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Assessing the Vulnerability of Armenian Temporary Labor Migrants during the COVID-19 pandemic

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Assessing the Vulnerability of Armenian Temporary Labor Migrants during the COVID-19 pandemic

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Abstract

This paper attempts to assess the vulnerability of Armenian temporary international labor migrants and their families to the labor market challenges posed by the COVID-19 outbreak. We estimate that about fifty percent of temporary labor migrants might have been unable to leave for Russia owing to travel restrictions. Many Armenian migrants in Russia are likely to lose jobs because of some halts in construction activities. Prospective migrants who were unable to leave Armenia are more likely to be jobless based on the employment status they had prior to departing for Russia. This would result in reducing remittances and exposing remittance-dependent households to precarious situations. Targeted policies to address this new vulnerable group are called for.

JEL Codes: E24, F22, F24, I15, J61, J64, K37, O15, R23

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1. Introduction

Armenia is being hit hard by the COVID-19 pandemic crisis and the movement restriction measures adopted by the government to contain the spread of the virus. The national state of emergency was declared on March 16, 2020 to April 14, 2020 then extended to July 13, 2020. A nation-wide lockdown was imposed: non-essential business activities had to temporarily closed down, telework was encouraged, schools closed, travel restrictions and mandatory self-isolation of everyone in their place of residence were adopted to prevent the spread of the virus, affecting the economy, firms and people. These restrictions applied to both citizens of Armenia, as well as foreign nationals. Armenia has suspended entry into the country of most foreign nationals who arrive from areas of high risk of COVID-19 infection, including several European countries.

As other emerging and developing countries, Armenia faces downside economic risks from the COVID-19 crisis, reflecting its exposure to global trade through goods exports and remittances resulting from international labor migration, and impact of movement restrictions to control the spread of COVID-19. While it is unclear how much of the losses associated with the COVID-19 crisis is likely to be permanent or temporary, the Armenian government's policy actions would temper the depth and length of the effects. Nevertheless, the near-term outlook has significantly weakened, with growth expected to decline to minus 1½ percent in 2020, with the fiscal and the current account deficits widening considerably this year (IMF 2020). Growth is expected to contract further according to World Bank estimates, by 2.8 percent in 2020. Economic contraction will tip additional 234,000 people into poverty: poverty² could increase between 2.2 to 5.2 percentage points in Armenia (Fuchs et al, 2020), while further downside remains as growth prospects worsen globally.³ Importantly, the distributional impact of income losses due to COVID-19 is expected to be regressive, with lower-income households – where most Armenian migrants come from - facing higher relative losses (*ibid*).

Beyond the immediate and direct impacts on the public health system, the crisis caused massive disruptions in the society: shrinking demand, firms' closures, job losses, reduced labor income due to reduced worked hours, with adverse effects on households' wellbeing and livelihoods, forcing people to cut on basic needs, including food, health and social expenses (UNDP pilot post-COVID assessment in Berd and Vagharshapat).

Unemployment data provides emerging evidence of stark impacts of the COVID-19 crisis. During the first four months of 2020, the unemployed population increased by 5 percentage points, wiping up part of the employment gains of 2019 (ARMSTAT)⁴. Dents in the labor market could also take form of shorter working hours and furloughs as seen globally. It is expected that the COVID_19 crisis will affect mostly the service and construction sectors. Most jobs in Armenia are in agriculture (30 percent), while the service sector accounts for 53 percent of jobs and industry for 17 percent of jobs. Jobs that are more at higher risk of being affected by restrictions adopted to contain the COVID-19 are in trade (representing 12% of total jobs), transportation (4%) and tourism (2%).

² Defined by the lower-middle income class poverty line of USD 3.20 (in PPP terms).

³ Microsimulations assume a 30 percent reduction in wage income for jobs in the service sector and 20 percent in industry, a 30 percent probability of jobs losses in the service sector and 10 percent industry and a 30 percent reduction in remittance inflows (Fuchs et al., 2020).

⁴ The unemployment rate in Armenia fell by almost 3 percentage points, from 20.8 in the last quarter of 2018 to 17.9 in the last quarter of 2019 based on the Labor Force Survey, ARMSTAT.

Armenian labor migrants and their families are likely to emerge as a vulnerable group during the COVID-19 crisis, but the government is yet to formulate support measures specifically targeted to this group. Recent migration is primarily seasonal labor migration and provide employment opportunities, as seasonal labor migration is primarily motivated by difficulties with finding work in Armenia (Honorati et al., 2019a). Many temporary migrants (travelling primarily to Russia) might have been unable to leave for destination countries during the crisis and could fall back into a jobless situation; those in destination countries face health risks as well as high risks of losing jobs; and some could be in a trapped situation owing to border closures in destination countries. These would result in the loss of income of migrant households and could put remittance-dependent households (especially in rural areas) at downside risk.

This paper attempts to assess the vulnerability of Armenian temporary international labor migrants and their families to the labor market challenges posed by the COVID-19 outbreak, which would support the government to develop better targeted support policies. The paper uses the two latest household survey dataset containing information on Armenian migrants – Armenia Integrated Living Conditions Survey 2018 (ILCS) by the National Statistical Service of Armenia and Migrant Household Survey 2015-17 conducted by the Russian-Armenian University (RAU 2018). It looks into the profiles of Armenian labor migrants (length and times of departure, occupations and skills) to assess their likelihood to lose jobs at destination and to be unemployed in Armenia (for those who could not leave) during this pandemic. The findings help formulate the policy recommendations on relief and recovery measures targeted to labor migrants who are likely to have either lost their jobs in their destination countries due to widespread lockdowns or who were unable to leave for destination countries owing to contagion measures put in place (e.g., travel restrictions).

The paper is organized as follows. Section 2 paints the overall landscape of temporary labor migration in Armenia. Section 3 discusses challenges temporary migrants are likely to face due to the pandemic. Section 4 assesses the potential vulnerability of Armenian temporary migrants in Russia. Section 5 delves into possible employment effects of the crisis on migrants who were unable to depart for Russia. Section 6 investigates vulnerability of migrant households during the COVID-19 outbreak. Section 7 concludes with policy recommendations.

2. International migration landscape

International migration has been an integral part of employment options for Armenians. Nearly half of temporary migrants chose the migration option because of not being able to find work in Armenia, according to the RAU survey data. At the same time, foreign opportunities appear to weaken the unemployed' efforts to seek employment: approximately 40 percent of inactive males were not looking for work because they had just come back from a migrant period abroad or will leave again shortly (Honorati et al., 2019b).

Migrants earn more abroad than their counterparts in Armenia. About one third of them migrate to find better paid work. Indeed, employed migrants earn more than their counterparts in Armenia – earning nearly double the amount: migrants' average monthly wages were USD 500 versus less than USD 250 earned by their counterparts employed in Armenia (Honorati et al., 2019a). The expectation of a wage

differential between Armenia and destination countries continues to motivate youth to migrate, especially those in the capital, Yerevan.

Migrants and their households choose foreign employment with the explicit intention of supporting the families the migrants leave behind through remittances. Remittances resulting from migration is a vital part of the Armenian economy, totaling US\$1.5 billion in 2019 (roughly 11.4 percent of its GDP). Most of current migrants in the RAU survey data reported that they financially support their family members in Armenia and most of their households find remittances important for their financial situation, as remittances support their food and clothes consumption and pay for medical needs and thus contribute to reducing poverty incidences (Honorati et al., 2019a).

Armenian migrants, and their families, are likely to experience severe economic losses due to the COVID-19 outbreak. Unlike the permanent migration flows in the 1990's, most recent outmigration in Armenia is primarily temporary labor migration to Russia (accounting for more than 95 percent of temporary overseas labor migrants), European Union countries (EU) and the United States (US). All these major destination countries closed their borders to international travels exactly during the period when most seasonal labor migrants usually leave (between early March and June). Due to the travel bans posed by Russia and other destination countries, as well as Armenia, many seasonal labor migrants could not travel and stayed in Armenia, as seen in other migration-dependent countries in the region (Tajikistan, Uzbekistan and Kyrgyz Republic). In Uzbekistan, for instance, in April, the share of households with members currently abroad fell by 22 percent in comparison the same period in 2019, according to Listen to Citizen of Uzbekistan survey data (World Bank, 2020c). Furthermore, Armenian migrants in Russia would face job loss, as evidenced by Uzbek migrants: many Uzbek seasonal migrants have lost their jobs and returned home and, among those still abroad, active employment fell by 18 percent in April (from 88 to about 73 percent of migrants) (*ibid*).

