



Public, economic and legal manifestations of the COVID-19 pandemic in the Republic of Armenia

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July, 2020
Yerevan

1. Changes in the public life of Armenia amidst the Covid-19 pandemic

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Problem Statement

A state of emergency was declared all over the territory of the Republic of Armenia (RoA) due to the Covid-19 pandemic on 16 March 2020. Such a regime implied transformations and even sanctions on some rules of public life. Thus, a new situation developed, in which some formerly accepted regulations for public relationships stopped being relevant and the acceptance of new rules became time-consuming. Manifestations of public life that suffered the most transformation were more evident in some of the socio-political, socio-economic, socio-cultural, and psycho-social aspects. In parallel, the conditions of home isolation, self-isolation, means of official business, interpersonal communication, and group communication were transformed. These opportunities were granted by the utilization of modern technological communication channels.

Thus, the transformation of public life and its new manifestation in Armenia conditioned by the pandemic remains non-interpreted.

This analysis is based on a sociological study showing the transformations in Socio-political, socio-economic, socio-cultural, and socio-psychological aspects that have taken place in the Republic of Armenia since 16 March 2020.



Study Design

Description of methodology

To assess the above-mentioned problems, a sociological study was conducted by using the method of document review. For this study, publications including texts, images and video/audio materials available in electronic format were considered as documents/secondary data. This method allows for the presentation of defined problems in greater detail for a situation in which field methods of sociological study are not feasible (due to the pandemic).

The results of the quantitative survey conducted online by a group of graduates from the YSU Department of Sociology during March-April 2020 have been considered for secondary data analysis.

Range of online sources

Among the considered sources are materials related to processes taking place in the Republic of Armenia during the pandemic, which have been published on social media and electronic media since 16 March 2020 (the commencement date of the state of emergency).

One hundred Armenians most frequently viewed news and social websites, as well as the pages of state agencies and officials, according to alexa.com. The list of websites is presented in Annex 3.



Study Objectives

The Purpose of the Study is to analyse the transformation of the main features of public life in Armenia in the realities of the Covid-19 pandemic.

Definition of the object of the study: The objects of the study are the available electronic documents (electronic articles, images, video, and audio materials) that demonstrate and/or interpret the situation established as a result of the pandemic in Armenia.

Study Objectives: the following objectives were set for the study:

1. To present an analysis of the following socio-political phenomena in the RoA conditioned by the pandemic:
 - Specifics of the state response
 - Transformation of official communication mechanisms
 - Specifics of decision-making in the state of emergency (Commandant's Office activity)
 - Specifics of civic activism in society
2. To present an analysis of the following socio-economic phenomena in the RoA conditioned by the pandemic:
 - Regulations of business relationships (state-employer, employer-employee) during the state of emergency
 - Implementation of new state social assistance programs
 - Specifics of household management under the condition of restricted movement
 - Specifics of consumer behavior under the condition of restricted service sectors
3. To present an analysis of the following socio-cultural phenomena in the RoA conditioned by the pandemic:
 - Specifics of the organization of education
 - Specifics of the organization of public events and celebrations by the state
 - Specifics of routine activity under the condition of restricted movement

4. To present an analysis of the following psycho-social phenomena in the RoA conditioned by the pandemic:
- Manifestations containing uncertainty related to the restoration and/or continuity of public life and relationships
 - Existence of public frustration or preconditions thereof
 - Social and psychological implications of restricted rights to free movement and privacy
 - Manifestations of trust or distrust towards the healthcare system and the fear of getting infected



Socio-Political Relations in the RoA Amidst the Pandemic

Specifics of the state response

The specifics of political processes conditioned by the pandemic commenced when the state of emergency was declared in the Republic of Armenia in March 2020. The RoA Government Decree of 16 March states:

“The Government decided to declare state of emergency all over the territory of the Republic of Armenia commencing at 18:30 of March 16, 2020 until 17:00 of April 14, 2020 inclusively”.¹

This situation assumed certain processes to ensure the health of the society. The state of emergency has resulted in the revision of the relevance of formerly existing political processes, as well as in setting new foci for political actions. For example, the referendum on the constitution was postponed, the propaganda for which had already been fully distributed all over the territory of Armenia.

¹Official web-site of the RoA Prime Minister, <https://www.primeminister.am/hy/press-release/item/2020/03/16/Cabinet-meeting/>, 08.06.2020, 14:00

At a special sitting of the National Assembly, the Prime Minister, Nikol Pashinyan noted “A referendum cannot be held in a state of emergency, so April 5 referendum is cancelled”.²

During the state of emergency, the Government started re-assessing various political processes and prioritizing processes aiming to prevent the pandemic. As a result, they temporarily postponed or cancelled those processes that were not in alignment with the rules.

This was the first time that such a situation occurred in the RoA. As a start to the transformation of public life, the state of emergency is more exciting to observe from the perspective of various innovations, the alteration of routine, and the introduction of new procedures and laws.

