Bringing the Colours

The effects of Syrian Armenian economic integration in Armenia

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DEUTSCHE ZUSAMMENARBEIT

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CRU Report

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February 2018

Conflict Research Unit (CRU)
Netherlands Institute of International Relations 'Clingendael'
in cooperation with
International Center for Human Development (ICHD)
Armenia

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The Hague, February 2018

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Contents

Executive Summary

In the course of the past seven years, the Republic of Armenia has offered protection to an estimated 22,000 Syrian Armenians fleeing one of Middle East's most brutal recent conflicts. Armenia's response to displacement from Syria has been exceptional in many important ways: it focused almost exclusively on ethnic kin, it enjoyed wide popular support, and while small in terms of funding it was model in terms of the extent of protection offered to the displaced population. Unlike any other displaced group, Syrian Armenians were able to obtain nationality prior to their arrival to Armenia, and also to opt for a variety of other protection statuses.

The response was also exceptional in its strong focus on full integration of the displaced population in the national economy, on a par with resident citizens. It was also characterised by early integration of the displaced population in services provided through the state budget. This approach was fully supported by key donors. One of the main questions this study has tried to answer is whether opting for economic integration as the main intervention strategy was an effective choice for the refugees and the host country alike.

We believe that the evidence presented in this study confirms that this has indeed been the case, although the success of the refugees' economic integration is inevitably dampened by the adverse economical climate of today's Armenia. Slow growth, high unemployment rates and widespread poverty combined with a small internal market, relatively heavy regulatory framework and economic dependence on Russia create a challenging environment for a group that has suffered significant material loss and trauma before its arrival – and whose labour culture was formed in a very different social, linguistic and economic context.

The success of roughly 400 Syrian Armenian entrepreneurs, and the perseverance of many more members of this community determined to rebuild their lives, testifies to their admirable resilience. It is also a sign of the commitment of the Republic of Armenia to create circumstances in which this community can develop its full human potential – and of the concerted effort of many governmental institutions, international organisations and donors, non-governmental organisations and numerous individuals to make such development possible.

The imprint of Syrian Armenians on the urban fabric of Yerevan is already visible to the naked eye in the much-praised restaurants and fast food shops which a number of them run, having built a faithful client base among the city's residents. Beyond this, successful jewellers, car mechanics, pharmaceutical company and shoe factory owners are contributing to diversification of the country's production and are enriching its culture of customer service.

However, many individuals still face challenges related to more formalised ways of doing business, difficult access to finance and real estate, and cultural challenges that a post-Soviet two-earner family model presents to the traditional one-breadwinner model dominant in the Syrian Armenian community. This study hopes to add nuance to stakeholders' understanding of the specific ways in which this group could be assisted in the next phase of its economic and societal integration. It also hopes to explore ways in which Armenia could attempt to transcend its post-Soviet identity by embracing the cultural and economic potential this new population represents.

Integration is a two-way process, and while it has not been without its glitches and setbacks, we have been encouraged to see the extent to which members of both communities have been making an effort to adjust to one another.

Armenia's openness to Syrian Armenian refugees is based on ethnic kinship and represents an exception to the trends of border closure, denial of legal stay or highly limited access to livelihood opportunities that characterise much of the region. Nonetheless, Armenia's case offers unique insights into potential benefits that come with granting refugee populations civic, political and socio-economic rights – and by assisting them in achieving self-reliance, even within the limitations of an unfavourable economic climate. We hope this study will shed light on some of those benefits and assist other countries facing refugee influxes to adjust their policies to serve the interests of both host and displaced populations.

1 Objective, approach and methodology

Since early 2015 GIZ – on behalf of the German Ministry for Economic Cooperation and Development (BMZ) – has supported the Government of the Republic of Armenia (RA) in its efforts to facilitate the economic integration of Syrian Armenian refugees fleeing the war in Syria. As the GIZ "Economic Integration of Syrian Refugees in Armenia" project – run under the regional programme for "Private Sector Development in South Caucasus" – was coming to an end in March 2018, GIZ has requested a study to feed into and support the project's exit strategy.

This study aims to help identify, assess and illustrate changes in the economic landscape of Armenia due to the inflow of Syrian Armenians (SA) into Armenia since the start of the Syrian civil war in 2011. It has also tried to identify and assess which conditions best facilitate economic integration and to offer future guidance to national and international policy makers and donors by providing specific recommendations on the design of future integration-related policies.

Following the GIZ objective and guidance, we have broken down the research objective into three key sub-objectives:

1. Identifying the factors that have influenced the economic integration of Syrian Armenians in Armenia;
2. Describing the state of the economic integration of Syrian Armenians in Armenia at the end of 2017;
3. Describing the economic and societal effects of the economic integration of Syrian Armenians in the country.

The structure of the study follows these main lines of inquiry, while hoping to provide also some of the insights, which fall outside the pre-set objectives and assumptions.

Our main strategy in conducting this study was threefold:

1. Describing the macro-political (including legal) and macro-economic conditions and effects of the refugee integration;
2. Describing the role that donor/sector policy/private companies played in the economic integration of refugees;
3. Understanding the individual and community-level processes that facilitated the integration, its effects as well as remaining challenges to continued integration.

As regards methodology, we have consciously and with GIZ pre-approval opted for a qualitative approach, combined with analysis of existing economic indicators. In the course of the project's duration two large-scale quantitative surveys of the Syrian Armenian population were conducted:

- Economic Development Research Center (EDRC), 2016, Armenia Economic Report 2016, with the theme Economic integration of the Syrian refugees in Armenia;
- CRCC-Armenia, 2017, Syrian Armenians: Economic Integration in Armenia.

While neither of these surveys worked with a representative sample, within their clearly stated methodological limitations they nonetheless managed to capture important quantitative indicators for this group.[1] In our view gathering additional information would not justify subjecting this population to a third round of quantitative surveying in two years, nor would it justify large additional costs such an exercise would require. A greater level of understanding can be gained by uncovering layers of narratives to explain and contextualise the existing figures – and we have set out to uncover these narratives and offer contextual background.

Our research comprised over 50 in-depth interviews and 5 focus group discussions. Our key informants were selected to cover the spectrum of most important state, international and non-governmental actors, as well as to cover some of the main social groups among Syrian Armenians.

1 Both studies faced the same difficulty of selecting a random sample from a group that is formally indistinguishable from other citizens of Armenia. This is why both studies have worked with a snowballing sample. We are convinced that due to meticulously thought-through sampling and the small size of this community, the quantitative data available is as representative for the whole population as possible within these limitations.

We also conducted a separate analysis of the existing economic indicators to try to gauge the effects of economic integration of the displaced population on Armenian society and its economy at large. Our main sources for this were the National Statistical Service of the Republic of Armenia, Armstat, the relevant World Bank reports and the Bertelsmann Stiftung Transformation Index (BTI) 2016 Armenia Country Report. We have however soon discovered that using macro-economic data to understand the state and impact of Syrian Armenians' economic integration is very difficult, for three reasons:

- First, the number of Syrian Armenians is relatively small compared to the Armenian host community, which makes it difficult to reliably capture and attribute the fluctuations caused by the presence of Syrian Armenians in aggregate level data.
- Second, many Syrian Armenians, especially those who arrived in the later years of the crisis, have only recently started in their jobs or business enterprises. Any effects generated through these activities are thus unlikely to be fully developed and thus to be fully captured in recent economic data.
- Third, Syrian Armenians are generally not identifiable (micro level) data sources. As Syrian Armenians have the opportunity to nationalise and acquire work permits and operate permits through the same procedures as the Armenian host community, their economic performance is recorded within national data sources without any identifiable markers allowing researchers to separate them out.

In view of these structural challenges, we believe that the only realistic way to capture the economic contribution of Syrian Armenians in a quantitative way is through a representative household survey. If such information were deemed essential for further tailoring of the response, or for creating firm arguments around the economic impact, such a survey would be necessary. However, we do not believe this is the case. As previously stated, the effort invested in it would not justify the added nuance that such a survey would give, nor would it contribute to a better understanding of the situation than the two existing quantitative studies already offer. Our suggestion therefore is to work with the data already available. If we were to recommend any additional research, it would be into the specific issue of economic inclusion of Syrian Armenian women, who seem to be facing serious difficulties adjusting to the realities of a two-earner model economy.

All other future research we believe should be focused on the larger issues that affect Armenia as a country, and therefore also disproportionately impact this particularly vulnerable group. These include a fairly inflexible real-estate market, an inadequate health-care system or the persistent demographic loss the country suffers on annual basis. We believe that a detailed understanding of the challenges faced by Armenians seeking affordable housing or healthcare, as well as an insight into the multifaceted drivers of mass emigration from the country – if coupled with robust policy recommendations and political will to act on them – could benefit the whole population.

Like any qualitative research ours faced the challenge of biases contained in the narratives of each interviewed person or social group. We have tried to triangulate the information received, where possible, or clearly state the existence of such potential biases by stressing where the findings should be read as individual positions only. This is why we believe that our report should best be read in conjunction with the two above-mentioned quantitative studies and with a clear awareness of the limitations stemming from its qualitative nature.

2 Syrian Armenian displacement within the context of Armenian Diaspora

As the war in Syria entered its second year and reached the surroundings of Aleppo, one of the country's largest cities, the government of the Republic of Armenia faced a challenge: how to offer protection to members of a diaspora community at risk from violence in their country of residence. In the following years estimated 22,000 Syrian Armenians travelled to Armenia in search of safety, presenting the country with a set of challenges – and opportunities – it readily took on.

Armenia's response to this influx of refugees from Syria was unusual in many ways: it was limited almost exclusively to ethnic kin; it enjoyed wide popular support; and while small in funding size, it was model in terms of the extent of protection offered to the displaced population and the level to which interventions were integrated in the functioning of the relevant ministries and the state budget. It was also exceptional in its focus on integration of the displaced population into the national economy. As such it offers a number of critical lessons on the challenges and benefits of economic integration of refugees that we believe could be of use in different contexts – not only in situations of integration, but also in protracted displacement.

However, in order to distil and understand these lessons, it is important to begin with the unique contextual specifics of this response. Two factors are critical in understanding the context in which this displacement crisis unfolded: first, the Armenian relationship to the Levantine Diaspora and second, the unfolding demographic crisis in the country.[2]

2 In this study terms "Levant" and the "Middle East" will be used interchangeably when referring to Syria, Lebanon and Turkey.

The "Mother of all Diasporas"[3]

The stream of ethnic Armenians fleeing violence was not new in the country's recent history. In the early 1990s it saw much larger numbers flee from neighbouring Azerbaijan, as the war raged between the two post-Soviet countries.[4] This group was followed by smaller groups of Iraqi Armenians fleeing the conflict in the Gulf, and a constant trickle of repatriating Iranian diaspora, driven to Armenia by a combination of personal and political factors. The difference this time was that the Syrian Armenian refugees came knocking in the period of a widely acknowledged demographic crisis in the country – and they also belonged to a much-cherished historical diaspora that was seen as a carrier of Armenian historic continuity and identity.

Armenian people originated in the region that straddles the politically restless grounds between Russia and the Middle East. In fact, most of what is considered "historical Armenia" was located on the territory of today's Turkey and Iran. The collapse of the Ottoman Empire and the 1915 genocide of ethnic Armenians in Eastern Turkey destroyed an over two million strong Armenian community, creating large Armenian diasporas in the US, western Europe and the territories of today's Lebanon and Syria. The territory of today's Armenia was incorporated into the Soviet Union, gaining independence only in 1991. It is now the only existing Armenian nation state.

While the figures remain elusive, the two Levantine diaspora were of comparable size – some 150,000 in Lebanon[5] and an estimated 80,000 to 100,000 in Syria[6], with majority residing in Aleppo.

The Middle Eastern diaspora has always had a special status in the Armenian national narrative. Referred to as the "Mother of all Diasporas", it was also seen as the carrier of original Armenian cultural heritage, unaffected by the experience of the Soviet Union.

3 This chapter is based on the careful reading of several sources. Among them two are key: Della Gata, M. (2017) "A 'nation in exile': the renewed diaspora of Syrian Armenian repatriates" and Migiliorino, N. (2008) "(Re)constructing Armenia in Lebanon and Syria: Ethno-Cultural Diversity and the State in the Aftermath of a Refugee Crisis". It has also been informed by an interview with Nanor Karageozian, Assistant Professor and the Director of the Department of Armenian Studies at Haigazian University, Beirut.

4 In 1992, estimated 360,000 people of Armenian origin were displaced from Azerbaijan in the context of the Nagorno-Karabakh conflict, see: http://www.un.am/en/agency/UNHCR.

5 https://web.archive.org/web/20140222064559/. http://www.minorityrights.org/5058/lebanon/lebanon-overview.html

6 There is no agreement on exact figures even within Armenian community. https://armenianweekly.com/2015/12/09/surviving-aleppo/.