Migrants appear to have been disproportionately affected by the COVID-19 outbreak as their jobs tend to require face-to-face interactions and in businesses subject to mandatory closure. It was estimated that more than half of all jobs in the EU (58 percent) are in sectors considered essential and 35 percent of all jobs can be done at home. Jobs in non-essential sectors (as per government mandatory restrictions) and requiring intense face-to-face interactions are at highest risk of being lost. About 59 million jobs are at risk of displacement in the short term due to COVID-19, accounting for 26 percent of total jobs in EU-27 (Smit et al., 2020). Poorer and lower educated workers as well as migrants suffer the highest vulnerability (Garrote-Sanchez et al 2020). Migrant workers in the US are overrepresented in essential sectors and in sectors that were hardest hit such as hospitality and tourism (Gelatt 2020). By April 2020, male migrants in the US had lower employment rates than natives because they were less likely to work in remote/work-from-home jobs (Borjas and Cassidy 2020).

There is no concrete evidence, thus far, on the COVID-19 crisis impacts on Armenian migrants (to our knowledge). A vulnerability assessment is underway with support from UNICEF and World Bank which would shed light on the immediate and short-term effects on households, especially at the different household type - households depending on remittances, temporary labor migration, refugees and asylum seekers⁵. Furthermore, upcoming findings from the World Bank's Enterprise Survey follow-up are expected to further highlight the repercussions of the COVID-19 crisis.

⁵ The UNDP Socio-Economic Impact Assessment underway may not identify Armenian households with migrants.

While all Armenians are eligible to the crisis support packages introduced by the government, no specific policy was designed to support Armenian migrants, especially for those who could not travel for their seasonal jobs, those returned prematurely owing to adverse effects of the health crisis, such as job loss in Russia, and immigrants in Armenia. In response to the COVID pandemic crisis, the Government announced AMD 150 billion (about USD 300 million) policy measures including support for small and medium enterprises (SMEs), low interest rate loans to firms, support to the agriculture sector and social assistance/protection packages⁶. Its policy actions have been expanding as the COVID-19 infection rates escalate. The numerous social packages target beneficiaries beyond the beneficiary group typically covered by Armenia's social assistance programs. The emergency social packages provide one-time cash transfers to families with children, laid-off workers, and workers in hard-hit sectors, as well as child supports and utility subsidies to households with low gas and electricity consumption. They also include top-up support to existing beneficiaries of the Family Benefit Program, Armenia's flagship safety net program targeted to poor and socially vulnerable households (see Annex 1 for further details on the emergency social support packages). In addition, at the end of April 2020, the labor code was amended with provisional procedures to address a changing working environment during the lockdown, including the following: possibility to organize remote/telework, provision of paid annual and sick leave, more flexibility for part time work (especially for parents of school age children) and reduced working hours, suspension of contract termination during the lockdown period.

Recognizing the travel challenges that circular labor migrants face and the fact that many Armenian migrants could not leave as planned and some returned from Russia, the government adopted a 15th support package at the end of on April 30, 2020 to absorb the increased domestic labor supply from Armenian circular migrants. The 15th package provides temporary employment opportunities (public works) while tackling environmental issues through the reforestation program protecting the riverbanks from erosion and floods. The public works will be organized by three main counterparts - the *Hayantar State Non-commercial Organization, Foundation for the Preservation of Wildlife and Cultural Assets (FPWC) and Armenia Tree Project* through provision of employment opportunity for about 1,000 individuals (as it was stated by the PM), a small fraction compared to some 15,000 returnees from Russia during the first quarter of 2020.

Armenia has been seeing rising inflows of immigrants from neighboring countries including the Syrian Arab Republic is increasing, owing to positive economic prospects in Armenia (Honorati et al 2019b), and these immigrants in Armenia⁷ immigrants in Armenia are disproportionately affected by the crisis, according to preliminary findings from an IOM rapid needs assessment of COVID-19 related vulnerabilities. Interviews were conducted with students, migrant workers and asylum seekers from mostly India, Iran and Iraq. Challenges included the loss of income as the majority of them are engaged in the hospitality sector, one of the most affected with the state of emergency and COVID19 in Armenia. Due to income loss, some families have not been able to pay for rent and reception shelters were overcrowded. Language classes organized by the Migration Service under the Ministry of Territorial Administration and Infrastructures (MTAI) were interrupted over the emergency situation, hence adding

⁶ Based on the initial announcement, out of total AMD 150 billion support package AMD 25 billion (USD 50 million) was invested for business stimulus, AMD 25 billion for a social package, AMD 80 billion for overall support to reorganize the economy, and AMD 20 billion reserve fund. As of June 17, 21 packages have been approved: 9 economic and 12 social support packages. [https://www.gov.am/en/covid-19-cragrer./](https://www.gov.am/en/covid-19-cragrer/)

⁷ In Armenia it is estimated that there are currently about 14,000 refugees and displaced people from Syrian (UNHCR).

a barrier. Finally traveling back to their countries has been challenging especially for students. In principle, people legally residing in Armenia are entitled to social protection benefits and services, including the emergency benefits under the social packages. In practice, however, most of them do not have access to social benefits and services due to lack of required documentation, limited flexibility in an administration system (e.g., not recognizing foreign birth certificates) and language barriers. Statistics on the social protection coverage by migration status are neither monitored nor available.

3. Challenges international labor migrants face resulting from the COVID outbreak

Temporary labor migration is the more prevalent type of migration in Armenia: more than 52% of international migrants and more than 64% of returnees leave Armenia for seasonal jobs (RAU 2018). Search for better jobs opportunities is the main push factor for international migrants, especially among low educated Armenians, while better educated migrants often emigrate for other reasons, further study, family reunion.

The Russian Federation is the main country of destination for Armenian migrant workers. About 95 percent of temporary migrants go to the Russian Federation, mostly for temporary jobs. Those who are going to EU, USA or Canada, tend to be for permanent residence and to study⁸. Several reasons explain why this Russia corridor has been the main one in the past decades, including the visa free regime, the solid migrant networks, low transportation costs and Armenians’ knowledge of the Russian language, all of which contribute to reduce the overall migration cost.

Border crossings declined sharply during the first three month of 2020. The number of exits through the Armenian border crossing points in the period between January and March 2020 decreased by 21 percent among Armenian nationals and by 13 percent in total with respect to the previous year (Table 1). Similarly, inflows decreased by 17 percent overall, more than half of these inflows were Armenian repatriating.

Table 1. Number of entries and exits through Armenian borders (January-March, 2020)

Border Crossing Points	Inflow		Outflow	
	Total	Including with RA documents	Total	Including with RA documents
2020	615,020	346,625	626,772	328,016
2019	719,531	420,065	722,994	417,539
2018	683,759	387,477	684,336	390,172

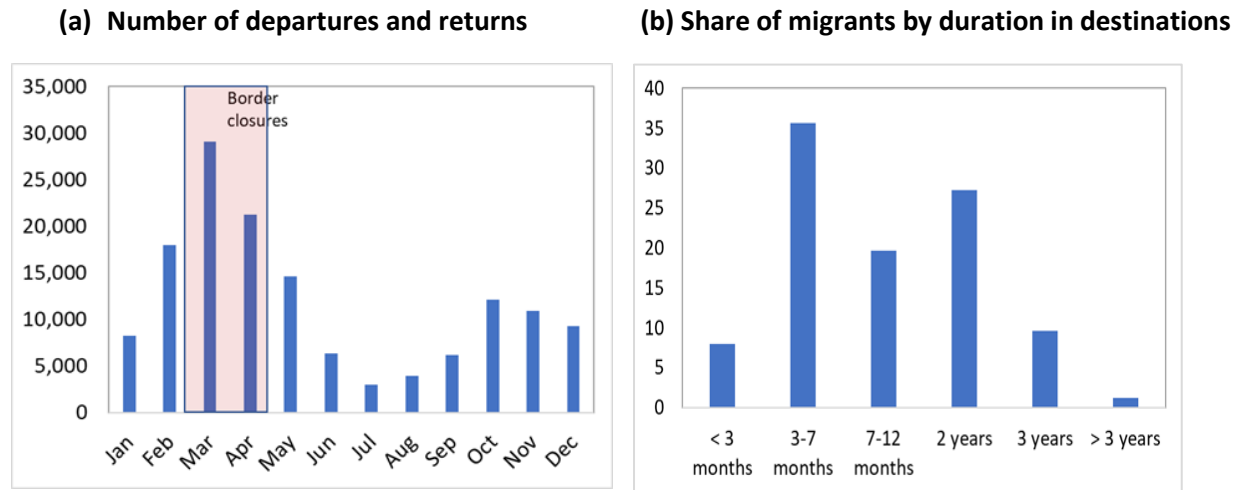
Source: ARMSTAT.

Armenian labor migrants’ inability to travel may explain the decline. Temporary migrants’ movements (departure and return) in general peak in March, followed by April of a year (Figure 1.a.). It is estimated that about 50 percent of temporary international migrants leave between March and June for their seasonal jobs (ILCS 2018). A third of them return home after 3-7 months of stay (Figure 1.b). The departure timeline corresponds with the period when most travel restrictions have taken effect. It is then quite plausible that many of these migrants were unable to leave for destinations as the Armenian authorities imposed travel restrictions in mid-March and Russia banned the entire air travel on March 18 (and still in effect at the time of writing). Furthermore, border closures in both countries might have created a

⁸ Still close to 80 percent of permanent migrants go to Russia.

situation where Armenian migrants who completed their employment or were laid-off owing to shrinking demand are unable to return to Armenia, as seen in other countries. To ensure these migrants' livelihood, Qatar and the United Arab Emirates, for instance, provided them with free food and shelter until they were able to depart for home countries.

