on the role of preschool education services in family planning, such budget decision and medium-term allocation increase can be deemed significant. Hence, the interrelationship between 2011 Draft Budget and DPS in respect of the program mentioned can be considered well-founded.

Housing Construction

Given large-scale activities to alleviate implications of the global crisis 2008-09, it is quite difficult to assess the compliance (net effect) of 2011 Draft Budget with the DPS in the field of housing construction. Thus, according to official statistical data, state budget housing funding increased by about 30 times within January-September 2010 as compared to analogous period in 2009. Such increase is accounted for by the immense significance of construction industry for the GDP. Therefore, the Government makes heavy investments to restore this industry during crisis situation. 2011 Draft Budget provides about 20% rise, i. e. up to 26.9bln AMD in housing

¹ As from September 2011.

expenditures in disaster areas. However, such expenditures are intended to be covered by foreign anti-crisis funding sources. Some positive changes and developments are also reflected in state support to young families with preferential credit. Particularly, young people in regions (marz) will be encouraged to benefit from mortgage loan programs in 2011. While the State Budget fails to cover major part of the program, it will compensate the preferential interest rate.

Therefore, it can be argued that in regard to housing industry, the RA State Budget complies with Demographic Policy Strategy to some extent. However, medium-term (post-crisis) funding should be secured, since current substantial funding does not derive directly from the DPS provisions.

Priority 3. Deathrate Decrease

The Democratic Policy Strategy stipulates a number of activities to cut death rate. However, it should be mentioned that State Budget structure and relevant classifications mostly reflected in public health programs fail to address the problem of mortality directly and coincide with *Priority 3* objectives only to some extent.

In this respect, most noteworthy is the assessment of programs to cut child mortality and cure some diseases.

Obstetric services (outpatient and inpatient) aim to provide quality services and easy access to antenatal care. Naturally enough, improved quality and access to the services mentioned contributes towards child mortality reduction. Throughout recent years, this direction has deserved considerable attention within the State Budget, and related expenditures are rising constantly. 2011 Draft RA State Budget with its allocations below makes no exception:

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	INCREASE over 2009 Actual Budget	INCREASE over 2010 Approved Budget
Outpatient obstetrics and gynecology medical services	1,040,204.6	1,171,850.2	1,298,898.8	24.9	10.8
Inpatient obstetrics medical services	5,872,552.6	5,697,049.9	6,858,815.8	16.8	20.4

It should be mentioned that some increase (20%) in obstetrics allocations is accounted for by the natural rise in the number of beneficiaries, while service unit price remained unchanged. That is to say, in respect of the above expenditure allocations, the 2011 Draft Budget fails to reflect the impact of provisions within DPS activity list.

At the same time, pregnancy pathology services price has risen to some extent (10%). Incidences of such pathology have also increased. As a result, relevant expenditures have grown by some 30% totaling 258 million AMD. In this respect, the Draft Budget corresponds to provisions within DPS activity list to some extent.

As for Budget plan indicators of diseases most commonly causing untimely death, the expenditure growth generally links back to 10% rise in services unit price. In particular, this refers to inpatient services below:

- Medical care for socially disadvantaged and special group patients;

- Tuberculosis;
- Sexually transmitted diseases;
- Oncology and blood diseases;
- Gynecological diseases.

However, the above growth can hardly provide any significant improvement in the field; therefore, the general interrelationship with provisions of DPS activities list can be considered poor.

Priority 4. Public Health Protection and Improvement

Public health protection and improvement depend on many factors (healthcare, cultural, social and economic, psychological, etc) with health care programs as most contributing ones.

Studies have revealed that State Budget structure and expenditure classifications lack individual programs to group health care allocations for individual beneficiaries or diseases. Such problem persists in many budget programs. However, unlike other sectors where the problem will be considerably simplified upon adopting the program budgeting system, healthcare traditionally retains the need for institutional classification, i.e. distinction between inpatient and outpatient services. Therefore, expenditures to fight, i.e. to prevent and cure the same disease are often allocated in line with service rendering institutions, and such problem persists in budget systems of developed countries as well. Therefore, this DPS Priority should be related to the 2011 Budget by healthcare service types rather than diseases.

The Table below contains indicators of healthcare programs within 2011 Draft State Budget and assessment of relevant crucial expenditure factors:

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	INCREASE over 2009 Actual Budget	INCREASE over 2010 Approved Budget
HEALTHCARE, including:	54,759,670.0	54,210,042.5	61,453,089.0	12.2	13.4
Medical products, devices and equipment	3,144,564.1	3,687,525.1	3,687,525.1	17.3	0.0
Outpatient services	20,431,489.6	21,033,326.0	23,884,423.4	16.9	13.6
Inpatient services	21,606,232.4	21,198,583.3	27,370,937.6	26.7	29.1
Public health services	2,853,610.7	2,796,361.1	2,961,068.6	3.8	5.9
Healthcare (not included in other categories)	6,723,773.3	5,494,247.0	3,549,134.3	-47.2	-35.4

For detailed distribution see Addendum D.

Study of the data above comes to prove of some expenditure redistribution in healthcare sector. Some part of such redistribution links back to policy amendment, while the other is accounted for by the changing demand in the relevant field. Studies of the Table components reveal that the most significant healthcare policy amendments (changes) cover inpatient services (which appear to comply with DPS Priority 2 and Priority 3). Within inpatient services, the most noticeable policy changes occurred in Children's Medical Services Program. Relevant allocations

were increased more than twice both due to the rise in number of funding cases (beneficiaries)² and about 70% rise in unit price.

	Number of Patients			Allocations, million AMD		
	2009 Actual Budget	2010 Budget	2011 Draft Budget	2009 Actual Budget	2010 Budget	2011 Draft Budget
State allocations for children's medical care, including	37,918	31,360	37,738	3,446.9	3,126.1	6,388

The above data results from implementing definite program and reforms in this field which significantly complies with provisions of DPS activity list.

Another large budget allocation increase related to policy change is planned within Obstetrical Medical Services Program described in Priority 2 section of this report.

As for most of other activities within programs, healthcare policy is more reactive in nature, and considerable bulk of financial adjustments comes to be either mere reaction to the forecasted demand on relevant services or up to some 10% adjustment of unit price for services and is unable to contribute towards rise in quality of services or solution to persistent problems through initiative policy.

Such programs also include those identified in the DPS activity list under *Priority 3* or *Priority 4* target activities. Thus, expenditures for programs below remained unchanged (this means that 2011 Draft State Budget fails to consider the impact of Demographic Policy Strategy provisions):

- HIV/AIDS program remained unchanged;
- Medicine supply programs received 3,6bln AMD, which means that allocation remained unchanged.

Expenditure allocations for programs below increased insignificantly, therefore, the interrelationship between the Budget and the DPS is fragile:

- Tuberculosis medical care services – about 10% increase due to rise in unit price per day;
- Sexually transmitted diseases medical care services – about 10% increase due to rise in unit price per day;
- Oncology and blood diseases medical care services – about 10% increase due to rise in unit price per day;
- Gynecological diseases medical care services – about 10% increase due to rise in unit price per day.