On 16 March, since the announcement of the state of emergency, new procedures and Government decrees were developed, aimed at crisis management and the prevention of the pandemic.

The initial stage was accompanied by temporary restrictions on communication with other states. The first lines of communication to close were with the Russian Federation (RF) and the Islamic Republic of Iran. These closures resulted in huge problems for citizens trying to return to Armenia, as well as for streamlining cargo transportation. As a result of the cancellation of regular air transportation, many RoA citizens were deprived of the opportunity to return to their homeland.³ The RoA Government organized limited air transportation for RoA citizens to return to Armenia from RF and other states. During this period, all arrivals imposed a certain level of risk of triggering the spread of the pandemic.

At earlier stages of the pandemic, passenger transportation to Armenia from other countries where the pandemic was widespread was allowed, and arriving passengers were not isolated. This is when the first cases of infection were reported in Armenia (the first case was a RoA citizen arriving from Iran on 3 January⁴). With regards to the necessity of isolating arriving passengers, the RoA Minister of Healthcare stated:

²<https://iravaban.net/262066.html>, 08.06.2020, 14:30

³Interview of Vardan Toghanyan, the RoA Ambassador to the RF on the issues faced by those willing to return to Armenia, https://www.mfa.am/hy/COVID-19/2020/04/05/ru_int/10196, 10.06.2020, 15:00

⁴<https://www.azatutyun.am/a/30462197.html>, 10.06.2020, 16:00

“On the first confirmed case of Coronavirus in Armenia, Arsen Torosyan, the RoA Minister of Healthcare, mentioned that isolating all passengers arriving on the same plane from Tehran to Armenia together with the 29-year old person is not a solution”.⁵

However, after the announcement of the state of emergency, control over the passengers arriving to Armenia was strengthened. Such measures undertaken by the Government of the RoA received a critical response from the political opposition. Similarly, opposition actors later related the spread of the pandemic in Armenia to the belated response and inadequate perception of the pandemic by the Government. These accusations were backed up by announcements made earlier by various state officials:

“I repeat, coronavirus is not a particularly dangerous infection”, Arsen Torosyan.⁶

At the same time, since the state of emergency was declared, the Government has shown a very strong attitude towards the pandemic as a serious challenge to national security. Very tough decisions were taken to prevent the further spread of the pandemic.

The application of restrictions became the main focus of public administration. The Government transitioned to stricter measures. A stipulation on the spread of information was introduced. Thus, mass media and physical persons were not allowed to spread information that is not in alignment with official communication:

“In the Republic of Armenia, as well as beyond the Republic of Armenia, public spread, transfer, including on Internet sites and social media, of publications, information materials, interviews, programs related to current and new cases of coronavirus infection, health status of persons, sources of infections, circles of other persons who have been in contact with current or potential infected persons, numbers of persons observed (tested) and isolated, measures implemented by the health sector authorities and data related thereto, as well as information containing data that can evidently cause panic or contains data that potentially can cause panic, in form of publications by physical or legal persons, including mass media shall be done only for the information provided by the Commander’s Office (hereinafter referred to as official communication) with reference”.⁷

⁵<https://armeniasputnik.am/society/20200301/22230739/mekusacvel-e-32-qaxaqaci-haytni-e-vortegh-en-nrang-manramasner.html>, 10.06.2020, 16:30

⁶<https://iravaban.net/267503.html>, 11.06.2020, 11:00

⁷ On amendment of the RoA Government Decree from March 16, 2020, -Ի N 298-N, <https://www.e-gov.am/gov-decrees/item/33585/>, 07.06.2020, 12:00

The concepts of fighting the spread of misinformation related to the pandemic and the suppression of panic among the larger public served as the basis for such restrictions.

It is important to maintain the feasibility of public administration mechanisms during a state of emergency, including the feasibility of full the implementation of new procedures under the conditions of manageable and predictable public relations. Prevention of the spread of misinformation is a strategic instrument of crisis management. The spread of misinformation in the RoA provoked various conspiracy theories, which then influenced undue public perception of the seriousness of the situation. Thus, as per the results of the quantitative survey conducted by graduates from the YSU Department of Sociology, 5% of the RoA population has no trust in official information sources, while 10% has no opinion.⁸ This picture in the Covid-19 circumstances poses quite a risk. Unmanageable behaviour of even 5% of the population may play an important role from the perspective of the spread of the pandemic. According to the same source, the vast majority of the population fully or mostly trusts official information sources, however, based on the specifics of the spread of the infection, the universal application of anti-pandemic rules is a necessity.

In the circumstances of such universal challenges, numerous transformations of the organization of public life took place in Armenia, as well as in many other countries. These transformations applied to almost all spheres of public life. One of the most outstanding adjustments was the declaration of a quarantine in many countries, which was a signal of the reflexive administration of the future uncertainty related to the infection:

*“Restrict the right of people to free movement all over the territory of the Republic of Armenia and define mandatory self-isolation of people at the places of their permanent residence or places defined at their discretion to limit their direct contact with other persons and to prevent potential spread of the infection”.*⁹

Such restrictions were completely new in the Republic of Armenia and the organization of routine activities was problematic under the new conditions. The restriction of movement implied new challenges, of which the most difficult were socio-economic and socio-cultural challenges.