Figure 1. International labor migrant mobility



Source: ILCS 2018.

Source: RAU 2018.

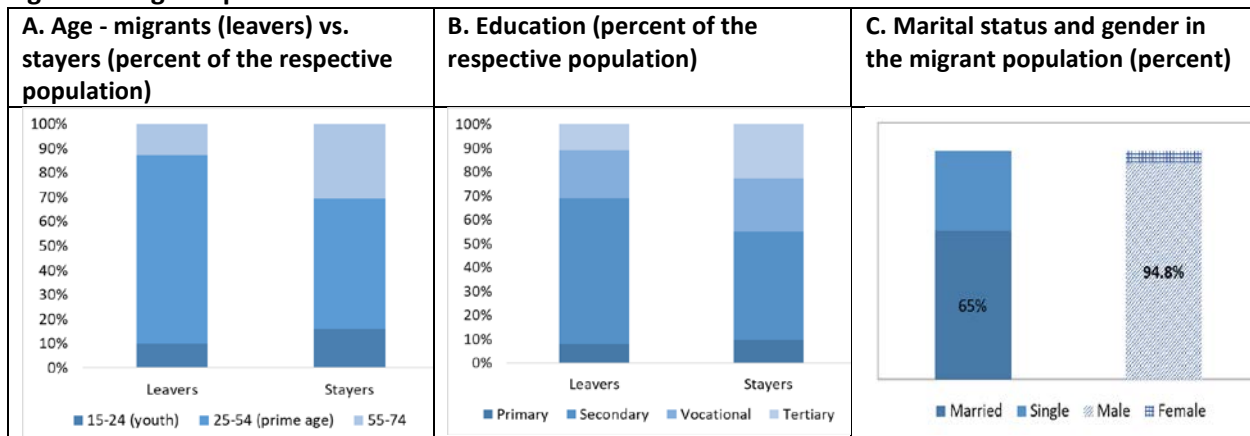
No-departure of migrants could bear implications for the domestic job market, as international migrants tend to be of prime working age than stayers (Figure 2.a). Those in the 25-54 age group account for 77 percent in the migrant population, as opposed to 53 percent in the survey data of the Russian-Armenia University – taking up 75 percent. People would go abroad for work after completing their education and repeat seasonal labor migration for some time: a quarter of migrants had three or more seasonal migration episodes, according to a returnee survey (ETF, 2012).

Migrants are more likely to be low or semi-skilled – potentially with heightened job risks in both Armenia and in destination countries. Majority of them hold secondary education (Figure 2.b). This contrasts to population mobility within Armenia: more than half of internal migrants are with tertiary education (Honorati et al, 2019a). This might owe to the fact that students go to bigger cities to attend universities and remain in such places after completing their education, while international labor migrants move after completing their schooling. Low/ semi-skilled jobs have a less degree of work-from-home features, and are less mobile, than high-skilled ones and therefore tend to be more exposed to loss risks during the pandemic.

Most migrants are married, and their income loss could increase vulnerability of migrant households. Married migrants predominantly travel alone, leaving their spouses behind to take care of the children or other dependents (ETF, 2012). This may owe to the fact that migration is seasonal – for instance to buffer a drop-in income during lean agriculture seasons, or to respond to seasonal demand in construction and agriculture sectors in destination countries. Temporary labor migration without accompanying spouses and family members also owe to migration regimes of destination countries – i.e., not permitting family members to accompany temporary labor migrants.

Disruptions in seasonal migration – either no departure or no return - may increase gender disparities in Armenia, mostly among migrant households. Temporary labor migration in Armenia is male-dominated – nearly all migrants being males (Figure 2.c). Feminization in labor migration, as seen in South East Asian countries, is yet to take place in Armenia. While males work abroad, women take up tasks previously performed by their male partners, in addition to their existing responsibilities (Menjivar and Agadjanian, 2007). Some evidence suggests that women in migrant households are less likely to engage in wage employment but more likely to be self-employed, perhaps owing to an ease of credit constraints from remittances (e.g., in Egypt, Binzel and Assaad, 2009). In Armenia, women in general and mothers of children less than 12 years old whose husbands have been temporarily abroad for work have similar labor force participation rates than women whose husband are present in the household (Honorati et al. 2019b). In China, return migration does not appear to reverse these labor allocation changes (Démurger, 2015); in Georgia, on the other hand, females transfer the male tasks that they assumed during male migration, once males return (Torosyan et al., 2018). In case when male migrants have not been able to return after losing or ending their employment in destination countries – i.e., no further remittances, it could force women and other family members to substitute for the loss income from the migrants. It is unlikely that potential male migrants, who were unable to leave, would increase their burden sharing in household responsibilities, given that Armenia sees ‘the persistence of gender norms emphasizing women’s roles as mothers and household caretakers’ (World Bank, 2017b, p. 2).

Figure 2. Migrant profiles



Source. ILCS 2018.

When back home earlier than planned, furthermore, returnees face several challenges including limited employment opportunities, foregone foreign income, debts accumulated to finance migration costs that would have been paid with higher incomes earned at the destination.

Despite these challenges, the emergency social packages approved in response to the crisis are not designed to target income support to families with migrants. Migrant families with children less than 18 years old could receive income support through child subsidies designed for all families with children less than 18 years old. Migrants households are less likely to be eligible to the Family Benefit Program⁹ - “traditional” social protection support: Only 23 percent of beneficiary households have a household member temporarily abroad (ILCS 2018). By design of the program, they are less likely to be eligible, as

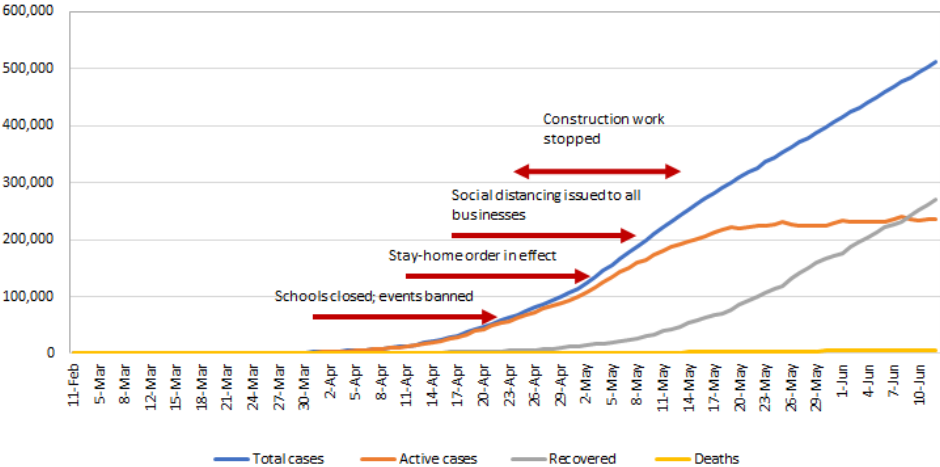
⁹ The Family Benefit program is the main social safety net program in the country targeted to extreme poor and socially vulnerable households.

the targeting formula used to determine eligibility assigns lower scores for every member absent from the households not for military service¹⁰. In addition, Armenian migrants would not be eligible to unemployment benefits and other earning-related social insurance benefits in Armenia.

4. Vulnerability of Armenian migrants in Russia

During the COVID-19 pandemic, Armenian workers in Russia are likely to be in precarious situations, as the Russian economy contracts. As of mid-June, Russia starts to experience, as other European countries, a decline in new COVID-19 cases and Moscow is easing containment measures amid strong economic blow from measures to control the spread of COVID-19 and from falling oil prices (see Figure 3 on the timeline of containment measures). Russia’ GDP fell by 12 percent during the first four months of 2020, compared to the same period of 2019 according to the Ministry of Economic Development. Its GDP growth is projected to fall by – 6 percent (World Bank, 2020a). While economic activities are resuming and people mobility returns to an early March level (Figure 4.a), activities in workplaces are yet to resume to the January level (based on people mobility in workplaces, Figure 4.b) and downside risks remain because of second or third waves of infections.