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget
HIV/AIDS	112,938.4	112,938.4	112,938.4
Medicine supply	3,045,426.1	3,687,525.1	3,687,525.1
Tuberculosis medical care services	1,209,897.3	1,186,140.3	1,304,956
Sexually transmitted diseases medical care services	162,661.3	154,663.8	170,130

²For instance, the program provides children under 7 years old with full service coverage, regardless of social group and disease complexity.

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget
Oncology and blood diseases medical care services	959,696.6	940,642.6	1,035,264.8
Gynecological diseases medical care services	362,009.4	359,944.6	396,128.8

Significant decrease in healthcare expenditures not included in other categories is mostly accounted for by expenditure decrease within a World Bank program.

Priority 5. Regulation of Migration Processes

Public funding from the state budget for Priority 5 activities appearing on the list of activities in the Demographic Policy Strategy 2010 is expected to be provided exclusively for the purpose of building public awareness on risks of human trafficking. It must be mentioned that the public funding for this line of expenditure within the budget of the Ministry of Labor and Social Issues discontinued starting from 2010. Instead, allocation totaling 32,874.3 thousand AMD for social and psychological rehabilitation services for victims of trafficking is projected, which represents 26% more than projected for 2010. Overall, the following programs directly address the counteraction of trafficking (with some of them addressing its consequences while others handle the prevention aspect).

Program	Activity	Agency	Amount
Programs and activities addressing public policies on youth	Activities against human trafficking in the context of youth programs	Ministry of Sports and Youth Issues	8,000.0
Maintenance of public order, security and war on crime	Action against organized crime, human trafficking and drug addiction	Police of the Republic of Armenia under the Government of the Republic of Armenia	539,301.2
Inpatient healthcare services	Healthcare services for victims of trafficking	Ministry of Health of the Republic of Armenia	2,200.0
Services to families, women and children	Services of social and psychological rehabilitation for victims of trafficking	Ministry of Labor and Social Issues	32,874.3
Public awareness activities	Public awareness activities	Ministry of Labor and Social Issues	26,056.0

Priority 6. Development of Regions and Mitigation of Disproportional Regional Distribution of Population

Numerous programs aim at the development of regions and mitigation of disproportional regional distribution of population in the areas of cultural, educational, health and economic development as well as development of infrastructure, including other domains. Besides, a system of interbudgetary (equalization) transfers is designed for the purpose of equal development of regions allocating on annual basis significant amounts to all communities based on the principle, which particularly favors communities with low capacity.

In the light of the above circumstances, it should be mentioned that three activities for the development of regions assigned in the state budget of the Republic of Armenia, within the list of activities in DPS, do not fully reflect the true coverage and framework of budgeted activities.³

However, you can find below the description of 2011 Draft State Budget expenditure lines for list activities.

Ensuring development of culture in the regions (marzes) of the Republic of Armenia

Culture-related expenditure lines in the 2010 Draft State Budget are projected to increase by approximately 10%. This domain is going through a quite dynamic development on annual basis. The above applies not only to the amount of budget allocations but also to internal distributions and redistributions in case of adequate allocations. This area has numerous programs and sub-programs running, which, however, are represented in a consolidated form in budgetary documents. Internal distribution for culture has the following picture in the Draft Budget of 2011.

	Thousand AMD
LEISURE, CULTURE AND RELIGION	17,981,760.9
Services of leisure and sports	1,501,333.4
Services of leisure and sports	1,501,333.4
Cultural services	10,654,529.5
Libraries	1,440,227.1
Museums and galleries	1,923,921.4
Houses of culture, clubs and recreation centers	603,972.2
Other cultural institutions	742,332.3
Art	4,958,377.0
Cinematography	630,448.3
Renovation and maintenance of monuments and cultural values	355,251.2
Television and radio broadcasts and publishing services	4,845,626.6
Radio and television broadcasts	3,703,409.1
Publishing houses and editorial offices	992,632.5
Obtaining information	149,585.0
Religious and other public services	555,326.1
Youth programs	375,734.4
Political parties, non-governmental organizations, trade unions	179,591.7
Leisure, culture and religion (not categorized elsewhere)	424,945.3
Leisure, culture and religion (not categorized elsewhere)	424,945.3

A portion of expenditure goes to regions (marzes), and the tables below show the development of budget allocations as compared to previous years categorized by programs and implementers.

Museums and galleries

Thousand AMD	Actual 2009	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
Museum services and exhibitions	1,336,688.0	1,351,193.8	1,450,998.6	108.6	107.4
Ministry of Culture of	1,081,433.8	1,092,559.2	1,158,366.5	107.1	106.0

³ It is characteristic that for the first time ever budget documents for 2011 provide the expression of all expenditure lines also based on regional distribution, which will be extremely important for future studies and analyses.

Thousand AMD	Actual 2009	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
the Republic of Armenia					
Ministry of Defense of the Republic of Armenia	104,752.4	107,829.2	120,518.3	115.1	111.8
Ministry of Urban Development of the Republic of Armenia	36,321.5	36,368.3	40,698.0	112.0	111.9
Ministry of Nature Protection of the Republic of Armenia	27,156.2	27,228.2	30,678.8	113.0	112.7
Governor's office of Ararat region	12,314.4	12,338.9	13,944.8	113.2	113.0
Governor's office of Gegharkunik region	12,789.0	12,811.1	14,368.9	112.4	112.2
Governor's office of Lori region	8,303.0	8,316.4	9,411.3	113.3	113.2
Governor's office of Shirak region	36,743.7	36,838.3	44,149.9	120.2	119.8
Governor's office of Syunik region	8,550.9	8,568.6	9,605.7	112.3	112.1
Governor's office of Vayots Dzor region	8,323.1	8,335.6	9,256.4	111.2	111.0
Subventions to communal budgets of the Republic of Armenia	121,712.4	121,924.2	193,656.1	159.1	158.8

It becomes evident from the table above that the increased communal expenditure is progressive in nature as compared to the general tendency of increase that can be seen in the sub-sectors. However, these amounts (and their growth) are not significant in absolute proportions. Nevertheless, a trend of decentralization of expenditures can be traced in this sub-sector. An approximate increase by 60% in the activity of subventions to communal museums is also of essence.

Houses of culture, clubs and recreation centers

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
Coordinating cultural and leisure activities in communities	29,284.5	29,335.5	34,517.5	117.9	117.7
Ministry of Culture of the Republic of Armenia	25,379.1	25,430.1	28,069.4	110.6	110.4
Governor's office of Kotayk region	1,301.8	1,301.8	1,482.7	113.9	113.9
Governor's office of Syunik region	1,301.8	1,301.8	1,482.7	113.9	113.9
Governor's office of Vayots Dzor region	1,301.8	1,301.8	3,482.7	267.5	267.5

Increase in "Coordinating cultural and leisure activities in communities" activities is expected for all implementers. Amounts allocated for governor's offices are comparatively insignificant; however, growth is progressive compared to overall tendencies.

Other cultural institutions

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
Subventions to communal budgets of the Republic of Armenia	187,573.2	188,353.2	194,637.7	103.8	103.3

The picture is almost unchanged from the perspective of the assistance to communal cultural institutions, and the growth of 3% has no significant impact on the list of activities of the Draft Budget appearing in the Demographic Policy Strategy.