The Armenian Middle Eastern diaspora belongs to two major churches: the largest being the traditional Armenian Apostolic (Orthodox) Church, whose seat is in Etchmiadzin in Armenia (and to which most native Armenians also belong), followed by the Armenian Catholic Church, a *sui iuris* Catholic Church under the Armenian Catholic Patriarch of Cilicia, whose archiepiscopal see is in Beirut, Lebanon. There is also a growing Armenian Evangelical Church, with a presence both in Armenia and in the diaspora. The link between the church, identity and state has always been strong in the Armenian community, surviving numerous historical calamities, including the decades in which the church was marginalised under communism. Belonging to an Armenian church remains one of the key elements of Armenian national identity – both informally and formally.

The cultural distinctiveness of the Armenian community – its language, religion and customs – have prevented its full cultural integration into the Arab societies that became their new homes after the tragic events of 1915. Living in conditions that encouraged in-group support also meant the creation of community institutions – charities, schools and universities – that strengthened Armenian cultural identity and ensured the preservation of language (and specifically the Western Armenian dialect). This also allowed the Armenian community to interact with the host cultures from a position of relative strength, accepting and incorporating some of their influences without fear of dissolving into them. Levantine Armenians are without exception fluent in Arabic, and often use it even in mutual communication.

In time, these communities also managed to recreate some of their lost material wealth. In Syria, in particular, the Armenian community was integrated into the country's economy, gaining an excellent reputation across the region for crafts such as goldsmithing and for its entrepreneurial spirit, reliability and quality services in many other areas. While keeping their distance from country's politics, Syrian Armenians cut out a clear economic niche that allowed them relatively comfortable living standards to which many now hark back.

The Iron Curtain however played a role in keeping the communities at arm's length from each other. The Soviet Union's withdrawal from ethnic Armenian lands in Eastern Turkey after the 1917 Revolution created a deep-seated sense of betrayal among the Levantine diaspora, and of historical loss for which the creation of the Soviet Republic of Armenia never compensated. The mistrust was further deepened during the 1941-1946 wave of Armenian repatriation under Soviet dictator Joseph Stalin, when hundreds of Levantine repatriates ended up being treated as enemies of the state and were sent to labour camps after their assets were confiscated. The legacy of Soviet repatriation still reverberated in the interviews conducted for this study, with descendants of the repatriate families expressing particular sympathy for the plight of Syrian Armenians.[7]

In the following decades, travel between Soviet Armenia and the Middle East was difficult and the Sovietisation of the Armenian population increased the language distance. The eastern Armenian dialect spoken in Armenia became influenced by Russian, which during Soviet times became a new *lingua franca* of the Transcaucasia. It also resulted in the reorientation of Armenia's economy towards the Russian market, thus creating a lasting dependency on economic processes in the post-Soviet space.

As a result, after the fall of communism, the Middle Eastern diaspora did not engage with Armenia in the same way as Armenians located in Russia or the west. Smaller, bruised and culturally distant, this diaspora was slow in finding its connections with the new and newly independent homeland. We did encounter individual Syrian Armenians who, in the years following Armenia's independence, chose to come to Yerevan in order to study or even establish businesses. But on the eve of the Syrian conflict the overall footprint of Syrian Armenians in Armenia's economic and public life was very limited.

The emptying country

At the same time, emigration from Armenia has continued ever since the country became independent. The resulting sense of demographic uncertainty this created was palpable among the Armenians we spoke to during this research.

Although demographic fears are often exaggerated or politicised, Armenia does have reasons to be concerned. Just under 3 million Armenians are estimated to live inside the country, and another 7 million belong to the diaspora. Annually around 30,000 people emigrate, driven mainly by a small labour market and poverty.[8] Armenia may have enjoyed a long streak of GDP growth before 2011, but levels of poverty remained high, with nearly 30% of the population living under the national poverty line.[9] The official

7 References to Soviet-time repatriation were commonplace in our interviews with both state officials and Armenian non-governmental actors, who all spoke of the negative impact this episode has had on the "reputation" of repatriation among diaspora Armenians.

8 For further explanation and references, see chapters below.

9 National Statistical Service of the Republic of Armenia, Armstat (http://www.armstat.am/en/?nid=12&id=15005).

unemployment oscillated between 16,5 and 19% in 2017[10], and the average salary is just over EUR 320.[11]

Vast parts of the country are depopulating, and migration analysts talk about the “gravitational pull” of the diaspora, with whole families gradually moving out of the country. And while participation in the US green card lottery is ubiquitous, Russia seems to exert the largest pull, because, as one interviewee said, “it doesn’t even feel like emigrating”. There is barely any cultural or language barrier between the two countries, as most Armenia-born Armenians are bilingual and speak fluent Russian, and the presence of an already existing diaspora facilitates easier integration of newcomers.

Large-scale emigration represents both an economic and a political challenge. It leads to atrophy of agriculture and dying off of villages, and to the further shrinking of the domestic market, leading to a cycle of lower growth that spurs more migration.[12]

> “Our biggest economic problem is the lack of people in the country”
>
> Interview with a high-ranking government official, December 2017

There are also security concerns related to this demographic decline. The sense of demographic urgency was made especially tangible by the four-day conflict in April 2016, when the Armenian controlled enclave of Nagorno-Karabakh was attacked by Azerbaijan’s army. The intense fighting lead to hundreds of military and civilian victims on both sides: estimates vary wildly, but according to the US State Department there were 350 casualties in total. This short outbreak of violence has created a wave of “moral panic” in Armenia, and an awareness of the country’s limited defence capacity, leading to defence spending for 2018 being projected at 5,5% of GDP.[13] In September 2017 President Serzh Sargsyan described Armenia’s demographic trends as “extremely worrying” and announced the need for more conscious population policies, as well as his ambition to see Armenia’s population grow to 4 million by 2040.[14] His words appear to accurately reflect a nation-wide consensus on the dangers of diminishing population.

10 National Statistical Service of the Republic of Armenia, Armstat (http://www.armstat.am/en/?nid=12&id=08010&submit=Search).

11 National Statistical Service of the Republic of Armenia, Armstat (http://www.armstat.am/en/?nid=12&id=08001&submit=Search).

12 This subject is treated in more details in the chapters below.

13 http://www.eurasianet.org/node/85586.

14 https://armenpress.am/eng/news/905647/our-goal-is-to-have-4-million-population-by-2040-%E2%80%93-president-sargsyan.html.

In this context, an inflow of estimated 22,000 newcomers and the presence of some 10,000-14,000 remaining already counts as a lot. “We have so few people, even a 10,000 new ones are a big positive change in and of themselves,” said one interviewee.[15]

At the same time, the Armenian government has been conscious that the war in Syria could lead to a thinning out of the Levantine diaspora, weakening if not leading to a disappearance of the people and civilisation they created. Addressing a church gathering in 2012, president Sargsyan articulated the dilemma Armenia was facing, and in doing so also charted the route his country would take in the years to come.

> “Today, a segment of our nation – Armenians in Syria – is going through troublesome times. /…/ The position of the Republic of Armenia on this issue is clear-cut: we are not urging our brothers to leave Syria. The Armenian community in Syria was historically formed, being one of the most viable and strong communities, and we are hopeful that peace will come for all people of Syria and its Armenian citizens. The entire Armenian nation, including the Armenian state, must help those who remain in Syria to preserve the Armenian hearth. On the other hand, we say if anyone has decided to leave Syria anyway, it is desirable that he or she come to Armenia. In this case too, the entire Armenian nation, Armenia included, must help them to settle in Armenia and to anchor in their Motherland.”[16]

15 interview with a state official, Yerevan, December 2017.

16 http://hetq.am/eng/news/20196/president-sargsyan-we-are-not-urging-our-brothers-to-leave-syria.html.

3 The shoestring response

The government of the Republic of Armenia reacted to the needs of ethnic Armenians in Syria in a way that stands out from other responses in the region. It has provided Syrian Armenians with exceptional levels of protection, including issuing them Armenian passports prior to their departure from Syria. It has also provided them with a full set of socio-economic rights on arrival, and – assisted by international donors and diaspora charities – with significant support in integration in the national labour and entrepreneurial market. That said, Armenia's own economic challenges have meant that its response, however generous in terms of rights provision, remained modest in terms of funding and opportunities. For many Syrian Armenians integration meant struggling to find their footing in a bleak economic landscape featuring low incomes, high unemployment and substandard social protection.

Protection

Syrian Armenians started arriving in Armenia in large numbers in 2012, with peak influx falling in 2013, and another larger wave arriving in 2014. While there are no precise figures available, the estimates converge[17] around the figure of 22,000 Syrian Armenians who requested protection on the territory of the Republic of Armenia, and possibly many more who have acquired Armenian citizenship in Syria only to move straight to a third country.[18]

The Armenian state offered three forms of protection to the Syrian Armenians:

- Refugee status (taken by about 1,500 of those who arrived in Armenia)[19]
- Residence permit on Syrian passport (EDRC 2016 report estimates this number to be about 21% of the Syrian Armenian population, which would amount to around 4100 individuals)
- Naturalisation/citizenship (around 14,000 of those who arrived in Armenia have opted for this form of protection)[20]

17 Our best estimate of 22,000 is based on figures from media sources, UNHCR, figures shared with us by Armenian state officials, and figures from NGOs.

18 No one, including the RA Ministry of Diaspora, was able or willing to share how many passports were issued by the Armenian Consulate in Aleppo from 2011 onwards. The UN and RA estimates are that out of the 80,000–100,000-strong Armenian community in Aleppo only around 20,000 remain.

19 Interview with an official from the State Migration Service.

20 http://www.un.am/en/agency/UNHCR.

What in refugee response terms is considered a “durable solution” – local integration through residence and a path to nationality – was offered to the Syrian Armenians from the outset, even before leaving Syria. The Armenian citizenship law foresees the possibility of individuals of “Armenian origin” being given nationality through a simplified procedure, on approval of the President. According to Armenian press reports, President Serzh Sargsyan received 21,000 applications for citizenship in 2013 alone.[21] In response to a parliamentary question raised at the time, the president’s office declined to clarify whether these were Syrian Armenians applications, but the number did correspond with the peak of the Syrian Armenian influx.[22]

From all the interviews we conducted in the course of November and December 2017 it was clear that a strong and widely shared sense of kinship was at the basis of state policies towards Syrian Armenians. “We as state will support our sisters and brothers”, president Sargsyan summarised the emotional drive behind the government’s position in the early days of the response.[23] Many officials we interviewed described the Syrian Armenian influx as “repatriation” and “return to the historic homeland”. The enthusiasm among Armenians for the repatriation of Syrian Armenians was such that some non-governmental organisations were actually able to raise funds for their airplane tickets, in the period that the Aleppo airport was still open for civilian traffic.[24]

The three protection options available did however pose a dilemma for the displaced Armenians. Taking Armenian nationality meant (a) foregoing internationally recognised refugee status, (b) foregoing access to social housing available for asylum seekers/refugees and (c) accepting an obligation to serve in the Armenian army for men of conscription age, and with it also a likelihood of participating in the conflict with Azerbaijan.[25]

In the course of focus group discussions and individual interviews conducted during this study, we have encountered cases of Syrian Armenians who have passed on the opportunity to take Armenian nationality for all three reasons: in order to protect their status as refugees, with a view to seeking asylum in a third country; in order to access social housing in Armenia; and in order to protect sons of conscription age from serving in the army. The majority of Syrian Armenians did however take citizenship, as UNHCR statistics show.[26]

21 https://www.panorama.am/en/news/2014/05/27/vigen-sargsyan/278678.

22 *Ibid.*

23 https://armenpress.am/eng/news/720570/present-state-of-syria-and-syrian-armenians-is-an-open-wound-for-us-serzh-sargsyan.html.

24 Interview with the relevant NGO, Yerevan, November 2017.

25 Armenia and Azerbaijan are still in dispute over Nagorno-Karabakh, a region in Azerbaijan that Armenia considers its own and exerts military control over. The dispute, while frozen for over 20 years, occasionally flares up into open armed conflict, with the latest episode in April 2016.

26 http://www.un.am/en/agency/UNHCR.

Aid or integration?

Armenia's framing of its refugee policy as "repatriation" had a series of practical consequences. The coordination of the response was entrusted to the Ministry of Diaspora, traditionally in charge of the repatriation portfolio. This contributed to creating almost seamless relief-development linkages within the response: by putting Syrian Armenians in the centre of the response, and recognising they had diverse needs, the ministry managed to effectively facilitate both traditional humanitarian assistance and interventions aimed at achieving economic integration, while minimising the turf battles that often affect responses to protracted displacement.[27]

The current coordination structure involves all key ministries, international organisations and (I)NGOs: a total of around 60 partners. Under this fairly large coordination group, one body has been particularly relevant for the issues of economic integration – the Working Group on Syrian Armenian Economic Integration, co-chaired by a representative of the GIZ project on "Economic Integration of Syrian Refugees in Armenia" and the Ministry of Economic Development and Investments.