Figure 3. Number of COVID-19 cases in Russia and timeline of containment measures in Moscow

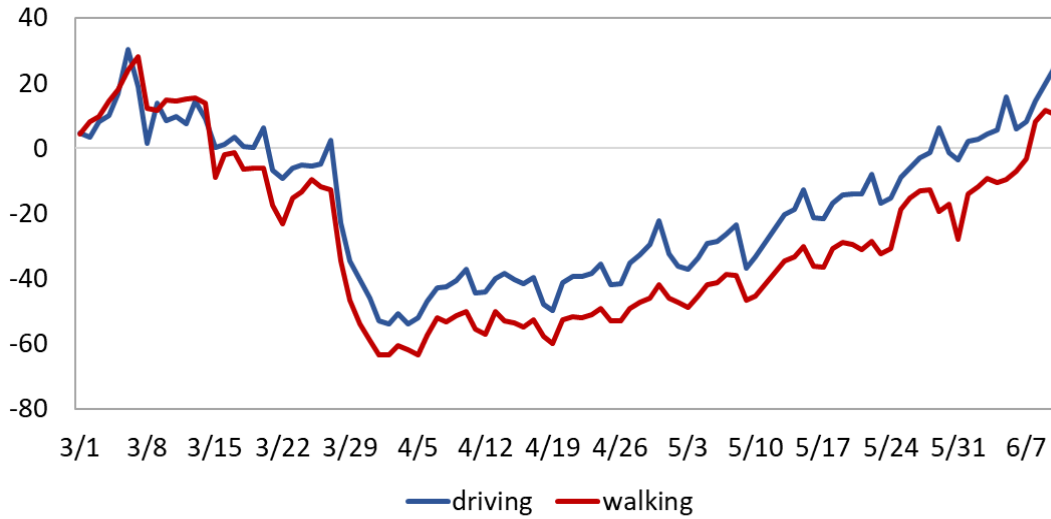


Source: Wikipedia. https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Russia#Statistics

¹⁰ The international migration literature suggests that, while migration occurs in lower income households, international labor migration is costly and therefore the bottom poor is less likely to be part of it, owing to their financial constraints.

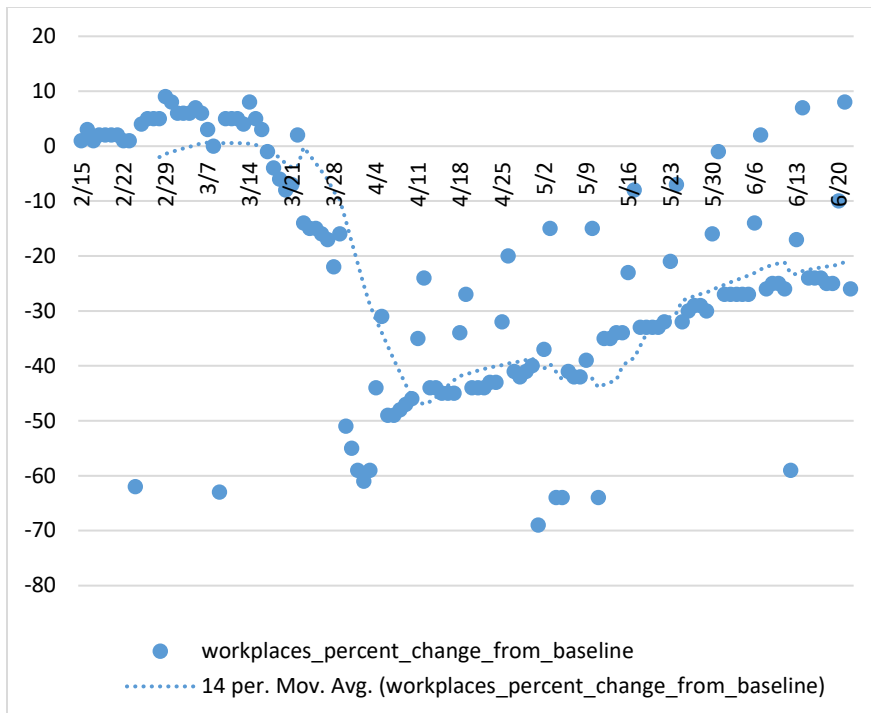
Figure 4: Russian People mobility in workplaces is yet to fully recover to the pre-COVID level

(a) In June people mobility has recovered to the early March level (percent change from January 13, 2020) ...



Source: Apple index.

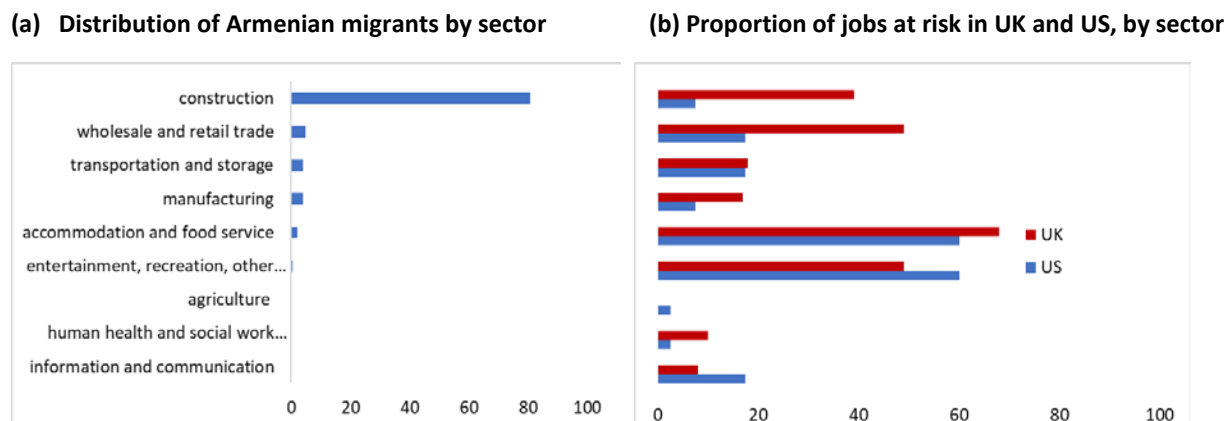
(b) ... but people mobility in workplaces is, on average, still below the January level (percent change from the January baseline)



Source: Google mobility index.

Armenian migrants in Russia could face substantial risks of losing jobs during this crisis, owing to disruptions in construction activities. As shown in Figure 5.a, eight out of ten Armenian migrants in Russia work in the construction sector. In Russia, projections of jobs at risk by sector is not available, to our knowledge. The Ministry of Economic Development, nonetheless, reports that construction is a hard-hit sector, together with personal services – for instance, a decline of taxi calls by 70 percent.¹¹ The dent in the construction sector may owe to the shutdown of construction and repair activities initially planned for a week in April in Moscow, then extended to May 12, 2020, except the construction of medical facilities, public transport and airports.¹² In the United Kingdom (UK), the construction sector is projected to receive a relatively hard hit – 39 percent of jobs at risk of displacement for COVID-19 containment measures (Allas et al, 2020; Figure 5.b). On the other hand, Chmura’s COVID-19 Economic Vulnerability Index reports that in the US, the construction sector is to be relatively insulated from risks of job loss (job loss risks ranging between 5 and 10 percent), unlike sectors requiring face-to-face interactions such as accommodation and food service (Figure 5.b). Using these two projections, we estimate that some 9-37 percent of Armenian migrants are likely to lose jobs during this pandemic, using the sectoral number of Armenian migrants in Russia obtained from ILCS 2018. Strong downside risk is plausible, considering that most Armenian construction workers in Russia are semi-skilled. In Europe, some 80 percent of jobs at risk are held by those who do not have university or higher education (Chinn et al, 2020).

Figure 5. Economic activities of Armenian migrants in Russia



Source: ILCS 2018; Chmura’s COVID-19 Economic Vulnerability Index for the US, Allas et al., 2020 for the UK (McKinsey Global Institute).

Returns of Armenians from Russia may shed light on the extent of job losses. Departures of Armenians from Russia were 15,572, an increase by 94.1 percent during the first quarter of 2020, compared to the same period in 2019 (according to Russia Social-Economic condition statistics of April 2020). According to a sample survey study carried out by the Institute of Applied Economic Research (RANEPa) of Russia, more than half of migrants in Moscow lost jobs or furloughed, and a third lost their livelihoods. Only one in ten

¹¹ Overall the unemployment level jumped in Russia: the number of registered unemployed people spiking by 59.2 percent in April, compared to March (or a drop by 79 percent compared to April 2019); and it is expected to increase yet again by 46 percent in May, compared to April, according to the Ministry of Economic Development.

¹² <https://www.rbc.ru/economics/20/04/2020/5e99977a9a79476eebb62cd5> (in Russian). In Russia, the decisions on shutdown of construction and repair activities are delegated to regions as well as other key responsibilities related to COVID response. Responses varied by region. According to anecdotal evidence, around 41 regions (about half of the regions) have not introduced any limitations on construction, while the other half did introduce limitations of various forms and scope.

reported no change in financial situations during the COVID-19 crisis, according to RANERA. The lack of written employment contracts may increase the likelihood to lose jobs: many of Armenian migrants do not have a written employment contract which would be a means to project labor (Figure 6).

Figure 6. Armenian migrants in Russia are vulnerable during economic downturns (percent of the current Armenian migrant sample in Russia. Scale – zero (starting at the center) to 100 percent)



Source: RAU 2018 survey dataset.