Art

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
Implementation of cultural activities	958,263.4	1,247,738.3	1,089,669.4	113.7	87.3
Ministry of Culture of the Republic of Armenia	900,342.7	951,335.6	853,733.1	94.8	89.7
Ministry of Diaspora of the Republic of Armenia	20,649.0	259,131.0	198,664.6	962.1	76.7
Governor's office of Shirak region	3,457.7	3,457.7	3,457.7	100.0	100.0
Governor's office of Lori region	3,542.3	3,542.3	3,542.3	100.0	100.0
Governor's office of Armavir region	2,563.6	2,563.6	2,563.6	100.0	100.0
Governor's office of Kotayk region	2,404.0	2,404.0	2,404.0	100.0	100.0
Governor's office of Tavush region	3,442.1	3,442.1	3,442.1	100.0	100.0
Governor's office of Ararat region	3,195.4	3,195.4	3,195.4	100.0	100.0
Governor's office of Gegharkunik region	3,278.2	3,278.2	3,278.2	100.0	100.0
Governor's office of Vayots Dzor region	4,938.5	4,938.5	4,938.5	100.0	100.0
Governor's office of Syunik region	7,171.7	7,171.7	7,171.7	100.0	100.0
Governor's office of Aragatsotn region	3,278.2	3,278.2	3,278.2	100.0	100.0
Subventions to communal budgets of the Republic of Armenia	219,198.4	205,721.8	236,016.8	107.7	114.7
Theatrical performances	895,435.7	902,931.3	1,034,283.2	115.5	114.5
Ministry of Culture of the Republic of Armenia	831,721.8	839,149.9	962,353.5	115.7	114.7
Governor's office of Syunik region	30,752.9	30,775.9	34,678.5	112.8	112.7
Governor's office of Gegharkunik region	32,961.0	33,005.5	37,251.2	113.0	112.9
Concerts of music and dance art	875,823.8	864,735.3	978,252.3	111.7	113.1
Ministry of Culture of the Republic of Armenia	816,153.4	805,064.9	910,401.7	111.5	113.1

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	vs. 2009 Actual Budget	vs. 2010 Budget
Governor's office of Shirak region	59,670.4	59,670.4	67,850.6	113.7	113.7
Implementation of regional cooperation and pan-Armenian cultural programs	18,606.3	18,606.3	18,606.3	100.0	100.0
Ministry of Diaspora of the Republic of Armenia	18,606.3	18,606.3	18,606.3	100.0	100.0

The situation with individual activities related to the art is different, while this domain also shows a comparative tendency of decentralizing expenditure. Even with some reductions available, those are predominantly not from expenditure lines of the provincial governor's offices (marzpetarans). However, the impact of DPS in this domain is insignificant due to the low amount of absolute expenditures.

“Ari tun” (Come home) program deserves special attention considering both its significance from cultural and demographic perspective and almost two-fold growth in expenditures.

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft	vs. 2009 Actual Budget	vs. 2010 Budget
Regular visits to Armenia by the youth from the Diaspora as part of “Ari Tun” (Come Home) program	25,706.1	35,000.0	75,000.0	291.8	214.3

In generalizing this group of activities, a sectoral harmonization of the 2011 Draft Budget with Demographic Policy Strategy can be traced. As stated above, certain important programs show clear development tendencies contributing to the improvement of demographic policy indicators, which is to be encouraged. However, budget allocations for the development of culture in the regions of Armenia still lack full compliance with the objectives set out in the Demographic Strategy.

Implementation of programs “Museum on wheels” and “Mobile library”

Data on activities “Museum on wheels” and “Mobile Library” are presented in the respective addenda “program budgeting” under the explanation note for expenditure lines of 2011 Draft Budget bundle which features a non-fiscal performance indicators plan, i.e. 10 visits to different residential communities and 8 field visits. However, as long as this activity is a part of the overall program on museums, it is impossible to draw upon the dynamics of financial indicators and create the bigger picture based on such documents. Nevertheless, this new initiative can clearly produce a positive effect in terms of accomplishing the objectives set out in the demographic strategy, therefore the continuation and development of this program in forthcoming years can be seen as a positive trend from the perspective of DPS.

Creating more ample opportunities to benefit from quality healthcare services for pregnant women, young mothers and new-born babies in rural communities and frontier regions

Some information on this activity can be found in the above sections. Highlighting this issue in DPS is extremely important and timely. Various studies and reports⁴ clearly address the low level of service use related to maternity and childbirth in regions and specifically in small and average-size communities. The introduction of certificates fostering access to childbirth and diagnostics has produced a positive effect in this respect; however, the level of physical and financial access in rural communities and in frontier regions remains to be a source of concern.

Considering the importance of this issue, additional funds must be directed not only to increase the level of physical and financial access in this domain but also to advance new approaches.

Priority 7. Preservation and Protection of Spiritual (Non-Material) Cultural Values

National Games Competitions

While the RA State Budget lacks any definite program structure for national games, it still has many programs and activities that either directly or indirectly contribute towards development and popularization of sports, healthy lifestyle and other competitions at national, all-Armenian and international levels.

The 2011 Draft Budget fails to stipulate any significant increase for activities within the classification above. Expenditure increase in sports and recreation services totaled 84,8mln AMD, i. e. about 6%. While, generally, no big changes were introduced, some increase can be traced back to about 10% rise in wages of the program personnel. Some policy changes and adjustments are visible within individual activities, including as follows:

- Due to the rise in number of beneficiaries, expenditures for ‘Best Athletic Family’ Competition Program increased by 46mln AMD;
- New initiatives below were introduced within some activities:
 - Participation in the European Youth Olympic Festival - 35mln AMD;
 - European Deaf Wrestling Championship to be held in Yerevan, 2011 - 13.7mln AMD;
 - First Summer Youth Spartakiada - 20.0mln AMD;
 - Pan-Armenian Games - 80mln AMD;
 - Republican Strategic and Athletic Games for Pre-Military and Military-Age Youth - 7mln AMD.

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	As compared with 2009 Actual Budget	As compared with 2010 Budget
Recreation and sports services	1,498,224.9	1,416,565.6	1,501,333.5	100.2	106.0
Preparing athletes to foster participation in RA championships and international events and holding championships	994,457.7	884,967.2	884,967.2	89.0	100.0

⁴ See Profit Distribution Analysis published by Progressive Social Technologies NGO, www.ast.am:

Thousand AMD	2009 Actual Budget	2010 Budget	2011 Draft Budget	As compared with 2009 Actual Budget	As compared with 2010 Budget
Services to train chess players	52,000.0	52,000.0	55,482.4	106.7	106.7
Pan-Armenian Games	15,000.0	0.0	80,000.0	533.3	
European Deaf Wrestling Championship to be held in Yerevan, 2011	0.0	0.0	13,747.0		
First Summer Youth Spartakiada to be held in the Republic of Armenia	0.0	0.0	20,000.0		
Awarding cash prizes to champions and prize-winners of international sporting events	50,000.0	50,000.0	50,000.0	100.0	100.0
Republican Strategic and Athletic Games for Pre-Military and Military-Age Youth	0.0	0.0	7,000.0		
Student sporting events	23,000.0	4,350.0	23,000.0	100.0	528.7
Republican Sports Festival in RA regions (marzes) and NKR	6,959.9	6,960.0	6,960.0	100.0	100.0
Best Athletic Family Competition	17,500.0	23,000.0	69,000.0	394.3	300.0
Activities to popularize sports among children and youth	7,998.7	8,000.0	8,000.0	100.0	100.0
Sports services for disabled	8,997.6	9,000.0	9,000.0	100.0	100.0
Ship-modeling sports promoting	5,500.0	5,500.0	5,500.0	100.0	100.0
Holding sporting events	45,987.8	55,987.8	57,340.8	124.7	102.4
<u>Remunerations</u> for senior coaches of national teams and pensions for world champions	17,254.2	17,265.6	20,565.6	119.2	119.1
Signing Council of Europe Agreement on Sport	2,585.3	3,898.1	3,270.1	126.5	83.9
Joining World Anti-Doping Agency	2,155.6	5,173.1	2,619.1	121.5	50.6
Awarding traditional nominal pensions on behalf of the RA President to athletes and coaches of RA national teams with high achievements in Olympic Games, World and European Championships	145,830.0	150,000.0	150,000.0	102.9	100.0
Fostering participation in European Youth Olympic Festivals	38,816.1	0.0	34,881.3	89.9	