Economic integration was an early choice made by the Armenian government, in part as a deliberate policy choice that reflected the principled position that Syrian Armenians are not refugees, but repatriating kin arriving to a national home. But the policy was also in part a necessity based on the understanding that international interest and funding would not allow for a full-sized refugee response. The choice was supported and facilitated by the UN and donors.

It was not an easy choice: the UN was wary of the risks that moving to economic integration as a primary intervention strategy would carry for availability of aid. This challenge was compounded by the Armenian government's protection policies. By giving citizenship to this group, Armenia ran the risk of not being categorised as refugee response country, and therefore not eligible for a funding appeal.

> "We didn't want to see Armenia punished for being generous."
>
> Interview with a senior UN official, November 2017

In order to prevent this from happening, early on in the response UNHCR decided on an "out of the box" approach, which consisted of advocating within the organisation to expand the category of "people in refugee-like situation" to cover naturalised Syrian-

27 While the overall response is coordinated by the Ministry of Diaspora, efforts around economic integration are coordinated by the Ministry of Economic Development and Investments.

born Armenians. The internal lobby was successful and as a result the UN has for the past years been approaching the situation in Armenia as a *de facto* refugee response, however limited.

However, this policy-wise ambitious response was tied with a very thin financial shoestring. The total size of UN-requested funding for Armenia for the four-year period 2014-2017 has been USD 4,4 million – out of which just over 50% has been funded.[28] This amount is less than 1% of the annual requested funding in any other Syrian response country in the past two years. And while the size of the Syrian Armenian population in Armenia is certainly much smaller, even in relative terms this is still the least funded of all Syrian responses by some distance. For comparison, the size of the UN-requested funds per capita in Armenia is approximately USD 50 annually. In Lebanon, for 2017 alone, the per-capita requested funding was USD 2000 or 40 times more, while the amount received was around USD 735 per capita or almost 15 times more.[29]

Interventions

The limited aid available necessitated a close cooperation between the Armenian government and the aid community. The major difference with other Syrian refugee responses in the region is that a number of important **response measures and policies** were **supported through state institutions**, by inclusion in the running operations and the state budget. For a detailed overview, see table below.

28 http://www.un.am/en/agency/UNHCR.

29 http://data.unhcr.org/syrianrefugees/country.php?id=122.

Table 1 Overview of the interventions supported through the state institutions

	Interventions	Funding Source
1.	Amendments to the citizenship law in 2013 that facilitated the issuance of Armenian passports at the Aleppo consulate	budget-supported measure
2.	Custom-free import of belongings, including cars and production tools	budget-supported measure
3.	Inclusion in social service provision	partially budget- partially donor-supported
4.	Inclusion in state-level labour matching services	budget-supported measure
5.	Inclusion in state-level support for small and medium enterprises	mainly donor-supported
6.	Access to healthcare	budget-supported measure
7.	Access to primary, secondary and tertiary education	partially budget- partially donor-supported

The scope of budget supported-measures is quite remarkable from the policy aspect: in no other Syrian response country has the inclusion of the displaced into the state-provided services been this comprehensive. However, the reach and quality of many of these services is problematic.

This is especially the case with healthcare. Access to primary and some aspects of secondary healthcare through the policlinics system is free of charge for all Armenian citizens, and there is a partial state funding system for standard medical treatments in case of chronic diseases or basic surgeries. Special medications, advanced therapy, complex surgeries and post-operative therapy are not included in these provisions and must be paid for privately. There is no private medical insurance, so a lot of serious health expenses are funded out of pocket.[30]

Pre-school as well as primary and secondary education are free of charge, but higher education is relatively expensive at an average of USD 1,500 per academic year. Social services have been described as "heartbreakingly low" even by officials of the ministries in charge of implementing them, who recognise no person could possibly survive on the average basic state pension of USD 33 per month.

"Syrian Armenians have been integrated wholeheartedly and without any discrimination into a vastly substandard system of social provisions that all Armenians struggle with," a high-ranking international official summarised.

30 For more details, see: http://www.euro.who.int/__data/assets/pdf_file/0018/101655/E90301.pdf?ua=1.

Syrian Armenians seem to have occasionally enjoyed preferential treatment in comparison to the resident population – from accessing higher education free of charge, to numerous examples given by non-governmental organisations and state services of state officials going the extra mile to ensure socially vulnerable Syrian Armenians got access to relevant services. While we had no independent way of verifying them by tracing the individuals in question, we heard stories of the Ministry of Labour and Social Affairs ensuring elderly Syrian Armenians get access to state homes for elderly without waiting lists; occasional approval of state funding for expensive medical treatment by the Ministry of Health; or preferential status in hiring, job-matching or even preferential requests by employers addressing state services in search of Syrian Armenian workers. If Syrian Armenians were subject to any structural discrimination it was positive: they were often favoured by state and citizens alike when it came to accessing scarce extra benefits.

In terms of **aid interventions implemented outside government structures**, the stress has been on cash-for-rent interventions, health care and a broad set of measures to support economic integration of Syrian Armenians. Among these measures, UNHCR-operationalised rental subsidy instrument has been of particular importance in preventing homelessness and inadequate shelter conditions. There has also been a steady stream of in-kind support supplied by NGOs, including access to Syrian-Armenian doctors, clothes, food baskets and non-food items. One NGO even went as far as fundraising for real-estate purchase (albeit it on a small scale).[31] Donors and the UN have also worked closely with the government on changes to a number of important policies that could affect this and future refugee responses in the country.

In terms of economic integration of Syrian Armenians, specific activities have been implemented systematically across the board by more than one stakeholder, including the Armenian government. Among them, the GIZ project on “Economic Integration of Syrian Refugees in Armenia”, implemented on behalf of the German Government with USD 3 million (EUR 2,5 million) invested over 2.5 years (2015–2018), has been by far the largest contribution.[32]

31 Interview with the relevant NGO, Yerevan, November 2017.

32 GIZ contributions were supplemented by smaller NGO funding and contributions by various Armenian diaspora groups, but mapping all of them would have been too complex.

Box 1 GIZ-specific interventions

In the course of 2015-2018, GIZ has invested into a broad range of activities aimed at furthering economic integration of Syrian Armenians. These include:

- Access to finance and markets
  - training and coaching on financial literacy, business planning, accounting, taxation, local legislation and employability
  - training and coaching on marketing, product certification, IT skills, tourism and enology
- A broad range of trainings and coaching aimed specifically at Syrian Armenian women, the majority of whom were not economically active in Syria
- Support in participation in national and/or international business forums and exhibitions
- Capacity development for the establishment and management of an SA business and production centre; a one-stop-shop for questions on economic integration for job-seekers, entrepreneurs and companies; and a Middle Eastern cuisine centre, all in Yerevan
- Capacity development on an institutional level to support SA integration by strengthening the structures of the Syrian Armenian Union NGO
- Skills matching through a database containing over 1500 Syrian Armenians and 100 potential employers
- Public relation efforts aimed at increasing support and integration of SA, including establishing a website and conducting three major studies on topics of SA economic integration
- Facilitation of Public Private Dialogue formats for better coordination and harmonisation of the above activities with relevant partners

Reach of the response

As already discussed, limited funding makes this a relatively small response with a limited reach. Nonetheless, in the EDRC 2016 report on Syrian Armenian integration, assistance from charitable organisations was the most important source of income for refugee households, with 42% of households using it to help meet their needs.[33] Income from paid work and from business came second and third, with 40.0% and 37.3% respectively.[34] This suggests that the dual approach of aid and access to labour/entrepreneurship has already worked, as Syrian Armenian households rely on these

33 EDRC, 2016, Armenia Economic Report, pg. 44.

34 *Ibid.*

sources of income in almost equal measure (albeit as a group, not per individual household).

In order to capture the effects of the response on Syrian Armenians, we have first tried to understand the social structure of this group. Based on our interviews, FGDs and some statistical data from other studies, we have identified four broad categories of Syrian Armenians that have arrived in Armenia since 2012:[35]

- **The well-offs:** large-scale entrepreneurs with substantive wealth and assets, some of which they managed to transfer to Armenian banks. One large commercial bank saw its deposits grow by 20% in the course of the first year of displacement, primarily as a result of Syrian Armenian deposits transferred from Syria. Five years into the response these assets were largely moved out of the country, as this well-off layer moved on, mainly to the US, under the scheme which gives individuals with over USD 1 million investments into the US economy a residency permit. This group – which probably contains fewer than a dozen extremely well-off individuals – has not been the focus of this study, as we do not consider their experience to be representative of the challenges faced by the wider Syrian Armenian community.
- **The middle class:** smaller-scale entrepreneurs that have through a combination of pre-existing assets, government and donor economic integration schemes, and personal resourcefulness managed to establish solvent businesses or find employment at a managerial/professional level. It is difficult to pin down their number, but our interviews suggest this group comprises up to 400 households, providing relatively stable livelihoods to up to 1600 individuals (the average number of household members being about 3,9).[36]
- **The precariat:** entrepreneurs and employees that have been less successful, and are stringing their livelihoods from a combination of self-employment, (partial) (under)employment, remittances received from family members outside Armenia, and various forms of assistance. These individuals are more likely to operate in the informal economy and their livelihoods are more precarious. Their economic

35 As already mentioned, Syrian Armenians are indistinguishable from other Armenian citizens, so short of a representative household survey there is no reliable quantitative method to capture and understand their socio-economic stratification. We have therefore constructed these social categories on the basis of interviews with Syrian Armenians, (I)NGOs and key government institutions, with full awareness of the limitations of such an approach. Our main reference for the figures used are the numbers of (I)NGO beneficiaries and these (I)NGOs' assessments of the beneficiaries' socio-economic status, as compared to the total number of Syrian Armenians in the country provided by UNHCR.

36 These individuals are largely men and most of them have families, so while there are certainly exceptions to the rule, it is likely that the number of individual entrepreneurs broadly equals the number of households in this category.

potential is not being fully tapped, as their skillsets are not well matched with the needs of markets, limiting their capacity to develop their full potential.

– **Socially vulnerable:** either because of pre-existing social vulnerability or because of impaired capacity to build livelihoods in Armenia. While we do not have strong statistical evidence, our interviews and focus groups suggest there are a disproportionate number of women-headed households, elderly, and men in their late 50s whose skillset may be well-matched but who are struggling to find employment due to their age. This category also includes people who have owned successful businesses in Aleppo but could not transfer their wealth and assets to Armenia.

While figures remain elusive, there is a lot of indirect evidence gathered from active (I) NGOs pointing towards the precariat and socially vulnerable as the bulk of the Syrian Armenian population. While the total number of households belonging to the "middle class" could be up to 400, one large local NGO had 4000 individual Syrian Armenian beneficiaries listed as belonging to the latter two categories. It would be very hard to make a precise estimate of division between these two categories, but it is highly likely that over 10,000 Syrian Armenians are currently struggling to remain above the poverty line, or sinking under it.

4 The state of the Armenian economy

Economic integration of Syrian Armenians has been taking place in an economic landscape dominated by protracted systematic challenges. While the state of the Armenian economy is not the key focus of this study, understanding it is essential for gauging the effect of Syrian Armenians' presence and integration. We have therefore looked specifically into those aspects of the Armenian economy that have direct relevance for the ability of this group to integrate economically.

Following rapid economic expansion in the pre-2009 period, regularly topping 10% GDP growth, the Armenian economy has faced a slowdown in recent years. Following significant efforts and reform by the Armenian government and international partners in response to the contraction of the economy in 2009 (by 14,1 %), average growth since 2010 has returned to a more modest 3,5%, with 2016 marking a recent low point in the ongoing recession with a mere 0,2% growth.[37] Though results in the first three quarters of 2017 showed an uptick over 2017, growth is unlikely to reach pre-2009 levels.[38]

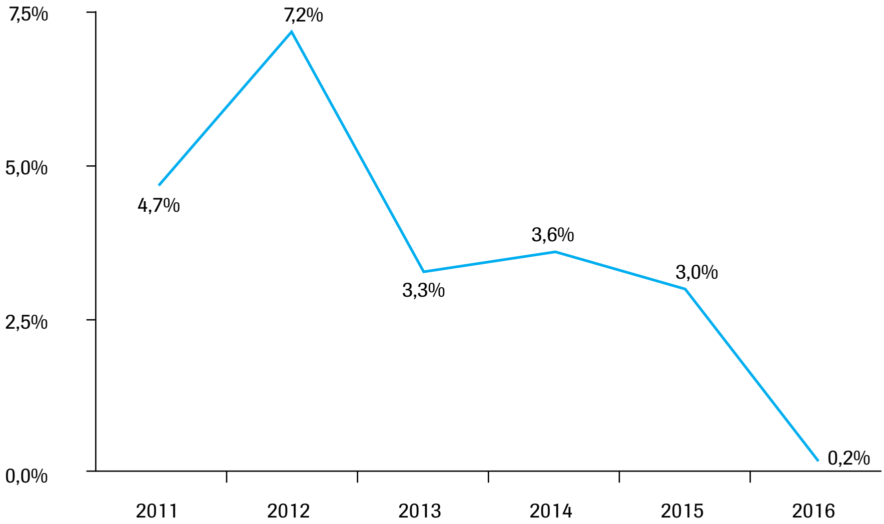
Unemployment and poverty have been on the decline despite the recession, but remain relatively high at 16,8% (2016) and 29,8% (2015) respectively.[39] As already mentioned, unemployment and poverty are considered to be the major causes of outward migration, which in turn is considered as a major risk to the country.