Furthermore, migrants would face greater risks of being infected by the virus, owing to their over-crowded accommodations. Migrant construction workers commonly stay in dormitories or hostels which tend to be over-crowded and thus self-isolation, quarantine, and social distancing would become challenging. Singapore saw that over-crowded migrant worker housings becoming epicenters of virus infections. As shown in Figure 6, only 16 percent of current Armenian migrants live in their own housing or in relatives' or acquaintances' homes¹³, and majority of them live in a rental housing or rented rooms. These rental housing would pose an additional risk of being evicted, owing to loss of income. Taking this precarious situation of migrant workers, in UAE, the government suspended rental property eviction cases. A similar measure was put in place by Spain as well for vulnerable groups including migrants.

Migrants are exposed to infection risks while sending money home. As many other labor migrants do, Armenian migrants in Russia opt money transfer operators (MTOs) to send their earnings to family members in Armenia¹⁴. Access points for transfer transactions are MTO agents, which require person-to-

¹³ It should be noted that these housings could be also crowded.

¹⁴ Armenian banks and payment institutions act as an agent network for the international money remittance systems (total 10 systems, including Moneygram, Unistream, etc.) and Armenian money remittance systems (ConverseTransfer and Telcell transfer). In order to reduce the cost of money transfers, strengthen financial stability and provide better risk management, the Central Bank of Armenia has decided to create the centralized system "STAK" for the clearing of remittances (domestic and international) with the settlement happening in the central bank money. Participants in the "STAK" will comprise all Armenian banks and payment institutions, international MTOs, foreign financial institutions, as well as local MTOs. The development of "STAK" has reached

person interactions. In order to reduce health risks during remittance transactions, Qatar, for instance, mandated all remittance transactions to be an online-based service and companies to educate migrant workers on how to use such online service (Moroz et al., 2020). MTOs in Russia offer a low-cost service to send money to Armenia¹⁵. Nevertheless, UN agencies calls for zero remittance cost for labor migrants during the pandemic, to support their livelihoods.¹⁶

Armenians who lost jobs due to COVID-19 are likely to have little social protection in Russia. First, given that about 10 percent of current Armenian migrants registered their activities (Figure 6), it is very unlikely that unemployed Armenians would be eligible for the Russian subnational (regional) government's emergency support programs for the self-employed or unemployment benefits. Second, as being foreigners, they would be ineligible for other livelihood measures the Russian government has introduced, such as public works and targeted transfers. To support migrants' employment, the Russian government issued that foreigners can be hired without patents, do not need to pay for patents that are already issued, and move to another region to search for work¹⁷. But it is unclear, to what extent, these measures have assisted those laid-off migrants. Third, many Armenian migrants do not have health insurance (Figure 6); by law, they have access to COVID-19 testing and treatment, but RANEPА finds that migrants do not often receive medical service, suggesting limited access to COVID-testing and treatment facilities, de facto.

Furthermore, migrants are also at risk of being trapped by travel restrictions put in place by both Russia and Armenia. In other words, they lost jobs or completed their employment terms, but have been unable to leave Russia as borders are closed. While Russia permitted that foreigners have the right to remain in Russia until June 15, irrespective of the duration of their permits, these migrants may have insufficient financial capacity to support their shelter and food, without jobs, given that they have remitted a large sum of their earnings to family members in Armenia. To mitigate this vulnerability, Qatar, for instance, provide free shelter and food to labor migrants in such a situation from the government's budgets, until travel situations get resolved.

Unemployed Armenian workers may not benefit from an increase in new recruitments in Russia. The economy has been seeing a sharp uptick in new recruitments by firms. Most of these companies, including large multinational ones, are in the e-commerce industry or related to the consumption of goods and services which takes place on-line. Other growing sectors include food delivery and IT-related companies that serve internet traffic and work with big data, according to the Ministry of Economic Development¹⁸, as the new normalcy under COVID-19 generates forces to increase the efficiency of flexible and remote work (employment), through a greater use of digital technologies. However, these are not economic sectors where Armenian migrants are currently engaged in. Currently, Armenian migrants have nearly zero presence in the information related sector in Russia, and their education level tends to be biased toward semi/low-skilled. As Figure 6 shows, less than half of Armenian migrants use an internet-based means to communicate with their family members in Armenia. Therefore, upskilling and reskilling of migrant workers might be warranted to benefit from this emerging labor reallocation force.

an advanced stage, where the vendor has been onboarded, and connection tests between the system and banks, as well as domestic and international MTOs have been conducted

¹⁵ World Bank Remittance Prices Worldwide reports that the cost to remit USD 200 from Russia to Armenia is 1.7 percent of the transaction amount, as of the first quarter of 2020, which remains below the 3 percent target under the Sustainable Development Goals.

¹⁶ Accessed at <https://eurasia.expert/denezhnye-perevody-migrantov-mogut-stat-besplatnymi/>

¹⁷ This measure has been extended to September 15, 2020.

¹⁸ Accessed at <http://politcom.ru/23832.html>.

5. Employment of international migrants and returnees in Armenia

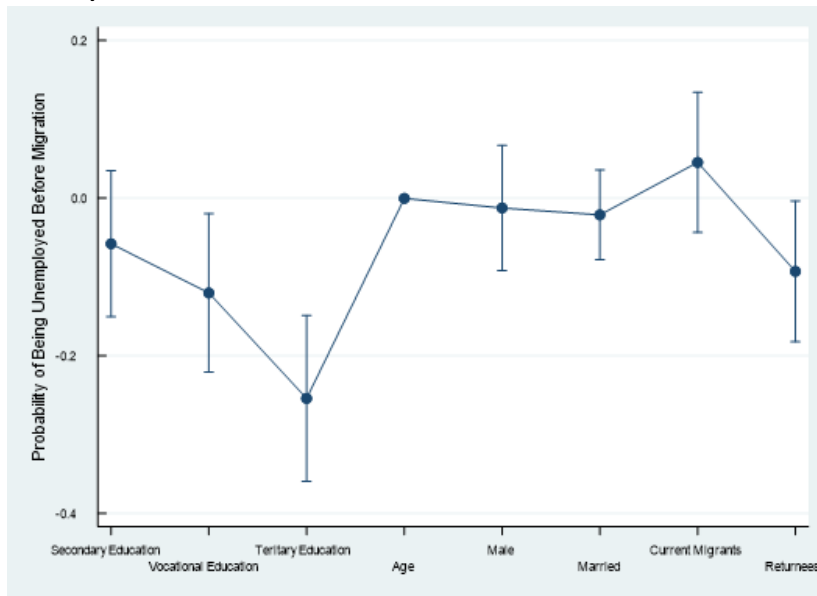
Owing to travel restrictions in both Armenia and Russia in place, it is quite plausible that many migrants were unable to depart for Russia as planned. Russia's socio-economic condition statistics report that arrivals of Armenians dropped by 11.7 percent during the first quarter of 2020, compared to the same period of 2019. As most migrants make about 3 trips to seek overseas employment, on average (3.5 times for migrants in rural areas according to RAU survey data), it is possible that those prospective migrants would plan to depart for Russia on a later date of this year. However, the no-departure risks remain, as the duration of COVID-19 risks is uncertain and labor reallocations from face-to-face services to digital ones take place.

This situation poses a question on what those prospective migrants who were unable to leave would do in terms of employment. The RAU survey dataset (2018) lends a possibility to estimate the likelihood for current migrants to be unemployed in Armenia. Specifically, the dataset has a variable that informs what employment status current migrants had prior to departing for their destination countries. Using this dataset, we estimate the likelihood of the prospective migrant group to be unemployed in Armenia as well as returnees. The sample includes all individuals with age 15 – 63 years and identifies current migrants and returnees with a binary variable (see Annex 2 for the methodology and full regression results).

Results suggest that those migrants who were unable to leave are more likely to be jobless and may face difficulties with finding employment opportunities, as Armenia's economic activities are hampered by the pandemic. Figure 7 shows, before leaving abroad, migrants were more likely to be unemployed in Armenia than non-migrants. Thus, it could further exacerbate already-high unemployment rates. It should be noted that the 'employment status' of migrants before migrating could be endogenous to the decision to migrate: migrants could have intentionally remained jobless with expectations/ plans to leave for foreign employment. In fact, temporary labor migration represents the main reason of inactivity among males (Honorati et al., 2019b).

On the other hand, returnees are less likely to be unemployed. The data shows that about 30 percent of returnees who had been unemployed prior to leaving for overseas employment are employed after returning. Nevertheless, the migration literature is inconclusive on effects of migration experience on returnees' employment outcomes. It is commonly found that returnees are more likely to be self-employed than non-migrants, capitalizing on the work experience, knowledge/ information, savings, and networks gained abroad (e.g., in Egypt – Wahba, 2015). As a result, many countries have policies in place to boost entrepreneurship of returnees. On the other hand, others find that self-employment serves as a 'parking lot' – a temporary occupation choice (e.g., in Kyrgyz Republic – Bruck et al, 2018), casting doubts on the common belief that returnees promote entrepreneurship. Other factors that influence the likelihood to be unemployed include marital status – married (-), and education level – the higher education attainment, the less likely to be unemployed (Figure 7).