2011 Draft Budget also supports development of intellectual games in Armenia with allocation unchanged as compared with that of the past year i.e. about 12mln AMD.

To sum up, while 2011 Draft Budget provides for some amendments, modifications and, in some cases, considerable growth, generally, it still fails to ensure significant dynamics and remarkable policy developments. 2011 Draft Budget lacks initiative and conformity with measures of DPS priority mentioned, except for Pan-Armenian Games, Best Athletic Family, Student Contests,⁵ and some other individual small activities.

⁵Essentially, the significant increase within this program was not brought about by policy amendment either, but rather by the fact that the above measure is taken only once in two years. While allocations rose as compared with 2010 Budget, they remained unchanged as compared with 2009 Budget.

State Support for Popular Craftsmen

The 2011 RA State Draft Budget lacks any individual program in this field. State activities to support popular craftsmen are probably included in more general programs. Therefore, it appears impossible to review expenditures accurately as well as reveal and analyze in line with this report the level of their interrelationship with DPS only through document review.

Producing and publishing reference, training and auxiliary manuals on popular craftsmanship skills

It proves impossible to identify and review 2011 RA State Draft Budget direct expenditures for producing and/or publishing reference, training and auxiliary manuals on popular craftsmanship skills due to more general budget classification. However, even the study of aggregate data related to such activities points to the conclusion that the Draft Budget provides for no significant changes, and all relevant expenditures depend on certain attitude of the department responsible.

Thousand AMD	Competent Department	2009 Actual Budget	2010 Budget	2011 Draft Budget	As compared with 2009 Actual Budget	As compared with 2010 Budget
Manuals publication support	RA Ministry of Culture	40,000.0	40,000.0	40,000.0	100.0	100.0
Informative and instructive websites development and maintenance services	RA Ministry of Diaspora	24,970.0	30,304.0	30,304.0	121.4	100.0
Procurement and delivery of popular and academic literature to Diaspora communities	RA Ministry of Diaspora	0.0	0.0	11,000.0		
Public awareness	RA President's Office	0.0	75,681.0	75,681.0		100.0

Identified Problems and Recommendations

This section offers summary of the problems mentioned above and some recommendations for systemic solutions. In similar cases, segment solutions that can stem from this analysis results, however, are not the best ones to facilitate integration of various concepts and strategies into the budget system. Therefore, special solutions should be sought to compel strategy developers to provide also for effective integration of program provisions with financial planning systems.

Besides, this analysis mostly focused on the level to which budget allocations comply with DPS provisions. However, such analysis proves limited effectiveness, since increase (particularly, rapid increase) in budget allocations seldom reflects the level of progress towards program targets. Therefore, along with a mere budget/financial analysis, the cause-and-effect analysis of activities and priorities within DPS provisions and demographic situation development objectives calls for a more thorough research into the sector. While the Demographic Policy Strategy for the Republic of Armenia has already taken some considerable relevant steps, such action should be completed through studying and analyzing the influence coefficient and balance

of already identified factors rather than introducing new factors. Hence, the format of Strategy priorities is not easily transformed into budget program priorities. Such comprehensive analysis calls for an in-depth research rather than document study. Within demographic objectives, classification of 'primary' and 'auxiliary' programs should be distinguished to provide guidance in setting priorities and make it possible to differentiate between exclusively demographic factors and programs, and other ones. Afterwards, financial balance keeping and availability of resources should be analyzed in compliance with priorities and programs mentioned. It is only after all such steps that budget decisions should be made in line with observations and recommendations above. Otherwise, all documents will remain wish-lists integrated into the budget system through residual principle.

General (system-related) problems

- The relationship between sectoral strategies (including DPS) and budget decisions is fairly complicated. This is accounted for by the lack of any integrated approaches and principles for decision-making and standardized models and formats for policy-making. As a result, sectoral strategies are oftentimes adapted to MTEP provisions, while it should be the contrary. While the MTEP system opens up ample opportunities for discussing and integrating proper strategies and programs into budget decisions (when determining intersectoral and intrasectoral limits), such opportunities do not seem to be used to their full due to the problems above, i.e. the format and content do not fully comply with budget discussion requirements⁶. Besides, the list of activities stemming from sectoral strategies must not reproduce (or, even worse, contradict) planning instruments of annual outcome indicators used either in performance budgeting or performance management. The list of individual sectoral activities lacks the coordinated basis for monitoring and accountability currently developing within performance budgeting and performance management systems. Reproducing such systems is fraught with risks of inconsistency and contradictions. Therefore, it is strongly recommended to lay down integrated principles, formats and hierarchy for developing and enforcing sectoral policy, monitoring and accountability to secure synergic use of each document.
- Another observation concerns two noteworthy recommendations by Aragatsotn Region Governor's Office submitted and rejected during approval of the Paper. Recommendations read as follows:
 - Extend benefits for children under two years old to unemployed parents, and
 - Differentiate between benefit amount in mountain and frontier areas and that in other communities.

Both recommendations are highly consistent with DPS provisions (both by quantitative data on relevant allocations and policy specification and amendment). While rejecting the financial terms of such proposals during discussions of either annual MTEP or budget applications might make logic, reasons for rejecting such provision during discussion of Strategy Paper activities remain unclear. Otherwise, it appears that the list of strategy activities must exactly reproduce ready budget decisions. In this case, the need for introducing any non-budget activities to be approved by the Government can hardly be perceived.

⁶ For instance, Addendum B introduces the new initiative format related to budget program within the MTEP application.

Identified Problems

- In essence, the current edition of activities 7, 8 and 9 of the DPS 2010 Program appears senseless. It is illogical to stipulate the activities of benefit amount annual approval in the action plan, since the need of such activities itself arises from the budget process. Stipulating the activities with its actual contents lacks any constructive feedback for decisions within DPS Paper and, particularly, budget process. The DPS or the list of related activities can contain provisions for dynamic changes (e.g. need for regular/annual/medium-term/long-term rise in benefit allocations). Interestingly enough, upon review of recommendations and observations by competent departments, the original version of the Paper (along with Demographic Policy Strategy) proved more logical than the current edition. Observations on such provision are consistent with the data in *General Problems* subsection, therefore, it should be considered in the light of general solutions.⁷
- Compatibility between the list of DPS activities and budget classifications should be ensured. To this end, an interrelationship table should be compiled to facilitate relevant analyses. While the DPS generally has a 'program' format, with respect of budget classification it is considered multisectoral (intersectoral) in nature, and it is due to this respect that the problem of DPS compatibility with budget classifications becomes even more complicated. In fact, it develops into an additional technical barrier to decision-making and budget integration as well as retrospective observations and programs efficiency reports and analysis. A mechanism (operating and program) should be developed to relate Demographic Policy Strategy priorities and programs/activities to budget system classifications.