37 World Bank, World Development indicators (accessed 7th of December 2017).

38 National Statistical Service of the Republic of Armenia, Armstat (accessed 7th of December 2017).

39 World Bank, World Development indicators (accessed 7th of December 2017).

Figure 1 GDP growth[40]



Sectoral economic development

The **services sector** was an important factor driving pre-2009 growth and has remained a sizeable and growing segment of the Armenian economy. Though domestic consumption of most services has remained relatively stagnant, the export of services has grown rapidly.[41] The country's main growth engines are tourism and construction, though the latter is subject to considerable volatility, both in local and in convertible currencies.[42]

Despite government efforts to develop the **industrial sector** by shifting from basic to more high-value and knowledge-based goods and services through the Armenian Development Strategy for 2014-2025, growth has been sluggish, leading to a sliding share of total GDP. Focus segments are diamond cutting, goldsmithing, watchmaking, light industry, alcoholic beverages, pharmaceuticals, biotech, canned foodstuffs, mineral waters and juices, engineering and non-ferrous mineral processing.[43] These sectors

40 World Bank, World Development indicators (accessed 7th of December 2017).

41 National Statistical Service of the Republic of Armenia, Armstat, National Accounts 2017: Production of GDP, (accessed 7th of December 2017); World Bank, World Integrated Trade Solution (accessed 8th of December 2017).

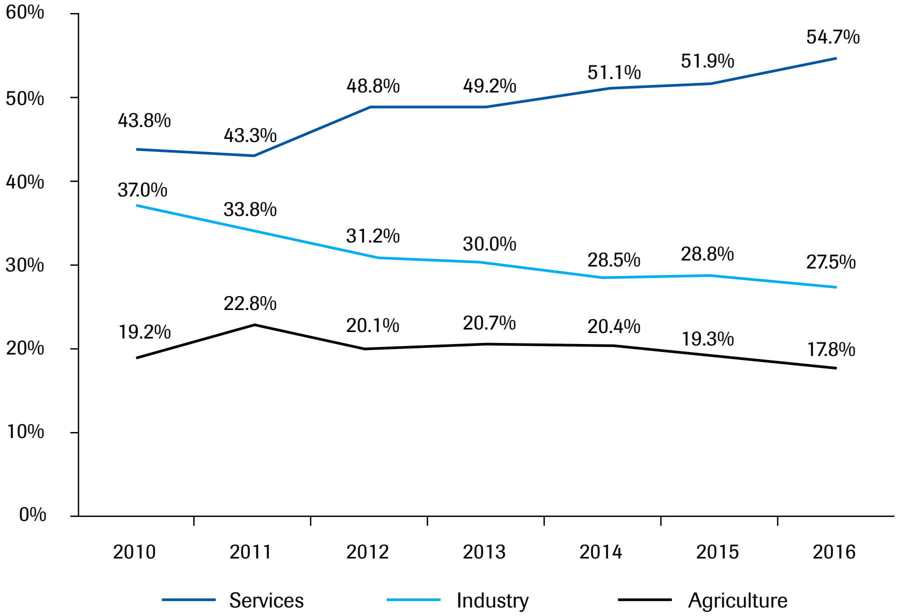
42 USAID, 2013; World Bank, 2014; interview with a real-estate company owner, Yerevan, December 2017.

43 Annex to Republic of Armenia Government Decree # 442 – N, 27th of March, 2014.

however generate low absolute value. Export growth in the sector currently stems from basic commodities (clothes) and several segments of mining and metals basic goods, which have been a mainstay of Armenian exports.[44]

Agriculture has been stable and slowly growing, following a modernisation process. Strong export growth has been measured in many segments, but from a low base. Examples of growth are tobacco, milk and dairy, meats and various vegetables and fruits.[45] As importantly, the Armenian countryside has been emptying of residents, as the country's population drifts towards urban centres – mainly the capital, Yerevan.

Figure 2 Composition of GDP[46]



44 National Statistical Service of the Republic of Armenia, Armstat (accessed 7th of December 2017).

45 *Ibid.*

46 World Bank, World Development indicators (accessed 7th of December 2017).

Remittances

Another significant source of income is remittances from the large Armenian diaspora, which comprises around 7 million people.[47] Remittances have been on the rise since 2010, climbing from some USD 996 million to USD 2,079 million in 2014, and subsequently declining to about USD 1,382 million (2016).[48] The main source of remittances is Russia (~60% of the total), followed by the US (fluctuating between 10 and 15%).[49]

This is a sizeable amount compared with GDP (about USD 9.6 billion in 2016), reaching over 20% in 2014, or slightly more than the international official development assistance (ODA), which was around 18% of GDP that same year.[50] Remittances cover the trade deficit and ensure some currency stability (supported by other government interventions). Sustaining consumption and access to imported goods, they are an important factor underpinning household consumption, economic growth, and through these factors dampen the potential of social unrest caused by low incomes and high unemployment.

It should be noted however that no matter how substantial, remittances do not afford the diaspora any say in Armenia's internal affairs. Armenian citizens with residency abroad do not have the right to vote in Armenian elections. Migration and the associated remittances therefore also prevent social pressure for reform from building, and support the reproduction of the elite and of the broad political settlement.[51]

47 The precise size of Armenian diaspora remains a question of estimates rather than firm figures, but most news and academic sources place it between 7 and 8 million. See for instance: http://news.bbc.co.uk/2/hi/europe/6382703.stm or http://www.cria-online.org/6_5.htm.

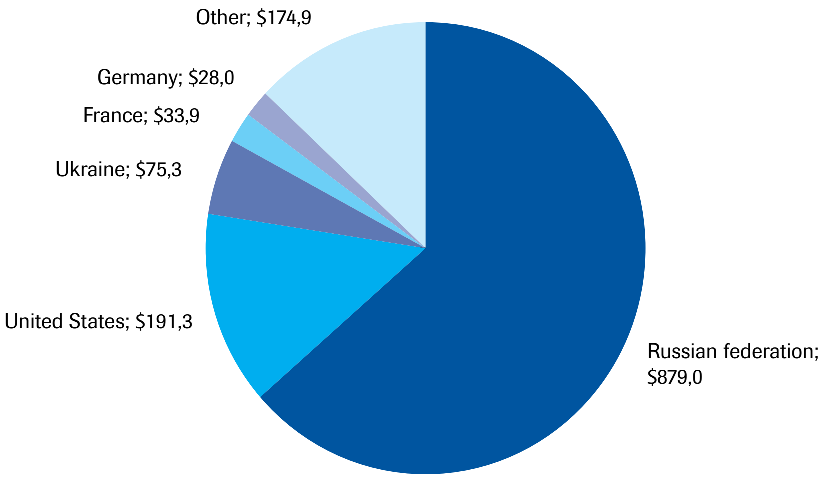
48 World Bank, Bilateral remittance matrices 2010-2016, (accessed 7th of December 2017).

49 *Ibid*.

50 See http://www.oecd.org/dac/financing-sustainable-development/development-finance-data/Asia-Development-Aid-at-a-Glance.pdf for ODA amounts and World Bank data on Armenian GDP at https://data.worldbank.org/country/armenia.

51 Interview, Yerevan, December 2017.

Figure 3 Origin of remittance inflows into Armenia[52]



Challenges to economic growth

Armenia's growth is constrained due to the rather small size of its internal market. For most goods, small production volumes are sufficient to cover domestic demand, precluding the need to develop sophisticated production methods. Many entrepreneurs are more focused on developing their product portfolio or finding export opportunities to grow their business, mainly towards Russia and the former Soviet Union, e.g. the Commonwealth of Independent States (CIS).

The set-up of a customs union through the Eurasian Economic Union (EEU) in 2015 provided further formalisation, ensuring easy access to nearby markets, though it should be noted Armenia has been benefiting from duty-free trade with these countries since before the EEU implementation. Also, EEU regulation and standards have been known to conflict with EU standards, which the Armenian government is seeking to harmonize. The EEU will also require Armenia to raise trade tariffs in order to fall in line with the rest of the customs union over the coming years, which may hamper trade with major non-CIS countries.[53] Meanwhile, Armenia left the negotiations on the Deep and Comprehensive Free Trade Agreement with the EU, instead coming to a Partnership and

52 World Bank, Bilateral remittance matrices 2010-2016, (accessed 7th of December 2017).

53 BTI, 2016, Armenia Country Report.

Cooperation Agreement, effectively prioritizing the Russian-orientated EEU over closer ties with the EU.[54]

Trade is somewhat restricted due to closed borders with Turkey and Azerbaijan, but many markets remain accessible. Exports to the EU (USD 478.8 million) outperform exports to other CIS countries (USD 412.9 million) despite the constrained Turkish route.

A recent EU report on the development of small and medium enterprise in Armenia lists access to finance and cumbersome policy and regulatory frameworks as the two of the four main obstacles to the development of this sector.[55] High commercial interest rates – ranging between 8% and 12% – and strict conditions around the provision of collateral and/or guarantees for financing, present almost insurmountable barriers for many Armenian entrepreneurs. This is even more the case for Syrian Armenians, who have no collateral and whose social base in Armenia does not provide easy ways to find guarantors. In a focus group of successful Syrian Armenian businessmen that we organized in November 2017, all participants pointed at access to finance as the main challenge they faced when creating and expanding businesses.[56] State institutions, NGOs and donors have invested significant efforts and funding to create low-barrier financing opportunities for Syrian Armenian businesses, including low interest-rate loans like the Revolving Credit Fund, facilitated and funded by UNHCR Armenia and the Small and Medium Entrepreneurship Development National Center (SME DNC).

The regulatory framework for small and medium enterprises in Armenia remains challenging – especially for Syrian Armenians, who operated in a much less regulated market in Syria, paying few or no taxes and resolving administrative disputes through informal channels. Despite concerted efforts by national institutions and donors to provide training on how to negotiate this regulatory environment, many Syrian Armenian businesses have faced significant difficulties in adapting, including bankruptcies caused by failure to pay taxes. The government has tried to address this through tax reform, conducted in cooperation with the World Bank.[57] But the impact of this measure on Syrian Armenians' capacity to run solvent businesses will probably take a longer time to show.

54 http://ec.europa.eu/trade/policy/countries-and-regions/countries/armenia/; http://www.eib.org/projects/regions/eastern-neighbours/instruments/dcfta/index.htm.

55 http://www.eu4business.eu/files/medias/country_report_armenia.pdf.

56 For details of this FGD, see Box 2 on p. 43.

57 http://www.projects.worldbank.org/P111942/public-expenditure-management-tax-administration-modernization-project-pem-tam?lang=en.

The Armenian economy thus remains strongly linked to the Russian economy and, as the following chapter will posit, also influenced by the Soviet economic legacy. But the relationship is highly asymmetrical, as Armenia has little to offer to Russia that cannot be sourced elsewhere, leaving it highly vulnerable to changes in the Russian economy. The recession in Armenia therefore cannot be understood separately from the decline in the Russian economy following oil price falls and European sanction regimes. Special Economic Zone initiatives are being implemented to overcome dependence on the Russian market and to improve connectivity to Iran.

Many Syrian Armenian entrepreneurs have found it hard to adjust to the small domestic market and dependency on export to post-Soviet markets. In a lengthy focus group discussion with successful entrepreneurs, the majority reported still struggling with the fact that the domestic market was smaller than that of pre-war Aleppo, which counted over 6 million inhabitants – let alone the whole Syrian market.

The Soviet economic legacy

While Armenia was notable among CIS countries for its fast growth and open economy in the early years after the fall of the Soviet Union, the legacy of the Soviet economic system continues to have a strong influence on the underpinning structure of the Armenian economy. This chapter does not attempt to provide a comprehensive overview of this legacy, but focuses instead on ways in which that legacy affects the integration of Syrian Armenians in the country.