Figure 7. Current migrants are more likely to be unemployed prior to leaving Armenia (marginal effects)



Source: Authors' estimation, using RAU survey data 2015-17.

6. COVID 19 exacerbating vulnerability of Armenian migrant households

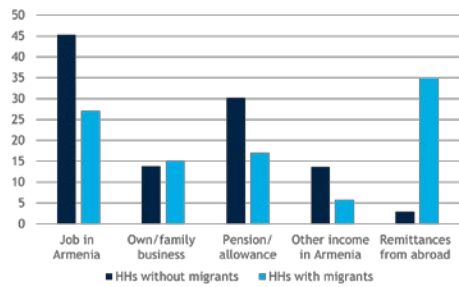
A decrease in labor migration could worsen the welfare of migrant households and the domestic economy. Remittance inflows were estimated at \$1.5 billion (or 11.4 percent of GDP) in 2019, according to World Bank. These flows to the Europe and Central Asia region are projected to fall sharply, by about 28 percent, owing to the combined effect of the pandemic and nose-diving oil prices (World Bank, 2020b). The effect is expected to be felt sharp for Armenia, owing to its high dependence on remittances from Russia. The Kyrgyz Republic saw remittances falling by 9 percent in the first two months of 2020, compared with the same period of 2019 (*ibid*).

Lower remittance inflows can generate a sudden income shock in migrant households and could make substantial impacts on poverty. The effects would be exacerbated if migrant household members in Armenia lost jobs due to COVID-19 crisis. Foreign earnings account for more than one-third of household income in migrant households (Figure 8.a). Remittances support households' basic needs as well as health and education expenditures (Figure 8.b). A fall in remittances thus could increase poverty among Armenians, as well as depress wages through falling consumption demand¹⁹. As shown in Table 2 below, migrant households have, on average, more dependents than non-migrant households. A 50-percent drop in remittances could increase poverty rate in poor households by 1.3 percentage points and moderately poor households by 1.1. percentage points (Fuchs et al., 2020).

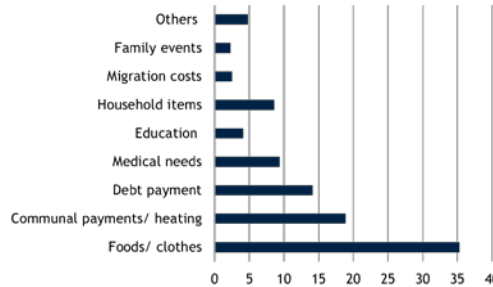
Figure 8. Remittances account for more than a third of households' income (percent)

¹⁹ Given its importance in the economy (accounting for some 11 percent of GDP in 2019), a sharp contraction in remittances is likely to bear broader macroeconomic implications, such as real exchange rates and current account balance, but this note refrain from delving into it, as the note is at the micro level - at the migrant and their household level.

(a) supplement income in migrant HHs



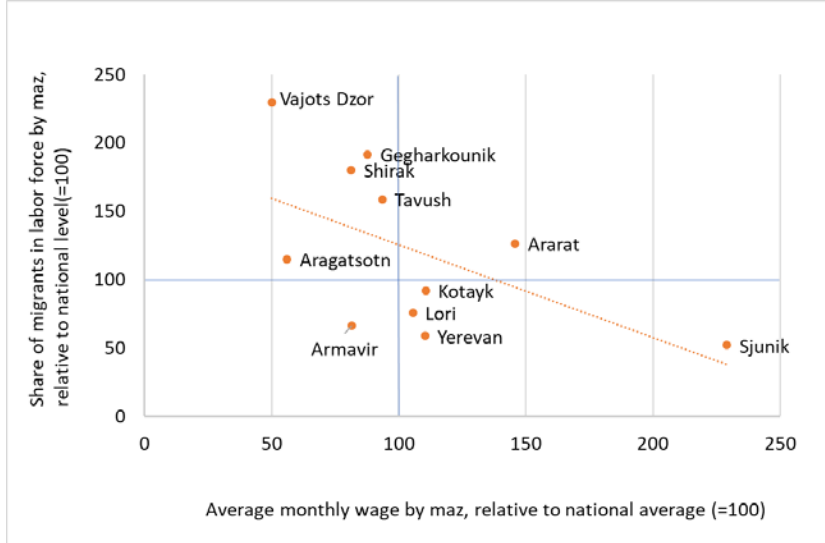
(b) ...and finance consumption of basic needs and health



Source: RAU survey data (2018).

The impacts of the COVID_19 have the potential to worsen pre-existing inequalities. As Figure 9 shows, poorer marzes, proxied by an average wage by marz, send more overseas migrants, proportionate to regional population. Migrants go abroad to make higher income than in Armenia – indeed earning higher wages than their counterparts in Armenia (Honorati et al 2019a). Remittance-dependent households tend to be in rural areas and agricultural households (OECD, 2018), and remittances contribute to boosting aggregate demand in rural households (World Bank, 2017). Therefore, a decline in remittance inflows could contract economic activities in poorer regions and rural areas, potentially resulting in widening income gaps across regions, and between rural and urban areas.

Figure 9. Migrants are proportionately more from poorer regions



Source: RAU survey data (2018); AMS. Wages in April 2020.

It is unclear how a decrease in labor migration would influence labor force participation rates of migrant households. Earlier studies suggest that inflows of remittances reduce labor participation of migrant households (OECD, 2018); at the same time OECD (2018) suggest that women left behind compensate the absence of a male household member (who migrated) with their labor, especially in the event of no remittances. Honorati et al (2019a) find from RAU survey data that in fact, having a migrant as a member of the household is likely to raise the probability for labor force participation by other household members.

Nevertheless, it is quite plausible that a dip in labor migration would increase unemployment rates in migrant households. As shown in Table 2, in 2018 (a year with a 5.2 percent GDP growth rate), migrant households have lower employment rate, held the lower number of permanent jobs, worked less hours, had more long-term unemployed members than non-migrant households. With worsening economic prospects and contracting remittances and outmigration in 2020, the situation is likely to deteriorate. Furthermore, migrant households could be less prepared for remote works, as evidenced by ‘computer at home’ in Table 2. If employment activities of other household members owe to the fact that remittances have eased financing constraints in the households (such as help to set up a micro business), lower remittance inflows could undo these employment activities. In addition, migrant households are more likely to be rural, and hence, more likely to have fewer employment prospects.

Table 2. Migrants households have more dependent, less technology penetration and weaker employment outcomes than non-migrant households

	Average number of non-active dependents	% of having computer at home	Employment rate	% of having a permanent job	Hours worked	Long-term unemployment	% of not looking for jobs because of plan to migrate
Non-migrant HHs	6	63.1	89.9	83.4	38.6	4.1	1.5
Migrants HHs	7	52.9	86.9	77.7	31.0	8.1	17.8

Source: ILCS 2018.

7. Potential Policy Responses to the COVID-19 outbreak in Support of Migrant Workers

Armenian labor migrants face high risk of loss of employment and reduction in earnings due to the reduced volume of activities to comply with hygiene and social distancing requirements. First border closures prevented them from leaving to work abroad. Second, their jobs in destination countries, mainly in Russia, are at risk, as they prevalently engage in construction occupations which suffer from COVID-19 control measures – such as a halt of construction activities in Moscow, Russia. Third, their jobs abroad are mainly low/semi-skilled, which lends small possibilities for remote work/ telework arrangements during lockdown and travel restriction phases in Russia. Furthermore, it should be noted that Armenian migrants in Russia are likely to be exposed to COVID-19 infection risks owing to their overcrowded housing.

Unlike stayers in Armenia or natives in Russia, Armenia migrants have limited access to social safety nets, potentially worsening their livelihoods. The negative effects of job loss can be particularly significant for Armenian oversea labor migrants because they frequently work in informal jobs and lack safety nets in case of job loss or illness in destination countries. For those who could not leave and stayed in Armenia, the access to the emergency benefits introduced in the emergency social packages is not straightforward as these emergency benefits are not designed to target households with temporary migrants (members who are usually temporarily abroad). Only 16 percent of households with at-least one member temporarily abroad participate in the Family Benefit Program safety net and related means tested benefits. Furthermore, Armenian international temporary migrants often are not covered by health insurance, increasing their vulnerability should they become infected with COVID-19.

In the short-term, temporary labor migration may not be a viable option for Armenian seasonal migrants given the challenges to cope with the COVID-19 in Russia and other EU countries²⁰. Even if travel bans and lockdowns are lifted (or will be lifted in the next months), the economic situation in Russia and many destination countries deteriorated, withstanding the virus contagion risk which will continue to exist until effective vaccination could be implemented worldwide. The economy in destination countries is not expected to operate at full capacity (Blanchard et al 2020) with immediate labor market impacts. The supply of jobs that Armenian overseas migrants were filling may take some time to recover to pre-COVID-19 levels. In addition, there is evidence that negative attitudes towards internal migrants emerged in some countries which could have implications on migration policies in the future (IOM 2020).