Summary Assessment on Consistency between 2011 Draft Budget and List of Implementing Measures within 2010 State Program for Demographic Situation Improvement

Though with some exceptions, the general consistency between the Demographic Strategy activities and 2011 Draft State Budget proves poor. Budget decisions on demographic issues count a considerable number of decisions neutral to some extent and not related to the DPS. In case positive **interrelationship** is observed, financial allocations are mostly reactive rather than initiative in nature. In case initiative and compliant allocations are observed, they appear to be unstable and short-lasing as they are very likely to depend on activities without any direct relation to demographic issues. Even some special individual cases show apparent inconsistency.

⁷It should be mentioned that this observation does not imply by any means that accurate digital indicators should be provided in any list annual measures, since this would interfere with efficient use of budget process instruments. However, strategy papers must contain long-term aims (also with digital indicators) and guidelines to achieve such aims. As for annual targets and clear limits, they should be discussed and fixed through the set of budget instruments based on parameters of each fiscal year.

Addendum A. MTEP-Budget Standard Timetable

Activities	Terms
Defining medium-term fiscal principles and priorities	December-January (of the year preceding the three-year period)
Submittal of MTEP applications (the most crucial stage for introducing new initiatives)	February
Discussion of MTEP applications, programs and priorities between competent departments and decision-makers	March-April
Definition of sectoral limits (three-year financial ceilings)	April-May
Adopting final MTEP document and submitting it to the National Assembly	June
Drawing up budget applications	August
Submittal of the Annual Draft Budget to the National Assembly	Early October
Review and discussion of the Draft by the National Assembly, submittal of proposals	Early November
Passing the Budget Law	Late November

Addendum B. Compact Form of Introducing New Initiatives

Name of the state body

Mention the name of the state body filing the application. In case the new initiative entails several state bodies in the sector, the name of relevant superior state authority must be mentioned as a relevant note.

Initiative (proposal) description

Use two or three sentences to introduce the capital initiative that requires funding. Mention the relevant budget program and code under which such initiative (program or activity) will be classified if approved.

Priority

Classify the new initiative in order of priority (1 for primary - 3 for non-primary) as compared with other new initiatives by the state body.

Assessing the impact of new initiatives on expenditures

(Thousand AMD)

	2011	2012	2013
Additional current expenditures			
Additional capital expenditures			
(Savings/Extra income)			
Net effect			

Advantages

Give a brief account of the main benefits expected to result from the new initiative. This also entails explaining how the initiative discussed will contribute towards the priorities set by the Government of the Republic of Armenia.

Data on redistribution of expenditures and priorities

Explain how additional funding will be spent in case it is approved. Give an outline of the assumptions underlying the financial assessment of the initiative. Introduce some alternative sources of funding, for instance, alternative funding of the initiative by redistributing allocations of non-primary programs.

Discussion results

Mention the organizations (if any) that took part in the discussion on new initiatives and outcomes of such discussions.

Addendum C. List of Implementing Activities within 2010 National Program for Demographic Situation Improvement and estimate of conformity between the List and 2011 State Budget activities

N	Activities	2011 Budget Conformity	Description
Priority 1. Provision of Necessary Information			
1	Monitor the demographic situation in the Republic of Armenia	No such provision in the Draft Budget	There is no need for any special budget funding. The activity can be performed through statutory functions of relevant division of the Ministry of Labor and Social Issues.
2	Conduct demographic studies on programs funded from the RA State Budget	No such provision in the Draft Budget	While the Draft Budget provides no relevant allocations, such activities may still require funding. In any case, such activities must be stipulated in the performance plan of the Ministry.
3	Conduct studies on demographic problems	No such provision in the Draft Budget	Some funds may be required. In any case, such activities must be stipulated in the performance plan of the Ministry.
4	Publish informational and analytical materials as well as make television and radio programs about the demographic situation in the Republic of Armenia and national demographic policy	No such provision in the Draft Budget	Some funds may be required. In any case, such activities must be stipulated in the performance plan of the Ministry.
5	Study the methods of solving demographic problems in foreign countries and internalizing best practices	No such provision in the Draft Budget	There is no need to reflect such activities in the budget.
6	Prepare demographers and upgrade their professional skills	No such provision in the Draft Budget	Some funds may be required. In any case, such activities must be stipulated in the performance plan of the Ministry.
Priority 2. Birthrate Increase			
7	Determine the amount of one-time child benefit for the first and the second child born in a family	Incompatible	To be fulfilled within the context of the DPS, this function logically implies increasing child benefits; however, they have not increase at all. In fact, the DPS was not taken into account at interagency discussions on Draft Budget.
8	Determine the amount of benefits for children under 2 years old	Incompatible	To be fulfilled within the context of the DPS, this function logically implies increasing the benefits; however, they have not increase at all. In fact, the DPS was not taken into account at interagency discussions on Draft Budget.
9	Determine the amount of one-time child benefits for the third and	Incompatible	To be fulfilled within the context of the DPS, this function

	any following child born in a family		logically implies increasing the benefits; however, they have not increase at all. In fact, the DPS was not taken into account at interagency discussions on Draft Budget.
10	Draft a RA law package on Improving Housing Conditions in the Republic of Armenia	-	In most cases, drafting the law itself entails no new budget allocations; however, depending on its provisions, it can require additional funding.
11	Implement “Affordable Housing for Youth” National Target Program	Compatible	Considering the Governmental Decree dated November, 2010 on providing young families in regions with greater access to loans, this Program is also compatible with Priority 6. It is noteworthy that the significant financial burden within the Program is only reflected by preferential interest rates in the State Budget.
12	Improve control mechanisms to find out whether employers abide by labor legislation norms.	No such provision in the Draft Budget	This activity may require no special reference in the budget.
13	Expand the network of pre-school services	Compatible	For the first time ever, 2011 Budget provides for direct allocations to preschool services. Allocations in this field used to be considered within community powers and were in any case left to the discretion of each community. Therefore, this field hardly used to make any significant progress. In fact, this key initiative receives considerable attention nowadays, and the field is expected to improve year by year.
14	Develop programs to reduce poverty and social isolation among the disabled	Compatible to some extent	2011 Draft Budget stipulates 2 new activities to integrate the disabled in the society through adapting special working conditions for the disabled and helping them to get work practice. However, the correlation of such new initiatives and their impact on demographic indicators are not clearly defined.
15	Food programs for socially disadvantaged families and services related to distribution of food products received within humanitarian assistance	While there is a relevant reference in the Budget, the conformity level remains low.	While the budget provides for some allocations for humanitarian and food supply, it is still hard to define the extent to which it corresponds to the DPS 2010 Program activities as the humanitarian assistance program had been launched even before the DPS was developed, and the impact of the discretion on the scope of the program is not considered. The State Budget generally provides for numerous direct and indirect programs for disadvantaged families; some of such programs were also expanded within anti-crisis activities. Therefore, the cause-and-effect relation with the DPS cannot be traced clearly.