The main aspect of this legacy is the presence of highly exclusionary settlements in certain sectors. **Oligarchic arrangements** cemented with patronage networks have long slowed down the implementation of economic reforms required to allow for fair competition. Lack of transparency, strong positions of incumbent firms and biased tax regime impede new firms from entering markets, and rent extraction through resulting monopolies have precluded the need for innovation.[58]

Oligarchic settlements are present mainly in commodities and imports. Examples include gasoline and gasoline heating oil, where Russian connections are a requirement; importation of many basic goods, cars and car-parts, construction and construction materials, and food items such as sugar, flour, rice, beverages; as well as the export of mining commodities.[59] Oligarchic control over the import of key commodities potentially also creates a vested interest in maintaining closed borders to limit the number of import and export opportunities in order to maintain control of existing arrangements.

58 BTI, 2016, Armenia Country Report.

59 Interview with Syrian Armenians involved in imports and exports.

Additional ways in which competition is limited in the food and beverages sector is through the concentrated ownership over the sales channel, such as retail stores and supermarkets.[60] As a consequence of the difficulties associated with entering such opaque arrangements (coupled with lacklustre economic performance and limited economic reform), foreign investment has been weakening in recent years.[61]

Lately a debate has started on economic reforms that aim to break such arrangements, though implementation remains challenging. Reform may be prompted in anticipation of having to fund further security measures (currently estimated at 40% of public expenditures) and facing legitimacy crisis given interwoven oligarchy, politics and economic underperformance in recent years (exacerbated by heavy consumer taxation and low corporate tax rates and tax evasion).[62]

A second legacy of the Soviet economic system is **the mismatch of skills** available in the labour force compared to the skills businesses require. The Armenian education system is largely focussed on vocational and service skills, largely in line with current economic production (see figure 2). However, the business skills and process management skills required to expand to new markets and to scale up/manage larger production processes are largely lacking. Currently, most skills are geared towards employment in relatively small scale production and sales in the local market.

Due to the small internal market, exports are a necessity to grow beyond a SME. The export relevant language skills and business skills available for such endeavours are largely geared to exports towards Russia, rather than Armenia's southern neighbours.

A third relevant remnant of the Soviet system is visible in **the housing market**. In the former Soviet Union, housing stock was in state ownership, and apartments, new and old, were assigned to people based on their employment. This meant that virtually every household had access to state-owned real estate assigned to a family member. After the fall of the Soviet Union, this housing stock was handed over to the residents for little or no compensation, as long as they were able to prove they were assigned the apartment they lived in. This meant that in the early 1990s, virtually every Armenian household owned their apartment.

Twenty years and many market turbulences later, high rates of home ownership are still a stabilising factor in the Armenian economy – in 2011, 88% of Armenian households owned their dwelling.[63] Families have been able to sell larger apartments for smaller

60 Interviews with Syrian Armenians involved in imports and exports, Yerevan, November 2017.

61 National Statistical Service of the Republic of Armenia, Armstat.

62 Frederich Ebert Stiftung, 2017.

63 CRCC Armenia, 2017, Syrian Armenians: Economic Integration in Armenia.

ones and give their children the difference as start-up capital, use their apartments as a guarantee for new mortgages, or as a collateral for business loans. The salaries market has also formed itself partially around this fact: the average salary of EUR 320 is enough to cover utilities, food and clothes, but is not “designed” to allow people to rent. Syrian Armenians – with the exception of those most well-off – do not have this real-estate based stability and are forced to find housing in Yerevan, where only 10% of the housing stock is on the rental market.[64]

Lastly, it should be noted that the former Soviet system was premised on the assumption of dual breadwinners. Today key societal institutions and norms not only allow for, but also necessitate, the economic participation of women, as individual salary levels are relatively low.[65] This is probably one of the most visible cultural differences between the Armenian and Syrian Armenian community, where the predominant model was that of a male breadwinner.

64 Interview with the owner of a real-estate company, Yerevan, December 2017.

65 The main characteristics of the post-Soviet two-earner model is that for many, being a two-earner family is not a choice but a necessity – in other parts of Europe, the dual income model can be opted into; in the post-Soviet space it is a model families cannot easily opt out of, without risking poverty.

5 Effects of economic integration

Economic profile of the Syrian Armenian population

Over the course of the Syrian conflict a relatively varied population of refugees from the Aleppo urban area arrived in Armenia. Though many Syrian Armenians express pride in their return to their “historical homeland”, it should be noted that of the estimated 22,000 that have at some point arrived to Armenia at least 7,000 moved on to other countries.[66] Those who moved on to other countries included a significant section of the better-off and more educated part of the population, and also moved most valuable assets and resources that came into the country with them from Syria.[67]

Those who remained in Armenia are characterized by a relative lack of productive assets and relatively low levels of education.[68] The Syrian Armenians who chose to stay in Armenia had to make significant adjustments to their lifestyle in order to adapt to lower standards of living compared to Syria, and face comparatively high unemployment. Among this group, lack of employment opportunities remains the main driver of the intention to migrate further (mainly to the United States, Canada and European countries).[69]

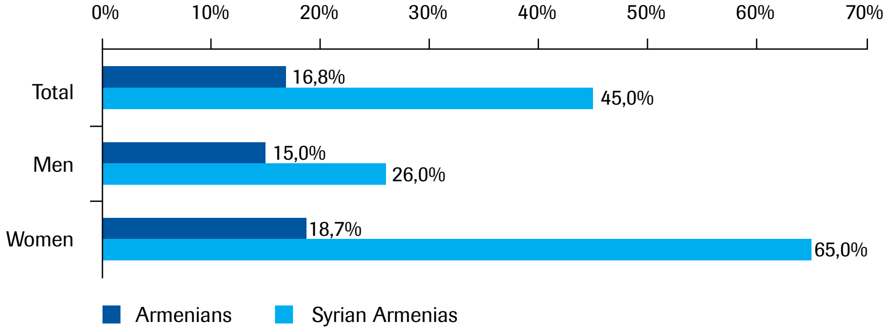
66 Interviews with international actors and Armenian state officials, Yerevan, November and December 2017.

67 Interview banker, November 2017.

68 Interview, Yerevan, November 2017 and EDRC, 2016, Armenia Economic Report.

69 Interview & EDRC, 2016, Armenia Economic Report, data on moving destinations.

Figure 4 Unemployment amongst Armenians and Syrian Armenians[70]



Quantitative host community impact

As Syrian Armenians formed a mainly urban population in Syria, the vast majority of Syrian Armenians moving to Armenia settled in or close to the city centre of Yerevan. Besides providing a lively urban environment and proximity to governmental and NGO support, Yerevan city centre was attractive to Syrian Armenians given their experiences in Syria of living, producing and selling in the same location.

Given that most Syrian Armenians both live and work in or near the Yerevan city centre, economic effects on the host community caused by increasing demand of goods and services are relatively localised. Rural areas and other major cities remain virtually unaffected, but within Yerevan itself the effects remain limited as well.

On the consumption side, the settlement of Syrian Armenians has produced no clearly visible effects. Prices of most food staples have been steadily declining over recent years, and have continued to do so. Food staple prices actually appear to have been declining faster in Yerevan than in other markets. Where throughout 2012-2014 expenditures on annual food consumption were higher in Yerevan than outside the capital, expenditures in Yerevan throughout 2017 actually appear to have fallen to equal or lower levels than outside the city.[71]

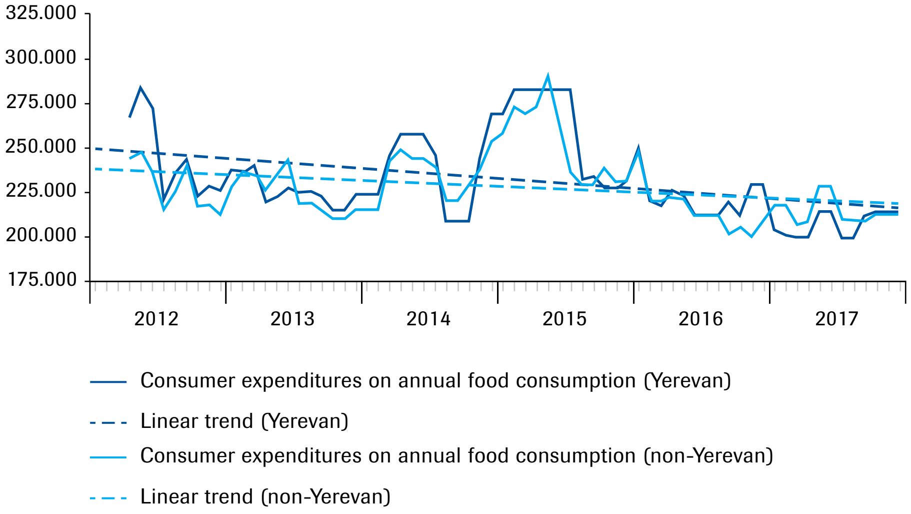
The decline of consumer indices is unsurprising given Armenia's economic recession over the period, with the stronger decline in Yerevan food prices reflecting the relative

70 Based on EDRC and World Bank data (2016).

71 Based on calculations of WFP price data of food staples on various markets, combined with Armstat annual food consumption figures.

focus of economic and demographic concentration in the capital. The spikes apparent in the graph below are likely due to the devaluation of the AMD over this period as a consequence of the slowdown of the Russian economy following the drop in oil prices and the introduction of EU sanctions.

Figure 5 Changes in consumer expenditures on annual food consumption in and outside of Yerevan



In the housing market the situation is somewhat different. In contrast to consumption prices, rental fees in areas where Syrian Armenians have settled went through an initial increase of about 10% before stabilising at that level.[72] Though demand for cheaper housing has increased, price rises have remained limited as the budget of most Syrian Armenians is severely constrained. Given that about 88% of Armenians own their dwelling, the rental market is relatively small and hence more heavily affected by the entry of Syrian Armenians.

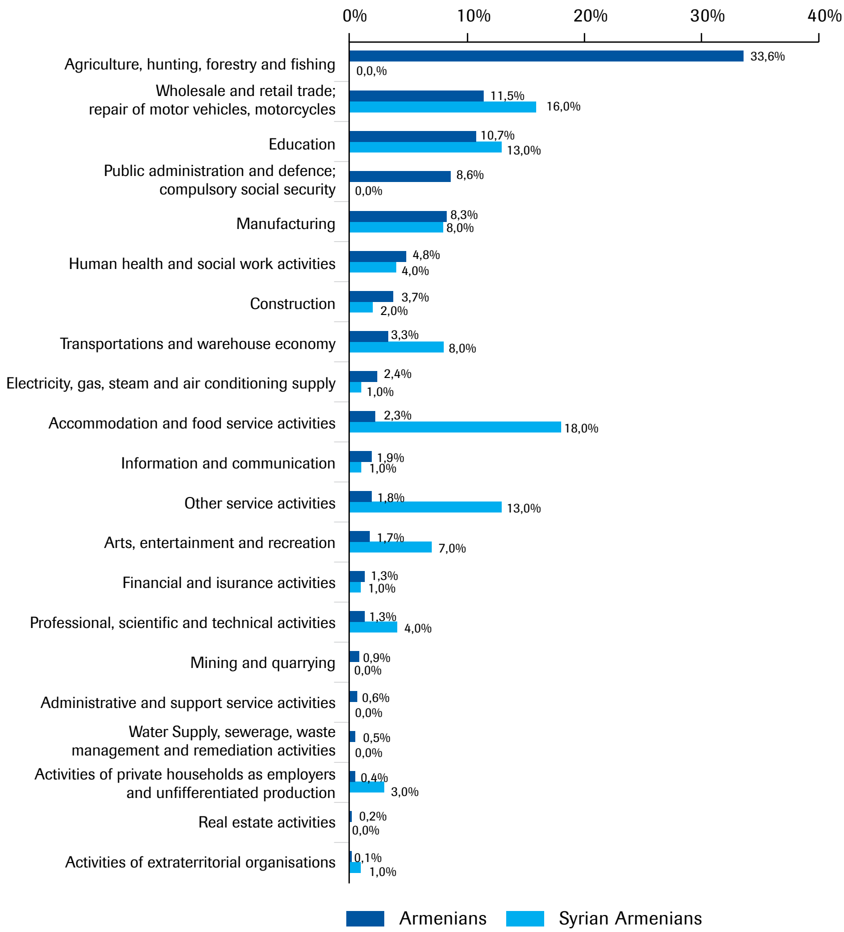
Quantitative sector assessment

The Syrian Armenians who have managed to establish a livelihood following their arrival in Armenia spread across Yerevan's economic sectors. While most of those who found employment were forced to look beyond the sectors in which they were employed in Syria, those with a background in crafts and their related trades, services and sales

72 Interview with real-estate agent specialising in the city centre rentals, December 2017.

and managerial positions managed to stick to their trade to a considerable extent.[73] As a consequence, Syrian Armenians are disproportionately employed in accommodation and food service activities and are overrepresented as employers in manufacturing and the repair of motor vehicles. Their settlement is not homogenous across these sectors however, but instead reflects activities in a number of trades.