In this context, emergency policy responses in Armenia should be inclusive of migrants who could not leave, those who returned home, and migrant households whose remittances dried up owing to migrants' job loss in destination countries. Possible policy response in the recovery phase in Armenia include: (i) expanding the access emergency income support benefits to migrants households²¹, including households without children; (ii) relax the eligibility conditions to targeted programs such as the Family Benefit Program to make it easier for registered households with members abroad to qualify for the Family Benefit Programs and means-tested targeted benefits; (iii) design employment support programs that are sensitive to circular migrants, including public works, re-training, job intermediation and integration of migrants; (iv) facilitating the provision of remittances services by promoting online transfers, exempting remittances flows from fees to promote transfers through financial systems; and (v) coordinate with the governments of destination countries to better protect Armenia migrants' employment and livelihoods during a health/ security crisis.

Expand the temporary income support to those in need

The emergency social response packages adopted by the government are comprehensive but also fragmented, leaving certain categories such returning migrants, informal workers with no children, self-employed and micro business owners²² without protection. Households with children older than 18 years are only eligible to some discounts on utility bills, and university fee waivers²³ but not eligible to the more generous emergency income support benefits that would help sustain current consumption and rents.

Instead of having different benefits targeting different group, the government could consolidate in a temporary income support benefit for all categories in need, including migrant households, with different benefit amounts based on the number of dependents (children, elderly, disabled). Moreover, many of the emergency benefits in the social packages are one-off, paid in the month of April, while a series of regular payments is likely needed to support income or help pay expenditures until the crisis and lockdown have ended. In the Philippines, the government provided one-time cash transfers to returned migrant workers as a result of COVID-19 to support livelihood of the migrants and their families (Moroz et al., 2020).

Relaxing the eligibility to permanent means tested program

²⁰ Evidence from high frequency survey data from Uzbekistan, which also depend on seasonal work, shows that the share of households considering migration abroad was essentially zero in April 2020.

²¹ The statistical definition of migrant household includes either households with at least a member currently abroad for at least three months and with a migrant member who prematurely returned no longer than 10 years .

²² The package number 10 introduced a one-off compensation for micro businesses only for the month of April.

²³ Under package 14.

Given the expected loss of income due to falling remittances, it would be recommended to temporarily disregard whether the household has an absent member when computing the family vulnerability score to increase the likelihood of migrant families to qualify for the Family Benefit Program and related means-tested benefits. At least until the households can update their information if the migrant has returned/could not leave. In Ukraine, the government relaxed eligibility rules of its Guaranteed Minimum Income Program so as to allow returning migrants to be eligible for the benefit (Moroz et al., 2020).

Promote public works

Following the launch of the public works program by the Ministry of Environment, which is for male-dominated works as constructions (in fact temporary migrants are mostly male), the government may consider to adapt the public works to other sectors, including social care and health support services for example where the demand is increasing as well as supporting the Social Service Centers. Public works in social and health sectors have the benefit of being more inclusive for women. Psycho-social support services are also highly in demand and require specialized /educated worker. These can attract young jobless who would need to have specialized training.

Employment promotion programs

The crisis is not just having immediate impacts on labor markets causing unemployment and earning losses, it is also expected to lead to jobs reallocation across sectors as the impacts are different by sectors: there are some sectors that are more affected (hospitality, tourism , transportation, trade services, art and entertainment) and others that are less affected (professional, IT and modern services in general, food processing and manufacturing). The jobs people lost will not necessarily be the same jobs that will be available to them.

For Armenian migrants who lost their seasonal jobs and do not have prospects to travel there will be a need to boost active labor market programs to help them find employment in new sectors. For example, to incentivize employers to recruit, hiring subsidies targeted to those who lost jobs during the lockdown (starting March 20 onward), including migrants. Second, employment could be boosted by introducing and adapting the existing few programs supporting business start-up to migrants. This would include support to small business with e-commerce activities. Finally, strengthening the capacity of State Employment Agency for job matching and intermediation services including through partnerships with private employment services. This include the digitalization of employment services through utilizing online jobs portals, the provision of digital skills training and increasing the availability of e-learning platforms which would help jobseekers, including migrants, in compliance with containment measures. Reskilling and upskilling of migrants would be timely, to help them prepare for the future of jobs. The COVID-19 crisis accelerates structural reforms and digital transformations in economies; this development could dampen prospects of semi-skilled construction jobs. Chinn et al (2020) estimates that COVID-19 and automation together put some 60 percent of construction jobs at risk.

Promoting digital mechanisms for remittances

In the context of the broader strategy to digitalize G2P payments for social protection and other programs, the government of Armenia could consider facilitating the expansion in the use of its digital payments network to support the recovery and safe transmission of remittances. The overarching goal is to promote financial inclusion, improve efficiency by reducing the risk of error, fraud and corruption, increase the security of transactions, and to increase tax compliance. Adapting the delivery modalities of both public and private transfers to e-payments these days would add to the objective to comply with the social

distancing guidelines to contain the spread of the COVID-19 virus. The provision of remittances services could be enhanced by promoting online transfers, mobile payments (through cell phones and blockchain wallets), exempting remittances flows from fees to promote their transfer through financial systems, enabling providers to operate in compliance with social distancing measures. For example, Bangladesh allocated a central budget (USD 361 million) to incentivize migrants to transfer money through legal financial systems; and Sri Lanka exempts remittances inflows from some regulations and taxes (Moroz et al., 2020).

Coordination with destination countries

Armenia can strengthen its coordination with Russia and other destination countries to reduce risks posed by a health/ security crisis. A ban of foreigners' departures and citizens' returns could lead to a situation where Armenian workers are stranded in the destination country. During the COVID-19 crisis, some countries, such as Qatar and UAE provide foreign workers in such a situation with 'proper' food and housing as well as free access to medical facilities, until their repatriation is arranged with origin countries. As to the renewed departure of Armenian workers to destination countries, both parties need to identify measures to safeguard the health security and safety of Armenian workers during an exogenous security/ health shock. These include an quarantine and self-isolation arrangement for arriving Armenian workers in destination countries, income and livelihood support for Armenian workers during a quarantine phase, 'de-facto' access to medical service, and the establishment of a protocol to repatriate Armenian workers in the event of a health/ security crisis in the future.

Medium term options to reform migration policies

The COVID-19 crisis might lend an opportunity to revisit migration policies to moderate the downside risks of current labor migration. Armenia's 2017-2021 Strategy for Migration Policy aims, among others, to facilitate legal migration and protect rights and interests of Armenian labor migrants. In line with these objectives, Armenia could consider the following policy options:

- Diversify destinations: Armenia could further improve its efforts to diversity destination countries, to reduce high exposure to Russia. In this context, the recent ratification of Armenia – EU Comprehensive and Enhanced Partnership Agreement (CEPA) can serve as a pivot to expand bilateral labor arrangements with EU member countries.
- Up-skill and re-skill: It will be important to diversify skill profiles of Armenian labor migrants, to reduce risks from one low-skilled occupation – construction. Bilateral skills partnership agreements with destination countries could be considered to promote cooperation between the two parties on the following components – harmonization of training curriculum, recognition of certificates and degrees, apprenticeship opportunities, and public job matching service. Germany has been active in this space – e.g., a pilot of the Kosovo-Germany skills partnership. This would help Armenians to establish global footprints and furthermore, skills development would attract foreign direct investment.
- Job protection: To help mitigate sudden job loss risks during migration, the government could work together with the private sector to develop an insurance product which could cover job-loss risks during migration, especially against exogenous shocks such as COVID-19 (e.g., job loss insurance).

With respect to immigrants in Armenia, there is scope to improve the support for immigrants. The emergency social packages are now targeted to people legally residing in Armenia, irrespective of their migration status. However, in practice it is challenging for most immigrants to access both the

“traditional” and emergency social protection benefits due to lack of documentation compatible/recognized by the Armenian administration, language barriers and inflexible verification systems. International experience shows that ensuring free access to health insurance (at least for COVID-19 related treatment), targeted social assistance income support, and access to basic living conditions (food and accommodation) would contribute substantially to the efforts to contain the spread of the virus given the fact that migrants are more likely to live in high-density areas, and households, have less access to social protection and health insurance benefits and are more vulnerable to job losses. Transportation subsidies to help migrants repatriate was introduced in Indonesia and Kuwait. The embassy of Armenia in Russia provided supported some returnees (numbers not available) to purchase flight tickets, temporary accommodation, offer food. Regarding employment promotion and retention schemes (wage subsidies), most recipient countries extended the eligibility to legal migrants and adapted the regulation to extend the length of work permits (Italy, Japan, Korea among others).