	Priority 3. Deathrate Decrease		
16	Conduct programs for early detection and prevention of diabetes, hypertension, malignant neoplasm and osteoporosis which are the most common causes for untimely death.	Draft Budget suggests no close interrelation.	The difficulty to trace close interrelation links back to peculiarities of budget programs classification. However, the Budget provides the structure and study of expenditures.
17	Programs to strengthen medical services for newborns and early-age children, provide resuscitation equipment and personnel, especially for rural population	Compatible to some extent	It becomes quite evident that the Government pursues clear and coherent policies on pregnancy, childbirth and children's healthcare through budget decisions.
18	Programs related to early diagnosis and prevention of birth defects	Draft Budget suggests no close interrelation.	Such activities are closely correlated with healthcare objectives and programs (for instance, introduction of certificates fostering availability and access to obstetric medical services). However, budget documents fail to clearly provide such correlation.
19	To prevent mental and physical impairment and disability, newborn screening programs to be implemented throughout the Republic of Armenia, including as follows: - Hypothyroidism, - Phenylketonuria, - Hearing.	Draft Budget suggests no close interrelation.	-
20	Improve quality and access to obstetric services, provide modern equipment and technologies	Compatible	Such activities are closely interrelated with healthcare objectives and programs (for instance, introduction of certificates fostering availability/access to obstetric medical services).
21	Improvement of intrauterine diagnosis of neonatal pathologies, introduction of antenatal screening	Draft Budget suggests no close interrelation.	Probably, such activities are also reflected in financial allocations; however, they are not clearly considered in budgetary documents.
22	Programs to reduce risk factors of cardiovascular diseases most commonly causing untimely death	Incompatible	Some rise in budget allocations is reactive rather than initiative in nature and mostly targets treatment of diseases.
23	Produce and publish analytical materials on social causes of death rate and activities (including medical ones) to prevent such causes.	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and must therefore be attached to performance plans of the Ministry.
	Priority 4. Public Health Protection and Improvement		
24	Introduce medicines allocation system based on the principle of integrated payments	Draft Budget suggests no close interrelation.	
25	Improve the system of ensuring secure food for consumers' health and internalizing global best practices	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and must therefore be attached to performance plans of the Ministry.

26	Development and introduction of modern perinatal technologies and standards	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and must therefore be attached to performance plans of the Ministry.
27	Developing and implementing programs to prevent and treat female and male infertility	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and must therefore be attached to performance plans of the Ministry.
28	STI testing for pregnant women	Draft Budget suggests no close interrelation.	-
29	Raise the security level of abortions	Draft Budget suggests no close interrelation.	Considering the utmost urgency of this issue ⁸ and its significant impact on the demographic situation, the social, economic, cultural and healthcare problems underlying abortions should receive more attention (inter alia, in budget decisions); however, 2011 Budget contains no relevant reference.
30	Introduce cost-effective technologies in the Republic as recommended by the World Health Organization	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and must be therefore attached to performance plans of the Ministry.
31	Introduce Healthy Lifestyle training course in comprehensive schools	Draft Budget suggests no close interrelation.	RA State Budget documents usually have no reference to contents of educational programs.
32	Strong network of family planning services, increased availability of such services and improved knowledge of service providers	Draft Budget suggests no close interrelation.	Data survey on budget decisions within public health programs revealed no close interrelation.
33	Prepare television programs, talk shows and roundtables to advocate healthy lifestyle, prepare and publish booklets and popular literature on healthy lifestyle and safe sex life	Draft Budget suggests no close interrelation.	Draft Budget contains no data on budget decisions targeting the activity mentioned.
34	Prevent certain social infectious diseases, e.g. tuberculosis, HIV/AIDS, other sexually transmitted diseases and manageable infant infections, provide relevant vaccination and screening tests	Incompatible	The amount of relevant allocations within Draft Budget is either equal to that of 2010 Budget allocations or exceeds insignificantly.
35	Early detection and prevention of malignant neoplasm of reproductive organs; oncology testing for women in the age group 30-60 residing in the service area	This item of Activity List does not relate to the Budget	-
36	Stage popular events and competitions to promote physical activity, healthy and active lifestyle, individuals' harmonious development, their efficiency and longevity.	Compatible to some extent	Generally, relevant allocations fail to reveal any swift rise. However, the Draft Budget contains some new initiatives consistent with provisions of 2010 DPS activity list.

⁸ Abortion rates rose by more than 25 % within the past four years, and what is more the most rapid increase was registered among women in the age group 15-19, See NSSRA "Women and Men - 2010" report, p. 29.

37	Provide persons of different age and social groups with access to lifelong physical education and sports.	Draft Budget suggests no close interrelation.	-
38	Submittal of the RA Governmental draft decree on "Approving Terms and Conditions of Work Hygiene Services in Organizations" to the RA National Assembly	Draft Budget suggests no close interrelation.	-
Priority 5. Regulation of Migration Processes			
39	Developing support programs to help persons displaced from frontier areas return to their original places of residence	This item of Activity List does not relate to the Budget	-
40	Signing intergovernmental agreements with relevant countries in order to integrate the Republic of Armenian in the global labor market	This item of Activity List does not relate to the Budget	-
41	Nationwide information campaign on risks of illegal migration and trafficking	Compatible	Budget contains both direct and indirect activities. Besides, relevant allocations have been increased to some extent.
42	Studies and surveys on various migration flows and relevant analysis	Draft Budget suggests no close interrelation.	Such activities probably entail no direct budget allocations and, therefore, should be included within the performance plans of the Ministry
Priority 6. Development of Regions and Mitigation of Disproportional Regional Distribution of Population			
43	Designing programs for development of regions (marzes)	This item of Activity List does not relate to the Budget	-
44	Assessing communities' capacity for social services, capacity building for developing programs to improve social situation in the communities.	This item of Activity List does not relate to the Budget	-
45	Renovation of regional hospitals, acquisition of medical devices and modern equipment	This item of Activity List does not relate to the Budget	-
46	Ensuring development of culture in the regions of the Republic of Armenia	Compatible to some extent	Some programs and activities clearly show a relative deconcentration of allocations towards the regions and increased absolute value. However, this observation applies only to some directions of cultural development.
47	Implementation of programs "Museum on wheels" and "Mobile library"	Draft Budget suggests no close interrelation.	Budget decisions might have referred to this activity; however, given the actual classification of budget programs, it cannot be

			considered.
48	Creating more ample opportunities to use quality healthcare services for pregnant women, young mothers and new-born babies in rural and frontier areas	Compatible	This activity along with related obstetric services mentioned above clearly demonstrates positive trends of the Draft Budget towards children's health programs.
	Priority 7. Preservation and Protection of Spiritual (Non-Material) Cultural Values		
49	Staging national games competitions	Compatible to some extent	Draft Budget provides for an insignificant raise in general allocations. On the other hand, however, some new initiatives consistent with the list of DPS annual activities have been clearly observed.
50	State Support for Popular Craftsmen	Draft Budget suggests no close interrelation.	-
51	Producing and publishing reference, training and auxiliary manuals on popular craftsmanship skills	Draft Budget suggests no close interrelation.	-

Notes: All observations and comments in this Addendum are applicable only in the context of this Report and are general in nature as an approximate estimate of conformity between DPS and 2011 Draft Budget allocations.