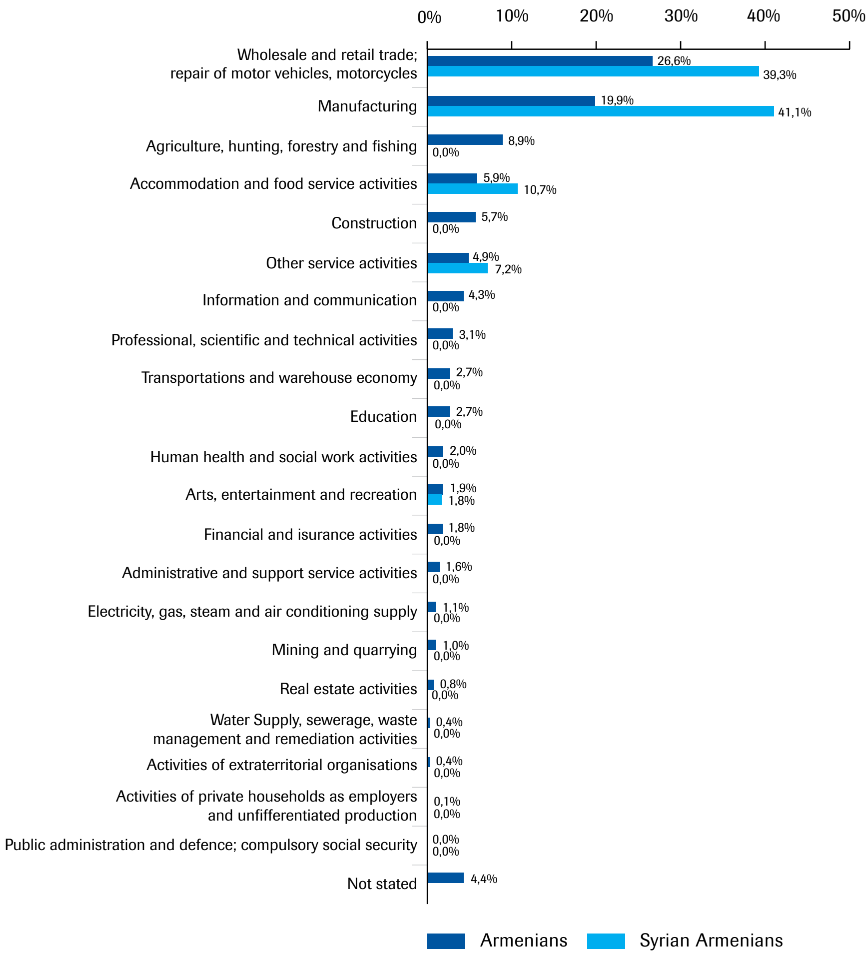
Figure 6 Employment across sectors amongst Armenians and Syrian Armenians[74]



73 CRCC Armenia, 2017, Syrian Armenians: Economic Integration in Armenia.

74 *Ibid.* and Armstat 2017 statistical yearbook (2016 data).

Figure 7 Armenian and Syrian Armenian employers by sector[75]



First and foremost are Syrian Armenians' activities in food services and production. Soon after the initial Syrian Armenians' arrivals, small shops selling simple take-out meals sprang up. While street food was no new phenomenon in Armenia, the Syrian Armenian stands differed from those of their competitors by offering higher quality products, improved service, and by introducing new dishes. Given these improvements,

75 Based on EDRC, 2016, Armenia Economic Report and Armstat 2011 census data. Note this graph is based on a limited sample of Syrian Armenian employers, and hence does not produce reliable estimates of their presence in segments where few Syrian Armenians employers are present. The number of Syrian Armenian employers in a number of sectors is thus likely underestimated.

the affordable street take-outs gradually earned their position in the Yerevan city centre market as eating habits of working people changed, increasingly substituting homemade snacks with Syrian Armenian take-out.

Building on the success and revenues generated through street food, the establishment of a number of Syrian Armenian restaurants followed. These restaurants quickly carved out a niche in the market by offering new, quality products and improved service, thereby providing a different client experience. The introduction of the Syrian service mentality largely paved the way for improvements in the professionalisation in the service industry, thus enticing higher consumption from Armenian clients, the introduction of new food products in retail, and facilitating the employment of Syrian Armenians in restaurants across the service industry. GDP and employment in the sector rose by a compound annual growth rate (CAGR) of 14,8% and 5,4% respectively between 2013 and 2016 (see Figures 8 and 9).[76]

In parallel, the tourism sector made rapid gains with increased visits from Iran, Russia, Europe, and Asia. While only a few Syrian Armenians were involved in the sector, mainly as tour guides for Arabic speaking clients, a number of state officials interviewed for this study shared their belief that improvements in food and accommodation services enabled the growth in the tourism sector to a considerable extent by making Armenia a more attractive destination for tourists.[77]

Employment in the manufacturing sector is mainly driven by jewellery, goldsmithing and related activities. A considerable number of Syrian Armenians were operating small jewellery workshops in Syria, producing and selling from their home address. While the majority of these craftsmen arrived in Armenia without the tools of their trade, many continued in the same line of work based on the reputation they had established through the export of their products in the years before. The proceeds from their production allowed these craftsmen to reacquire a variety of goldsmithing tools and thus rebuild their product range from rudimentary items to more advanced ones. The Syrian Armenian craftsmen established workshops and sales outlets alongside Armenian craftsmen in locations such as the city's Gold Market jewellery mall and the open air craft market Vernissage without raising significant tensions as there was sufficient space in the market.[78]

76 GDP: Armstat, national accounts 2017, chapter 2, production of GDP. Employment: Armstat, statistical yearbook 2017. Calculations are based on conversion dollars values, calculated from the sources above (to avoid the measure being heavily contaminated by currency fluctuations).

77 Just as with many other effects, this one has not been confirmed by firm statistics, and relies on our interlocutors' interpretation of anecdotal evidence available to them.

78 The virtual lack of competition between Syrian Armenians and locals was confirmed in interviews with long-established Armenian manufacturers at the Gold Market in December 2017.

Besides production, Syrian Armenians lacking the necessary goldsmithing skills have also become active in the wholesale and retail trade of Syrian Armenian-produced jewellery. The most profitable segment of the value chain, the export to Russia, remains predominantly Armenian given Syrian Armenians' lack of Russian language skills and social connections. Other areas of cross-border trade also remain largely off limits to Syrian Armenians as a result of the predominance of highly exclusionary settlements on the imports and exports of goods, as discussed in previous chapters.

Syrian Armenians also gained a foothold in the car repairs industry, where they established a reputation for quality, cheap and timely service.

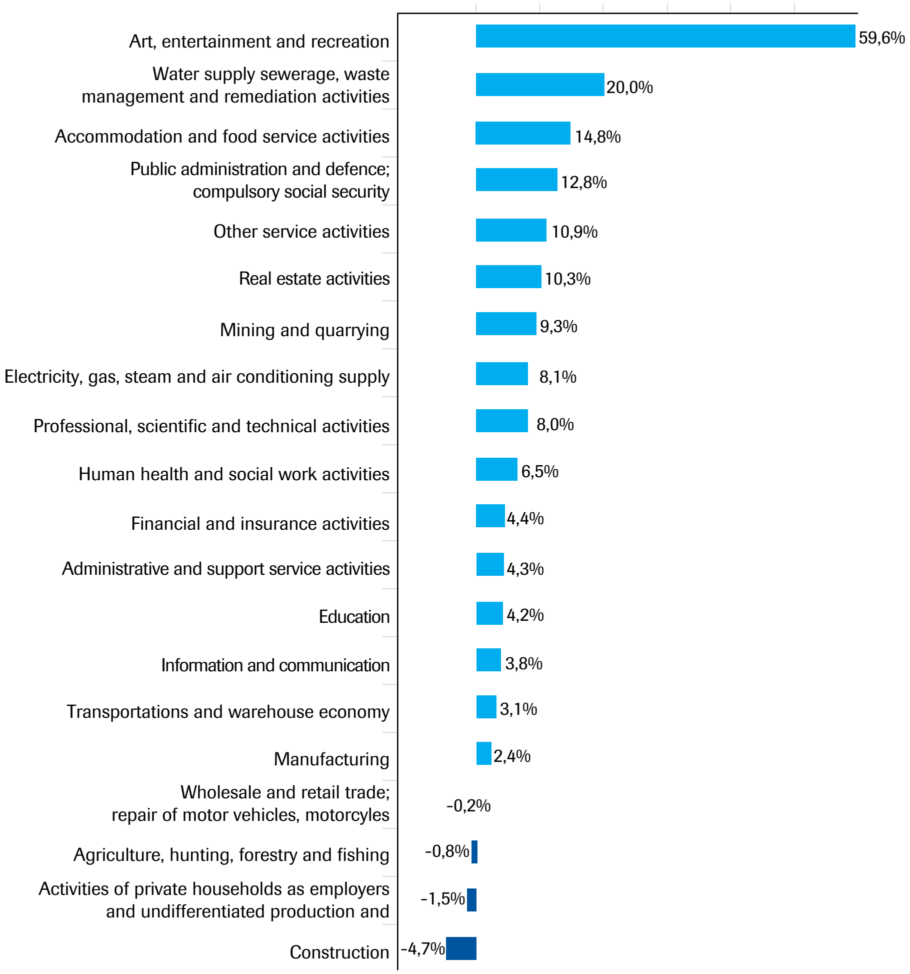
Other notable efforts include the shoe and pharmaceutical industry, though these are cases of successful individual ventures, rather than significant Syrian Armenian employment.

Settlement in the urban centre of Yerevan largely prohibits Syrian Armenians from engaging in any commercial agricultural activities.

As is clear from the above, a significant number of Syrian Armenian established SMEs (including one-man enterprises) – around 400 have been successful, and possibly twice as many have at some point tried to do so and failed or are struggling to keep afloat.[79] While this could potentially lead to additional employment opportunities for both Armenians and Syrian Armenians, it should be noted that the growth potential of many SMEs is hard to realise. As the Armenian market is relatively small, export quickly becomes a necessity for further growth. Unfortunately, many SMEs have trouble making the step towards exports, as entrepreneurs frequently lack export experience, the availability of finance for growth is limited, and many enterprises have trouble scaling up their production to full container loads.

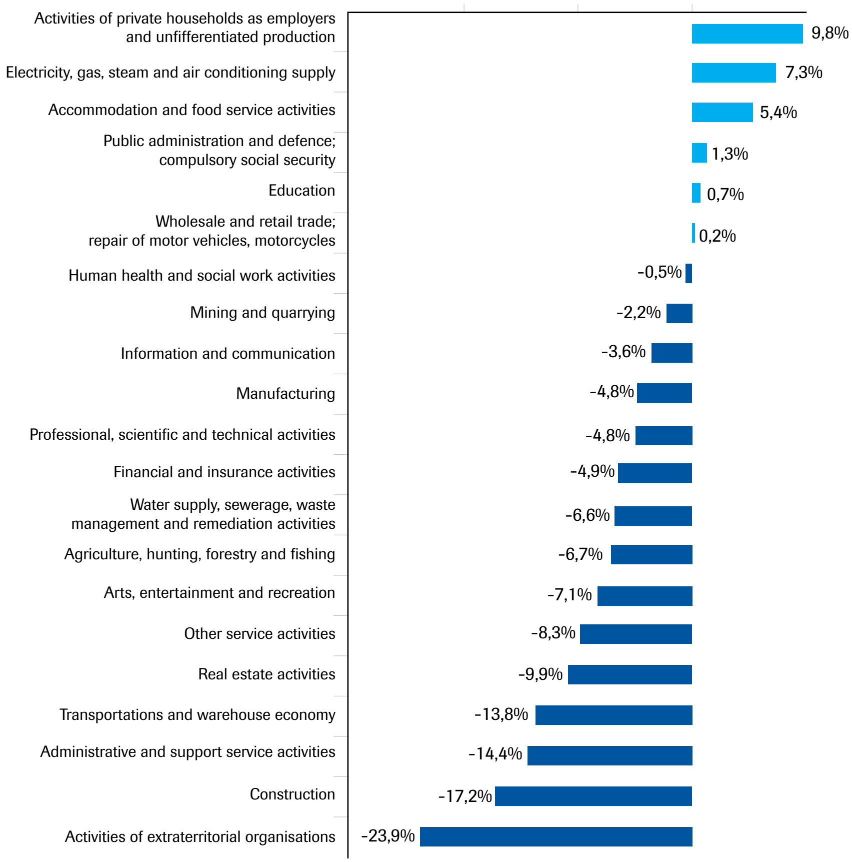
79 These estimates are based on interviews with the Syrian Armenian Union and SME DNC.