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Annex 1. Armenia COVID-19 Social Assistance Packages Summary

Package	Target	Aims	Executor or Intermediary	Eligibility details	Budget/Benefit amounts	Timeline and procedure.	Issues
4	Families with children (up to 14 years old)	Provide social assistance for families losing their livelihoods.	Ministry of Labor and Social Affairs (MLSA)	Parent(s) were laid off during the period of March 13-25, 2020. This support does not apply to public servants and those who had monthly salary higher than 500,000 AMD for the previous 2 months.	One-time payment (100,000 AMD ≈ USD 200 per child)	Payments will start from April 1, 2020. Citizens must actively register and seek eligibility at ssa.am website. Payment disbursed through bank branches.	How prove lay-off for informal sector workers. Self-employed not eligible?
6	Laid-off workers in private formal employment	Provide social assistance for families losing their livelihoods.	Ministry of Labor and Social Affairs (MLSA). Payments based on the State Revenue Committee data. Individual applications are also accepted.	Eligible individuals were: (i) formally employed in the private sector without sectoral restriction; (ii) employed at least from January 2020 and up to March 13, and (iii) laid-off in the period of March 13-30, 2020. Not eligible: (i) public servants; (ii) eligible families under package #4; (iii) those who shifted to another job as of March 30, 2020.	One-time payment equal to minimum wage (AMD 68,000 AMD = USD 136)	Payments will be processed from April 2. Citizens must actively register and seek eligibility at ssa.am website. Payment disbursed through bank branches.	Appears informal sector is not eligible. Self-employed not eligible
7	Certain pregnant women		Payments based on registry of pregnant women from the Ministry of Health.	Pregnant women (registered pregnancy) who: (i) do not have a job as of March 30, or (ii) those whose spouse was laid off in the period of March 13-30, 2020 and did not shift to another job.	One-time payment (AMD 100,000 ≈ USD 200). 3,750 eligible women	Payments will be processed from April 1.	No payment if single and pregnant? How identify?
8	Workers in hard hit sectors	One-off benefit	MLSA	Employees in tourism/hospitality sector, hairdressers, retail stores (except those selling tobacco, alcohol) transportation, private kindergartens/child centers, sport/fitness clubs, entertainment and leisure and pharmacies	One-time payment. The amount is calculated based on their Jan-Feb average salary and will be half of that, but not less than minimum wage (68,000 AMD) and not more than 136,000 AMD.	Payment from April 1. Online tool will be launched on the State Social Security website (www.ssa.am)	

Pack age	Target	Aims	Executor or Intermediary	Eligibility details	Budget/Benefit amounts	Timeline and procedure.	Issues
9	Families with children up to 18 years old	Provide social assistance for families, including formal and informal employment.	MLSA	Eligible: (i) Families with children up to 18 years old, whose parent(s) has/have not been registered as an employee(s) by March 12, 2020 and in the period of March 12-31; (ii) Households not registered in the Family Benefit Program as of March 12, or registered but do not receiving benefits (scores less than 28.01). Excluded: Parent(s), who were formally employed from January 1-March 1, 2020 with monthly salary of more than AMD 500,000 (one parent or both parents).	Lump sum transfer (AMD 26,500 per child)	The beneficiaries can apply online from April 10 on the State Social Security website (www.ssa.am)	Informal workers covered, but only if have children
11	Households with low utility bills for natural gas and electricity	Provide social assistance for households with low utility bills		Households whose utility expenses for February 2020 did not exceed: 1) AMD 10,000 for natural gas and 2) AMD 5,000 for electricity consumption.	Lump sum transfers equal to 50% of utility bills directly to utility companies. About 222,000 beneficiaries		Leakage (subsidizing better-off households) could be high
12	Households with utility bills for natural gas and electricity	Provide social assistance for households with utility bills matching certain ranges		Households whose utility expenses for February 2020 are in the range of 1) AMD 10,001-30,000 for natural gas and 2) AMD 5,001-10,000 for electricity consumption.	Lump sum transfers equal to 30% of utility bill directly to utility companies. About 280 beneficiaries		Leakage (subsidizing better-off households) could be high
13	FBP beneficiary households	Provide top-up benefits and partial payment of the utility bills to FBP beneficiary households	MLSA	FBP households (about 85,000 households).	50% top-up to the FBP benefit, from which 70% in cash to the households and 30% directly to utility. If the beneficiary is not registered		

Package	Target	Aims	Executor or Intermediary	Eligibility details	Budget/Benefit amounts	Timeline and procedure.	Issues
15	Jobless	Provides temporary employment opportunities (public works)	Ministry of Environment	Provision of employment opportunity for about 1,000 individuals (RA citizens and stateless persons residing in the Armenia) in deforestation, floods and tree planting	Same as remunerated so far	Started in May through ArmForest State Non-commercial Organization, Foundation for the Preservation of Wildlife and Cultural Assets, and Armenia Tree Project	
16	Utility subscribers (low subscribers)	Lump-sum utility subsidies		Provision of one-time assistance for utility subscribers with following complying with the following: - Natural gas bill worth AMD 30 001-40 000 for February, 2020; - Electricity bill worth 10 001-25 000 for February, 2020; - Drinking water bill and / or drainage service fee of up to AMD 3000 in March, 2020.	- 30% of the amount due for natural gas and electricity consumed in February 2020; - 50% of the amount due for electricity consumed in February 2020; - 50% of the amount due for drinking water in March 2020.	Started in May , compensating utility bills for February and March	Leakage (subsidizing better-off households) could be high

Annex 2. Probability of Unemployment: Probit Regression for Labor Migrants

We attempt to estimate the likelihood of temporary migrants to be unemployed in the event when they are unable to leave for destination countries for employment, using the household survey dataset produced by the Russian-Armenia University during 2015-17. The sample size is 1659 aged between 15-64

We adopt a probit model to estimate the probability, as follows:

$$UEM_t = 1(\alpha + \beta X_t + \gamma_1 \text{CurrentMigrant} + \gamma_2 \text{Returnee}_t + \varepsilon_t > 0) \quad (1)$$

Where $1(z > 0)$ denotes an indicator function that equals 1 if $z > 0$ and 0 otherwise, and where ε_t is normally distributed; UEM_t takes the value one if the individual is unemployed/ jobless at time t and 0 otherwise. We treated students and those under benefits or housekeepers as being out of the labor force. For current migrants, the value is taken from the variable that reports their employment status prior to migrating, as our interest is to estimate the probability of being unemployed in Armenia, not in destination countries. X represents a vector of individual characteristics such as age, education attainment, gender, and marital status. The *Current Migrant (Returnees)* is a dummy variable that takes the value one if the individual is currently overseas migrants (returned from overseas labor migration), otherwise zero. ε is a random error term.

One caveat is that as it is not a simulation-based approach, our estimations incorporate the effects of the out-migration of individuals (i.e., current migrants) on the current employment of individuals who remain in Armenia. The effects may be via (i) labor substitution - i.e., workers may move to places where workers left for foreign jobs, or migrant household members may take up additional agriculture jobs to cushion the absence of male workers who migrated, and (ii) impact of remittances – i.e., inflows of remittances boost domestic consumption and thus contribute to create more jobs or increase reservation wages of remittance-recipient households and thus trigger some of the household members to stay outside the labor force. The counterfactual – what would have been the employment outcomes in the absence of migration, is not attempted due to the challenges associated with identifying the elasticity of labor substitution between migrants and stayers, and the elasticities of labor supply and demand in the presence of remittances.

Table A.2.1. Probit regression results: Current migrants are more likely to be unemployed.

<i>Variable</i>	<i>Probit Coefficient</i>
Constant	.8591372* (.2052367)
Current Migrants	.1268322* (.1280839)
Returnees	-.2609293* (.2052367)
Age	-.0012359 (.0030624)
Male	-.035434 (.1136603)
Marital status – Married	-.0598668* (.0817375)
Schooling Secondary	-.1772817* (.150859)
Vocational	-.3517976* (.1596405)
Tertiary	-.6998499* (.1631787)

Notes: The standard errors are given in parentheses. Dependent variable-binary choice, taking the value of 1 if the person is unemployed and the value of 0 of the persons is employed. ** denotes statistical significance at 5% level. The number of observations is 1621 migrants who leave for work purposes only.

Table A.2.2. Average marginal effects

<i>Variable</i>	<i>Marginal effects</i>
Current Migrants	.0452268* (.04532)
Returnees	-.0930441* (.0455118)
Age	-.0004407 (.0010919)
Male	-.0126353 (.0405242)
Marital status – Married	-.0213478* (.029137)
Schooling Secondary	-.0579887* (.0471788)
Vocational	-.120364* (.0513188)
Tertiary	-.254206* (.0537517)

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ABSTRACT

This paper attempts to assess the vulnerability of Armenian temporary international labor migrants and their families to the labor market challenges posed by the COVID-19 outbreak. We estimate that about fifty percent of temporary labor migrants might have been unable to leave for Russia owing to travel restrictions. Many Armenian migrants in Russia are likely to lose jobs because of some halts in construction activities. Prospective migrants who were unable to leave Armenia are more likely to be jobless based on the employment status they had prior to departing for Russia. This would result in reducing remittances and exposing remittance-dependent households to precarious situations. Targeted policies to address this new vulnerable group are called for.

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