	<i>Red</i> marks incompatible provisions of the documents mentioned.
	<i>Yellow</i> marks cases when the estimate of conformity between provisions of the documents mentioned appears impossible or inapplicable.
	<i>Green</i> marks compatible provisions of the documents mentioned.

Addendum D. Comparative Distribution of the RA Healthcare Expenditures within the Period of 2009-2011

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
1	2	3	4	5	6
HEALTHCARE, including	54,759,670.0	54,210,042.5	61,453,089.0	12.2	13.4
Medical products, devices and equipment, including	3,144,564.1	3,687,525.1	3,687,525.1	17.3	0.0
Pharmaceutical products, including	3,045,426.1	3,687,525.1	3,687,525.1	21.1	0.0
1. Medicines supply to those persons who use outpatient-polyclinic-inpatient medical services and natural persons who belong to special groups, including	3,044,311.3	3,686,410.0	3,686,410.0	21.1	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	2,943,801.3	3,585,900.0	3,585,900.0	21.8	0.0
<i>Police of the Republic of Armenia under the Government of the Republic of Armenia</i>	73,710.0	73,710.0	73,710.0	0.0	0.0
<i>National security service under the Government of the Republic of Armenia</i>	26,800.0	26,800.0	26,800.0	0.0	0.0
2. Medicines supply to the State Protection Service	1,114.8	1,115.1	1,115.1	0.0	0.0
<i>National Security State Protection Service under the Government of the Republic of Armenia</i>	1,114.8	1,115.1	1,115.1	0.0	0.0
Medical devices and equipment, including	99,138.0			-100.0	
1. Investments into healthcare institutions for medical equipment and ambulances	99,138.0			-100.0	
<i>Ministry of Healthcare of the Republic of Armenia</i>	99,138.0			-100.0	
Outpatient services, including	20,431,489.6	21,033,326.0	23,884,423.4	16.9	13.6
General medical services, including	7,872,962.8	8,048,313.8	8,791,970.6	11.7	9.2
1. Primary public health care services	7,872,962.8	8,048,513.8	8,791,970.6	11.7	9.2
<i>Ministry of Healthcare of the Republic of Armenia</i>	7,872,962.8	8,048,513.8	8,791,970.6	11.7	9.2
Specialized medical services, including	5,055,919.0	5,337,113.7	58,019,755.0	14.8	8.7
1. Highly specialized medical services	2,440,577.0	2,615,433.1	2,862,238.1	17.3	9.4
<i>Ministry of Healthcare of the Republic of Armenia</i>	2,440,577.0	2,615,433.1	2,862,238.1	17.3	9.4

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
2. Obstetrics and gynecology medical services	1,040,204.6	1,171,850.2	1,298,898.8	24.9	10.8
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,040,204.6	1,171,850.2	1,298,898.8	24.9	10.8
3. Medical services related to certain diseases and those entailing constant surveillance	158,979.7	142,000.0	142,000.0	10.7	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	158,979.7	142,000.0	142,000.0	10.7	0.0
4. Orthodontic medical services	11,962.4	11,702.5	11,702.5	-2.2	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	11,962.4	11,702.5	11,702.5	-2.2	0.0
5. Medical services related to detecting diseases of people in high risk groups, health assessment and treatment	128,000.0	128,000.0	128,000.0	0.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	128,000.0	128,000.0	128,000.0	0.0	0.0
6. Sports medicine and anti-doping services	64,789.2	66,251.7	71,411.6	10.2	7.8
<i>Ministry of Sports and Youth Issues of the Republic of Armenia</i>	64,789.2	66,251.7	71,411.6	10.2	7.8
7. Hemodialysis services	1,211,406.1	1,201,876.2	1,287,724.5	6.3	7.1
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,211,406.1	1,201,876.2	1,287,724.5	6.3	7.1
Dental services, including	826,046.0	837,713.0	840,020.6	1.7	0.3
1. Dental medical services	736,617.9	744,704.6	744,704.6	1.1	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	736,617.9	744,704.6	744,704.6	1.1	0.0
2. Primary preventive dental services for children	89,428.1	93,008.4	95,316.0	6.6	2.5
<i>Ministry of Healthcare of the Republic of Armenia</i>	89,428.1	93,008.4	95,316.0	6.6	2.5
Paramedical services, including	66,765,617.0	68,099,855.0	8,450,456.7	26.6	24.1
Laboratorial and instrumental diagnostic testing	2,710,004.6	2,743,223.0	2,843,027.7	4.9	3.6
<i>Ministry of Healthcare of the Republic of Armenia</i>	2,710,004.6	2,743,223.0	2,843,027.7	4.9	3.6
2. Emergency medical services	1,475,518.7	1,466,426.5	2,986,870.3	102.4	103.7
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,475,518.7	1,466,426.5	2,986,870.3	102.4	103.7
3. Medical care and expertise for pre-military and military-age persons	2,491,038.4	2,600,336.0	2,620,558.7	5.2	0.8
<i>Ministry of Healthcare of the Republic of Armenia</i>	2,491,038.4	2,600,336.0	2,620,558.7	5.2	0.8
Inpatient services, including	21,606,232.4	21,198,383.3	27,370,937.6	26.7	29.1

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
General inpatient services, including	5,624,055.3	59,843,435.0	6,732,352.3	19.7	12.5
1. Medical services for socially disadvantaged and special group patients	3,295,246.7	3,481,987.6	3,831,758.5	16.3	10.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	3,295,246.7	3,481,987.6	3,831,758.5	16.3	10.0
2. Emergency services	2,328,808.6	2,502,555.9	2,900,593.8	24.6	15.9
<i>Ministry of Healthcare of the Republic of Armenia</i>	2,328,808.6	2,502,555.9	2,900,593.8	24.6	15.9
Specialized inpatient services, including	6,300,684.8	6,030,927.9	6,995,640.6	11.0	16.0
1. Tuberculosis medical care services	1,209,897.3	1,186,140.3	1,304,956.0	7.9	10.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,209,897.3	1,186,140.3	1,304,956.0	7.9	10.0
2. Enteric and other infectious diseases medical care services	716,928.5	688,009.8	1,117,863.7	55.9	62.5
<i>Ministry of Healthcare of the Republic of Armenia</i>	716,928.5	688,009.8	1,117,863.7	55.9	62.5
3. Sexually transmitted diseases medical care services	162,661.3	154,663.8	170,130.1	4.6	10.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	162,661.3	154,663.8	170,130.1	4.6	10.0
4. Mental and narcological patients medical care services	1,675,725.4	1,619,869.6	1,786,155.4	6.6	10.3
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,675,725.4	1,619,869.6	1,786,155.4	6.6	10.3
5. Oncology and blood diseases medical care services	959,696.6	940,642.6	1,035,264.8	7.9	10.1
<i>Ministry of Healthcare of the Republic of Armenia</i>	959,696.6	940,642.6	1,035,264.8	7.9	10.1
6. Rehabilitation medical services	569,039.6	561,328.6	561,517.6	-1.3	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	569,039.6	561,328.6	561,517.6	-1.3	0.0
7. Medical care and expertise for pre-military and military-age persons	1,006,736.2	878,073.2	1,017,553.0	1.1	15.9
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,006,736.2	878,073.2	1,017,553.0	1.1	15.9
8. Medical care services for victims of trafficking	0.0	2,200.0	2,200.0		0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	0.0	2,200.0	2,200.0		0.0
Maternal and child healthcare institution services, including	9,681,492.3	9,183,111.9	13,642,944.7	40.9	48.6
1. Obstetric services	5,872,552.6	5,697,049.9	6,858,815.8	16.8	20.4