Figure 8 2013-2016 GDP CAGR by sector[80]



80 Based on Armstat, 2017 national accounts.

Figure 9 2013-2016 Employment CAGR by sector[81]



Beyond the food services sector noted above, options to size the state and impact of Syrian Armenians economic integration through macro level (economic) data is severely limited. This is due to three reasons:

– First, the number of Syrian Armenians is relatively small compared to the Armenian host community. Though this does not prevent measurement from capturing their impact, it does make it difficult to reliably capture and attribute the fluctuations due to the presence of Syrian Armenians in aggregate level data. Many factors influence macroeconomic performance of the Armenian economy, and given the limited number of Syrian Armenians many of these factors will have a significantly

81 Based on Armstat 2017 statistical yearbook.

greater impact on aggregated performance and thus drown out the effects of the Syrian arrivals.

- Second, many Syrian Armenians did not become economically active directly upon arrival. Many expected the Syrian war to end, attempting to get by until then on savings and by selling the limited assets they had brought. As a result many of them, particularly those who arrived later, have only recently started in their jobs or enterprises. Any effects generated through these activities are thus unlikely to be fully developed, and to be fully captured in recent economic data.

- Third, Syrian Armenians are generally not identifiable (micro level) data sources. As Syrian Armenians have the opportunity to nationalise and acquire work permits and operating permits through the same procedures as the Armenian host community, their economic performance is recorded within national data sources without any identifiable markers allowing researchers to separate them out. While the gap that thus arises is to some extent filled by studies specifically targeted at Syrian Armenians, such studies generally are not extended to the host community. This means there is little comparative data on which to base firm conclusions about the two populations' economic activity.

Qualitative impact

Although quantitative evidence of Syrians Armenians' economic impact remains tentative, individual success stories do exist and allow for a qualitative insight into the economic impact of Syrian Armenians on the wider economy.

While the Syrian Armenian population is lower educated and has fewer assets than the host community, their socialisation and experience in the Syrian economy has equipped many with valuable skills. Even before Syrian Armenians arrived their reputation in jewellery and crafts had spread beyond the borders of Syria, and so they came with a reputation for diligence, integrity and the production of high quality goods.

> "Syrian Armenian is a quality brand"
>
> Interview with a Yerevan municipal official, November 2017

This reputation, combined with a generally welcoming attitude from native Armenians, was highly valued by the Armenian business community, reportedly leading to a number of cases of preferential hiring of Syrian Armenians.[82] As a result the Syrian Armenians

82 Various interviews with officials and Syrian Armenian entrepreneurs, Yerevan, November and December 2017.

who managed to find employment were not confined to relying only or mainly on community members, but were frequently employed in Armenian businesses or – to a lesser extent – also in public sector jobs. Similarly, newly established Syrian Armenian SMEs, such as car repair shops, benefited significantly from this reputation.

While Armenia's significant outward migration makes any inward migration valuable simply for the human capital it represents, Syrian Armenians' skillsets allowed them to go beyond merely replacing departed Armenian labour capacity.

Syrian Armenians are also frequently positively compared with Armenia's Soviet labour traditions. Whereas the Soviet legacy is often described in terms of a high degree of specialisation and standardisation, Syrian Armenians are viewed as examples of flexibility, innovation and service orientation.[83] Syrian Armenians' willingness to produce to client specification, rather than to set standards, was frequently cited as a driving force behind their success in jewellery and other crafts.[84] Likewise, the Syrian service mentality is visible most prominently in the cultural shift in the food and hospitality industry. The introduction of new Arab food products, the introduction of quality street food, and the raising of service standards changed the market. Not only did it lead to higher consumption, thereby driving higher employment, it also forced Armenian competitors to adjust their own practices in order to benefit from this growth.

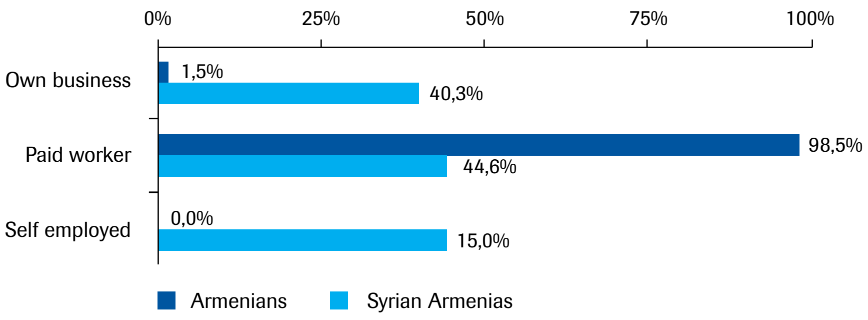
> "They brought the richness to our shop-windows and the colours to our streets"
>
> Interview with a high-ranking state official, Yerevan, November 2017

Besides a different approach to employment, Syrian Armenians are also more used to setting up and operating Small and Medium Enterprises (SMEs), as a result of the prevalence of small workshops operating from residential buildings in Syria. This experience is reflected in the occupations of economically active Syrian Armenians in Armenia (see Figure 10).

83 Interviews with state officials, (I)NGO and economic analysts, Yerevan, November and December 2017.

84 *Ibid.*

Figure 10 Types of income generating activities amongst Armenians and Syrian Armenians[85]



Finally, it should be noted that Syrian Armenians brought along a different set of language skills and cultural affinities than were previously available in the Armenian economy. While the Armenian economy has strong links with the Russian economy, the economic potential of Middle Eastern export markets such as Iran, Iraq and the Gulf has remained largely unexplored and unrealised. Syrian Armenians' language skills and social networks might be utilized to unlock significant potential in these markets.

85 EDRC, 2016, Armenia Economic Report and Armstat 2011 population census data.

6 Challenges to economic integration

In the course of our research we became increasingly aware that an approach focused on empowering Syrian Armenian entrepreneurs risks in the long term conflating Syrian Armenians with successful Syrian Armenians, and the needs of Syrian Armenians with the needs of economically successful among them.[86] As already discussed, there is a great deal of stratification within this population, and different groups face different challenges. Regardless of the advantages Syrian Armenians may have when integrating economically, unemployment and poverty are relatively high in Armenia and disproportionately affect the more vulnerable among the Syrian Armenian population.

In many ways, support for economic integration of Syrian Armenians is a smaller-scale intervention. With only about 400 Syrian Armenians actually active in business, this line of assistance benefits the most resourceful and adaptive among them, and therefore creates a cycle of positive reinforcement. According to the Syrian Armenian Union, which serves as a semi-professional business association for Syrian Armenian businessmen, the rate of success is high by world standards – about 30% of refugee start-ups have managed to survive and become relatively stable.[87]

Box 2 Response through the eyes of the successful businessmen

In November 2017, with the assistance of the Armenian SME DNC we held a focus group discussion with 25 successful Syrian Armenian businessmen. All of them were men, aged 30-60, and received some or all of the support from the extensive GIZ-funded economic integration assistance programme – training, facilitated loans, financial support for attending professional fairs abroad, etc.

The men involved were owners of one-man, family, small or medium enterprises working in areas ranging from jewellery making to shoe production to food processing to pharmaceuticals. At the time of the FGD, they all considered themselves as having secure livelihoods, and none of them felt that their

86 See CRCC Armenia, 2017, Syrian Armenians: Economic Integration in Armenia, pg. 11.

87 Similar rate has been quoted by the SME DNC, but it is not clear whether these are two independent sources of statistical data or whether this is a case of circular sourcing.

existence was precarious beyond the precariousness inherent to operating a private business on a difficult market.

The key challenges they described when opening/running a business in Armenia were:

- Access to finance: high interest rates, difficulties in obtaining funding
- Access to real-estate: mortgage conditions in the country make it extremely difficult to buy real-estate, both for personal use and for business purposes
- Complex financial and administrative requirements of running a business in Armenia (specifically, taxes)
- Small internal market
- Difficulties with finding a niche in exports

With the exception of access to real-estate, they did not consider themselves to be in any other way more disadvantaged than their Armenian counterparts. The level of belonging and integration was in fact so high that they considered it to be a “finished process”.

“Now we need to focus on helping Armenia solve its structural problems, as members of the country’s business community,” said one of the participants, summing up the collective sentiment.

When asked what they thought were the key success factors, the participants unanimously stated their own competencies as businessmen and their resourcefulness as the key factors of their success. The second most commonly cited factor was the degree of social acceptance. All other factors – donor assistance, variety and accessibility of programmes, access to facilitated loans – were named only after prompting, so while the narratives of their success contain numerous instances of assistance, its importance in the perception of the group is seen in function of their own capacity to make use of the opportunities offered, not of the existence of such opportunities.

This is by all measures a significant success – especially in terms of business start-up support. It bears reiterating, however, that many Syrian Armenians have lost most of their assets in Syria in the most productive stage of their lives – causing not only psychological trauma but also setting them back in comparison to the host population. The largest part of the Syrian Armenian population belongs to the precariat and to the socially vulnerable, and while it certainly has considerable economic potential, is unable to activate it as quickly as the most resourceful group. This is not to say that these groups have been left out. But it does show that for this part of the Syrian Armenian population, the struggle to create sustainable livelihoods is far from over and that they will need some form of targeted assistance for at least one if not more funding cycles.

Universal Challenges

Almost six years into their displacement, one of the key universal challenges and main differences between Armenian-born Armenians and the vast majority of Syrian Armenians, regardless of their social position, is **access to housing**. This is due to a Soviet legacy of universal housing that has led to an almost fully saturated real estate market, prohibitive mortgages and an economy based on the premise of near-universal house ownership.

This challenge manifests itself differently for different social layers:

- For the successful entrepreneurial middle class, lack of real estate hampers further business development, as entrepreneurs have no collateral to put against bank loans or new business developments.
- For the precariat, lack of homeownership means the permanent financial pressure of paying monthly rent while already struggling to earn average monthly salary; this burden prevents saving, suffocates initiative and causes a lack of financial buffer for times of higher vulnerability.
- For the socially vulnerable the impact is similar to that experienced by the precariat, only with far more dire consequences because of structural inability to find sufficient income. Lack of affordable housing thus becomes financial millstone that keeps them in a position of permanent vulnerability and creates a poverty trap.

Another universal challenge is **lack of access to social networks** to assist fuller integration. Much like access to housing, it affects different social layers in different ways, and is particularly challenging for the socially vulnerable strata: single mothers without informal childcare to allow them to find and keep work; precariat without access to informal private loans or friends to stand as guarantors for more formal loans; and so on.[88] Despite efforts by donors and the national government to facilitate social interactions between Syrian Armenians and the host population, the level of social capital needed to trigger support in childcare or for guaranteeing loans is very high and takes a long time to build. As a result many Syrian Armenians tend to invest in maintaining and expanding their social capital with other Syrian Armenians, where this threshold is easier to reach.[89]

88 Syrian Armenian children have unhindered access to state-run kindergartens, but the working hours in most Armenian companies are on average much longer than the work hours of the formal childcare institutions, so single mothers still need access to informal childcare if they are to provide for their families.

89 Interviews with donors and state officials in Yerevan, November and December 2017.

Specific challenges per social layer

For the entrepreneurial business class

- Small local market and the oligarchic structure of the Armenian economy limit growth and keep Syrian Armenian businesses confined to small and medium size.
- Lack of Russian language skills and social networks are limiting Syrian Armenians' access to export markets.
- Difficult access to credit, despite various donor and state initiatives – the support available is highly selective, has limited reach and is usually offered on a one-off basis.

For the precariat

- For those seeking employment, access to employment in the public sector and in commercial sectors such as banking is severely limited by lack of fluency in Russian and lack of understanding of informal communication rules within post-Soviet economic or policy-making landscapes.[90]
- For those trying to run businesses, accrued debts mean there is no opportunity to learn lessons from business failure and attempt further ventures (no second chance).
- Precarious livelihood patterns push them into the grey economy and further limit opportunities to use their human capital.

For the socially vulnerable

- Vulnerability is severely compounded by a lack of affordable housing and social capital.
- Lack of social capital disproportionately affects women and women-headed households.
- Vulnerability is compounded by the mismatch of skills and labour market needs
- Low employability disproportionately affects men aged 56+.[91]

One challenge that remains despite persistent interventions by all key stakeholders (government, aid community and donors) is the **economic integration of Syrian Armenian women**. As with overall economic integration, interventions aimed at economically activating women are too many to mention – almost every (I)NGO has implemented some kind of intervention targeting women, from psychosocial support,

90 It is unrealistic to expect of the first generation Syrian Armenians to achieve the levels of near-native fluency in Russian or in post-Soviet business culture that such positions would require, regardless of language courses. There is however a chance that the younger generation will be able to make that leap – hopefully without losing their fluency in Arabic and their knowledge of Middle Eastern culture.

91 CRCC study has shown that in 56+ age group, only 37% of those of working age are employed (CRCC Armenia, 2017, Syrian Armenians: Economic Integration in Armenia, pg. 33).

self-support groups, language courses, skills training in embroidery or cooking to more advanced skills and professional support or training. Yet in 2017 only 29% of Syrian Armenian women were engaged in some form of paid labour, in comparison to 68% of Syrian Armenian men.[92] This represents a serious source of economic disadvantage among Syrian Armenians – the Armenian economy, as already noted, is based on a two-earner model, and reliance on a single earner, often compounded by the additional burden of rent, is very likely to keep a household in an economically precarious situation indefinitely.

92 CRCC Armenia, 2017, Syrian Armenians: Economic Integration in Armenia, pg. 33.

7 Conclusions

One of the questions this study has tried to answer is whether opting for economic integration as the main intervention strategy was a responsible and effective choice for the refugees and the host country alike.

In this respect, the Armenian response stands in sharp contrast to the responses in other countries hosting large Syrian refugee communities, where access to labour and entrepreneurship have been the burning questions in recent years. The costs of refugee responses and the sheer scale of the displacement have changed the economic landscapes for Jordan and Lebanon as well as for parts of Turkey with the highest density of Syrian refugees. In Jordan and especially Lebanon refugee integration of any kind, including economic, has been for a long time seen as nothing short of a threat to national security, and governments have for a long time resisted any attempt at making refugees economically self-reliant.

While the case of Syrian Armenian refugees is politically very different from the case of Syrian refugees in Jordan or Lebanon, it offers valuable insights into the extent to which provision of basic civic and socio-economic rights can minimise aid dependency of the displaced population, even in a country with relatively low GDP and a challenging economic context. This difference is further discussed in Annex I.

Whether the human potential of refugees can be leveraged to contribute to the overall economic development of a host country, and at what expense to host communities, is influenced by many factors: including the existing economic situation in the host country, government policies, and donor support. In Armenia, our overall conclusion is that from the point of view of the displaced population, the approach taken by the government and donor community has been successful in two respects:

- It has allowed for **high levels of self-reliance of the displaced population**, with salaries and earnings from individuals' own businesses being two out of three of the most important sources of income for Syrian Armenian households in 2017.
- It has proved crucial in assisting a small but significant group of resourceful Syrian Armenians in starting up and maintaining new small and medium sized businesses. The rate of success is high: **about 30% of refugee start-ups have managed to survive and become relatively stable**. These could now serve as crystallisation points for a wider support network of Syrian Armenian entrepreneurs.

The actual impact of Syrian Armenians' integration on the broader economy and society was much harder to capture, due to the small size of the displaced population and the fact that due to early acquisition of nationality, the vast majority of Syrian Armenians were indistinguishable from the Armenian population in terms of macro-economic indicators. There were sporadic quantitative indicators of this impact, such as initial growth of deposits in some Armenian commercial banks, or a 10% increase in real estate prices in the city centre, where the majority of the displaced population resides. But the most visible impact was in the quality of services and the food industry. The introduction of the Syrian service mentality largely paved the way for improvements in the service industry, leading to higher consumption from Armenian clients, the introduction of new food products in retail, and facilitating the employment of Syrian Armenians in restaurants across the service industry.

Political and societal aspects of integration – while difficult to capture without a broader population survey – do appear to include an increased sense of unity-in-diversity across the Armenian national identity; a sense of pride in a job well done; and political success for the repatriation agenda, albeit limited due to large numbers of Syrian Armenians choosing to seek refuge in other countries rather than naturalisation in Armenia. The sense of pride in ensuring refugees' dignity was a recurring sentiment in all interviews with state officials.

> "What the world can learn from us is that if you give displaced people their basic human rights, they become an asset."
>
> Interview with a state official, Yerevan, November 2017

Thus, in many respects, the Armenian response can be seen as a success – albeit limited by the country's unfavourable economic conditions. Looking at the decisions and choices made by all the key stakeholders, we believe the following four factors stand out as key elements of that success:

- Near-universal societal acceptance of Syrian Armenians as kin and a welcome addition to the society undergoing a demographic crisis.
- Government policies offering a full range of protection options and allowing the displaced population immediate access to a broad range of civil, political and socio-economic rights.
- UNHCR ensuring that generous protection provisions and focus on economic integration remain combined with standard aid response interventions, however limited.
- Well designed donor interventions, ensuring a successful first wave of economic integration.

8 Recommendations

When documenting the response to a collective trauma, there is an understandable tendency to focus on individual success stories: refugees becoming captains of industry, former housewives becoming community leaders, and so on. In the case of Armenia such hopeful stories are often true – result of individual perseverance and a concerted effort by the government, UN and donors alike not to allow the human potential of Syrian Armenians to be lost.

It is also understandable that in the first phase of any such process, it is the most entrepreneurial and resilient individuals who benefit most from the emphasis on economic integration. But in a still vulnerable Syrian Armenian community, this focus risks losing sight of those who need longer and more tailored support in order to lift themselves up – and whose economic potential risks remaining untapped. It is important to bear in mind that, as with any population, Syrian Armenians consist of more and less vulnerable individuals – with vulnerability caused by a myriad of factors from age, disability and gender to family situation or individual personality traits.

Following the analysis in this report, we suggest that the focus of future interventions should target a broader circle of beneficiaries, beyond those who have managed to successfully leverage the assistance offered until now. We suggest the following broad sets of recommendations to the government of the Republic of Armenia and supporting donors, to be further refined in cooperation with key stakeholders:

1. **Approach various sub-demographics among Syrian Armenians in tailored ways** and ensure that their economic potential can be fully leveraged. This would include programmes looking specifically at people who have failed in initial business ventures, accrued debt or who need additional training to adjust their skillsets to the realities of the Armenian economy (the "second chance" programmes). **Syrian Armenian women** not activated by previous interventions **need additional attention** and tailored support, as most Syrian Armenian households still need to adjust to an economy based on a two-earner model.

2. Design and encourage innovative policies, financial instruments and concrete donor/government interventions to assist the largest possible number of Syrian Armenians to **access affordable housing**.
   a. This could include interventions such as creating government-supported preferential no-deposit mortgages, long-term lease-to-buy schemes, and expanding the social housing stock.

  b. Conduct a separate assessment of affordable housing options in Armenia and leverage Syrian Armenian needs to create broader state policies that would assist all Armenians in accessing affordable housing.

3. Continue to design and encourage innovative policies, financial instruments and concrete interventions to allow the largest possible number of Syrian Armenians **access to finance**. This could include instruments ranging from specific revolving "second chance" credit funds targeting those who have failed in initial businesses to further training for financial inclusion.

4. Syrian Armenians have suffered **loss of assets and psychological trauma that need to be addressed** and taken into account in state and donor policies.
   a. In terms of loss of assets, special attention should be paid to the new housing, land and property laws in Syria in order to **protect Armenian assets remaining in Syria** (especially real estate and land) from expropriation by the state, as these are one of the very few ways in which they could ensure more sustainable livelihoods in Armenia or elsewhere after the end of hostilities.
   b. More systematic interventions addressing the psychological trauma of displacement should be set up, specifically addressing the challenges of local integration by the most vulnerable demographic groups such as women, elderly, disabled, and long-term unemployed men.

5. Syrian Armenians possess valuable know-how, skills and access to markets that the Armenian economy and its society could benefit from. These skills should be transferred to the local population through **organising and facilitating training programmes provided by Syrian Armenians** on topics including language skills and culture, craftsmanship, reputation-building and training on specifics of Arab markets. This requires a conscious effort to move away from seeing Syrian Armenians as victims needing to adjust to post-Soviet reality, to seeing them as agents of Armenian internal development helping to expand Armenian identity and root it also in its Middle Eastern history.

6. Last but not least, we recommend **using the experiences of the Armenian response in international policy and advocacy work on economic integration of refugees** in other contexts. We believe that lessons from this ongoing response could be highly useful – both in terms of reach and the limitations of the approach.

Annex I Comparative overview of responses across the Middle East[93]

While this study focuses exclusively on the case of Syrian Armenians, in the course of this research we have become increasingly convinced that Armenia as a host country has a lot to offer other refugee-hosting countries in the region in terms of understanding the opportunities and challenges related to opening socio-economic rights to displaced populations.

In all other countries that have received Syrian refugees, both protection and economic opportunities offered to the displaced population have been much more limited. The situations range from extremely limited protection as in Lebanon, where the majority of Syrian refugees have no valid legal stay, to mixed cases such as Jordan or Turkey, where larger parts of the refugee population have access to some form of legal stay, including in the case of Turkey ways of acquiring nationality, however limited. In terms of these countries' openness to refugee inclusion in the labour market, progress has been made across board in the past two years – with Turkey leading the way by allowing Syrian refugees to run their own businesses or being relatively generous in issuing work permits. Lebanon – with its structurally rigid labour market and fear of refugees settling in the country – has been at the other end of the spectrum, opening only three categories of jobs to Syrian refugees after substantial pressure and financial incentives from donors.[94] None of these countries has however made a concerted effort to fully integrate all refugees into the labour market and allow them to develop their economic and human potential.

93 The data in the table below has been compiled form various sources: UNHCR statistics on Syrian responses in key countries, country's own demographic statistics, UN and INGO reports on protection, access to health and education, as well as researchers' own assessments of the situations in various countries, based on ongoing work on other Syrian responses.

94 In Lebanon, majority of jobs is accessible to Lebanese citizens only. Syrian refugees are allowed to work only in three categories of jobs: agriculture, construction and "environment" – e.g. waste management and disposal.

The four displacement situations are different in terms of levels of kinship, relative size of the refugee population, donor funding or the host countries' internal political settlements, and we have tried to capture some of these differences in the table below. The economic challenges of opening a country's labour market to a displaced population will always be context-specific, but in our view some of the early lessons of the Armenian approach may hold in a wide variety of situations, and be of use in policy discussions on protracted displacement across different contexts:

- Access to legal stay and socio-economic rights tangibly furthers refugees' self-reliance and diminishes aid dependency.
- Centring the response around the multifaceted needs of the displaced population is a successful way to bridge the relief/development dichotomy that affects many protracted displacement responses.
- Strong coordination efforts by the government of the host state, conducted in good faith and in real partnership with other stakeholders – aid agencies, international financial institutions, donors and national civil society – have the capacity to improve the effectiveness of the response at all levels, from government and donor to the daily experiences of individual refugees.
- Societal acceptance of the refugee population can be furthered through thoughtful use of language and narrative constructs within which the response is described by relevant public officials.

Comparative overview of responses in four refugee-hosting counties

	Armenia	Lebanon	Turkey	Jordan
Total number of refugees **Population size** **Ratio refugee to host community**	22,000 2.8 million (est.) 0.8 in 100	995,512 (est. up to 1.5 million) 4.5 million at least 22 in 100	3,523,981 79.5 million 4.4 in 100	657,628 9.4 million 7 in 100
Kinship	Full ethnic, religious kinship. Shared language (with a minor difference in dialect).	Sectarian kinship, partial. Shared language, some level of pre-existing family and professional ties.	Sectarian kinship, but high language and ethnic barrier.	Sectarian kinship. Shared language, some level of pre-existing family and professional ties.
Access to refugee status/ residency permit/ nationality	All protection options available – from refugee status to residency and nationality.	Severely limited – not more than 21% have legal stay; no access to nationality.	Syrian refugees have access to temporary protection regime with some, albeit limited, options for residency and even nationality.	Limited, but improving. As of January 2018, an estimated 110,331 Syrian refugees had not yet completed or were unable to meet the requirements to update their government registration.
Access to labour	Fully open; no systemic exploitation.	Severely limited (only three professions legally accessible), rampant systemic exploitation.	Legal access has improved since 2016, but significant challenges remain in terms of decent work.	Limited, but improving – so far only over 83,500 Syrian refugees have valid work permits, but the state has committed to issuing up to 200,000; a lot of exploitation.
Access to entrepreneurship	Fully open.	Not accessible, mainly due to lack of legal stay.	Relatively open, and in some places actually encouraged by the local authorities. Over 6,000 legal Syrian businesses were functioning in Turkey in early 2017.	Limited – focus of government and donor policies is on creating jobs, not so much on creating entrepreneurship opportunities.

Access to housing	Fully open legally, but significant financial disadvantages remain.	Severely limited – no government support for camps; rental at the lowest end of the housing market and in informal tented settlements.	Government provides housing in camps. Outside camps, refugees face financial disadvantages.	Government allowed for camps, but with initial restrictions on freedom of movement; majority seeks rental outside the camps at the lower end of the housing market and faces significant financial disadvantages.
Access to health	Fully open.	Limited (especially to tertiary healthcare).	Relatively accessible – the disadvantages are financial, not legal.	Relatively accessible – mainly financial disadvantages.
Access to education	Fully open and supported by the government.	Limited to primary education, after that refugee children face serious legal and financial obstacles to continuing.	An enabling policy and legislative environment that formally guarantees access to education for refugees; government works on removing administrative barriers to enrolment. Around 15,000 Syrian youth enrolled in Turkish universities. Language barriers and financial obstacles remain.	Relatively accessible formally, but rampant poverty keeps refugee children out of school.