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
<i>Ministry of Healthcare of the Republic of Armenia</i>	5,872,552.6	5,697,049.9	6,858,815.8	16.8	20.4
2. Gynecological diseases medical care services	362,009.4	359,944.6	396,128.9	9.4	10.1
<i>Ministry of Healthcare of the Republic of Armenia</i>	362,009.4	359,944.6	396,128.9	9.4	10.1
3. Children's medical services	3,446,930.3	3,126,117.4	6,388,000.0	85.3	104.3
<i>Ministry of Healthcare of the Republic of Armenia</i>	3,446,930.3	3,126,117.4	6,388,000.0	85.3	104.3
Public healthcare services, including	2,853,610.7	2,796,361.1	2,961,068.6	3.8	5.9
Public healthcare services, including	2,853,610.7	2,796,361.1	2,961,068.6	3.8	5.9
1. Hygienic and Anti-epidemic inspection services	1,868,425.0	1,814,627.9	1,814,627.9	-2.9	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,868,425.0	1,814,627.9	1,814,627.9	-2.9	0.0
2. Hygienic and Anti-epidemic services	205,647.5	202,656.0	202,656.0	-1.5	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	205,647.5	202,656.0	202,656.0	-1.5	0.0
3. National Immunization Program	150,000.0	190,000.0	230,000.0	53.3	21.1
<i>Ministry of Healthcare of the Republic of Armenia</i>	150,000.0	190,000.0	230,000.0	53.3	21.1
4. Services to prevent some very serious infections	250,463.5	215,429.8	228,846.3	-8.6	6.2
<i>Ministry of Healthcare of the Republic of Armenia</i>	250,463.5	215,429.8	228,846.3	-8.6	6.2
5. HIV/AIDS prevention and care services	112,938.4	112,938.4	112,938.4	0.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	112,938.4	112,938.4	112,938.4	0.0	0.0
6. Services to disinfect foci of infections	66,700.0	60,700.0	60,700.0	-9.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	66,700.0	60,700.0	60,700.0	-9.0	0.0
7. Blood collection services	199,436.3	200,009.0	211,300.0	5.9	5.6
<i>Ministry of Healthcare of the Republic of Armenia</i>	199,436.3	200,009.0	211,300.0	5.9	5.6
8. National Anti-Smoking Program on Environmental Protection			100,000.0		
<i>RA President's staff</i>			100,000.0		
Healthcare (not included in other categories), including	6,723,773.3	5,494,247.0	3,349,134.3	-47.2	-35.4
Healthcare-related services and programs, including	6,723,773.3	5,494,247.0	3,349,134.3	-47.2	-35.4
1 . Forensic and genetic services	340,000.0	315,000.0	330,861.6	-2.7	5.0

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
<i>Ministry of Healthcare of the Republic of Armenia</i>	340,000.0	315,000.0	330,861.6	-2.7	5.0
2. Pathoanatomical services	39,494.7	38,268.0	38,268.0	-3.1	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	39,494.7	38,268.0	38,268.0	-3.1	0.0
3. Reimbursing travel expenses of patients referred to treatment abroad	37,785.0	40,365.0	40,365.0	6.8	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	37,785.0	40,365.0	40,365.0	6.8	0.0
4. Almost inaccessible diagnostic testing	413,105.7	395,500.0	395,500.0	-4.3	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	413,105.7	395,500.0	395,500.0	-4.3	0.0
5. Methodological and expert services under drug policy	20,000.0	20,000.0	20,000.0	0.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	20,000.0	20,000.0	20,000.0	0.0	0.0
6. Prostheses and spinal support production for disabled children	94,000.0	81,811.0	81,811.0	-13.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	94,000.0	81,811.0	81,811.0	-13.0	0.0
7. Healthcare mass information services	68,307.7	80,000.0	80,000.0	17.1	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	68,307.7	80,000.0	80,000.0	17.1	0.0
8. Professional, consulting, organizational and methodological support services	45,977.4	40,000.0	40,000.0	-13.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	45,977.4	40,000.0	40,000.0	-13.0	0.0
9. Other medical services	15,000.0	15,000.0	15,000.0	0.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	15,000.0	15,000.0	15,000.0	0.0	0.0
10. Receipt, custom clearance and distribution of medicines and pharmaceutical products delivered within humanitarian assistance	40,000.0	40,000.0	40,000.0	0.0	0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	40,000.0	40,000.0	40,000.0	0.0	0.0
11. Anti-Tuberculosis National Program	40,000.0	57,159.3	92,000.0	130.0	61.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	40,000.0	57,159.3	92,000.0	130.0	61.0
12. Reimbursement of expenses on temporary referral of medical specialists to healthcare institutions in the regions of the RA		50,229.9	50,229.9		0.0
<i>Ministry of Healthcare of the Republic of Armenia</i>		50,229.9	50,229.9		0.0

Thousand AMD	2009 Actual Budget	2010 Approved Budget	2011 Draft Budget	2011 Draft Budget increase (decrease) percent	
				vs. 2009 Actual Budget	vs. 2010 Approved Budget
13. Supplying target allocations and subventions to communal budgets	39,642.6			-100.0	
<i>Governor's office of Lori region of the Republic of Armenia</i>	39,642.6			-100.0	
14. Capital repair of healthcare institutions	307,467.5			-100.0	
<i>Ministry of Healthcare of the Republic of Armenia</i>	183,341.2			-100.0	
<i>Governor's office of Vayots Dzor region of the Republic of Armenia</i>	124,126.3			-100.0	
15. Health System Modernization Project supported by the World Bank	1,386,570.7	183,583.3		-100.0	-100.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	1,386,570.7	183,583.3		-100.0	-100.0
16. Second Health System Modernization Project supported by the World Bank	3,274,866.8	3,859,926.9	2,238,565.1	-31.6	-42.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	3,274,866.8	3,859,926.9	2,238,565.1	-31.6	-42.0
17. Japanese Grant within Health System Modernization World Bank Project	36,813.2	12,249.2		-100.0	-100.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	36,813.2	12,249.2		-100.0	-100.0
18. Third Social Investment Fund Project in Armenian supported by the World Bank	89,490.3	70,326.6	86,533.7	-3.3	23.0
<i>RA Government Staff</i>	89,490.3	70,326.6	86,533.7	-3.3	23.0
19. World bank Program for Avian Influenza Control	59,462.0	160,398.8		-100.0	-100.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	59,462.0	160,398.8		-100.0	-100.0
20. Japanese Grant, World bank Program for Avian Influenza Control	22,460.8	34,429.0		-100.0	-100.0
<i>Ministry of Healthcare of the Republic of Armenia</i>	22,460.8	34,429.0		-100.0	-100.0
21. Japan Grant Project co-financing the World bank Program for Avian Influenza Control	353,329.0			-100.0	
<i>Ministry of Healthcare of the Republic of Armenia</i>	353,329.0			-100.0	