⁸ M. Galstyan, A. Malkhasyan, G. Hovakimyan, A. Melkonyan, Survey of Public Perceptions in the Preiod of Covid-19 in Armenia, 2020

⁹Commandant Decision, March 24, 2020,N16, <https://www.gov.am/files/docs/3969.pdf>,07.06.2020, 12:00

From the perspective of public administration, there was a need to establish new opportunities for some groups of the population to reach their workplace and to work, organize the social security of the population, ensure the implementation of the right to education, the right to religion, and other issues.

From the economic point of view, multiple cases of income loss became apparent. This was more evident among employers in certain sectors.

Programs were developed to address these social problems, including the provision of assistance to those employed in sectors that suffered the most.

On 18 March, the Minister of Education, Science, Culture and Sports announced the launch of the RoA educational system in an online format.¹⁰ There were plenty of problems related to providing effective online education; ensuring the necessary conditions for teachers/lecturers, school and university students; introducing new rating mechanisms, etc.

The solutions to these and similar problems had to be found in the process and in an accelerated mode, which assumed risks related to incomplete solutions and decisions.



Transformation of official communication mechanisms

Ensuring communication between the state and the public during a state of emergency is even more important. In the state of emergency conditioned by the Covid-19 pandemic, the transformation of public and political communication channels was a situational imperative.

One of the main specifics of state-public communication was the introduction of various platforms and tools of electronic communication into the processes of public administration. Modern means of communication allowed the Government to make adequate decisions and manage mobility. The transformation of traditional communication channels was also a situational imperative in terms of excluding public gatherings and human contact aimed at preventing the spread of infection. This concept was the basis of preventive measures implemented in March-April 2020, which mostly

¹⁰<https://www.azatutyun.am/a/30494955.html>, 07.06.2020, 12:00

imposed restrictions on interpersonal and group interactions. The practice of online meetings was introduced for official, as well as various public interactions.

In such circumstances, the role of mass media became even more important. Such communication channels as the Covid-19 Armenia mobile phone application and social media live streaming are not accessible for the Armenian population and cannot fully replace traditional media (e.g. television). According to the data collected through the sociological survey conducted in March-April 2020, 23% of respondents did not consider the Internet as a source of information [2], while the survey was conducted online and did not include those who were not Internet users.

Because of this factor, the introduction of new digital communication means and their use for official declarative and regulatory communications imposed the risk of not reaching out to large groups of the population. This problem could be even more acute when movement is restricted from a place of residence, and when the network spread of information is limited.

Electronic communication became the main instrument for official communication, as a result of which even state entities shifted to service provision through online means, excluding in-person interactions. For example, relating to state programs of social assistance conditioned by the pandemic, the Minister of Labor and Social Affairs announced:

*“Once the procedures are ready, the programs will be available for the citizens **online**. The list of citizens eligible for the assistance will be published on our website. Should a citizen be eligible for two programs, he/she is entitled to select only one”.*¹¹

Such an approach is not safe from trouble. Problems can be connected to the accessibility of online platforms. According to the World Bank data, internet use in Armenia in 2018 was estimated at 69.7% for individuals and 86.4% for households.¹² Hence, many citizens, especially those from socially vulnerable groups, have limited opportunities to consume official electronic communication.

An information center was established in the media center of the Government of the RoA to provide information on the decisions and procedures applicable during epidemics. The Center ensured the provision of information on new regulations over

¹¹<https://www.aravot.am/2020/04/02/1103952/>, 10.06.2020. 20:00

¹²S. Raja, S. Leuca, Worldbank, <https://blogs.worldbank.org/digital-development/more-affordable-and-appealing-internet-services-equals-more-people-online-0>, 17.06.2020. 20:00

various public sectors to the population. The Center organized press conferences with various state officials, during which media representatives accredited by the RoA Government had the opportunity to send their questions through social media. This approach was justified by the practicality of creating one unified information platform in order to avoid gathering journalists for press conferences in the context of strengthening the role of the official newsfeed. These press conferences were broadcasted on public television and the YouTube channel of the RoA Government in order to prevent the centralization of information feed, public television ensured free bandwidth for the broadcast.

In general, information is made available to the public through diversified information channels. However, various channels address various groups of the population, which results in an uneven distribution of information in Yerevan and the provinces, as well as between those who are digital technology users and those who are not.

To ensure public awareness and the connection between the state and the public, a hotline was established at the Commandant's Office, the purpose of which was to provide additional information during the state of emergency and to ensure two-way communication. The latter is given utmost importance by the RoA Prime Minister. In his addresses to the public on social media, he urges for state-public cooperation to prevent the pandemic. The Prime Minister considered such cooperation from the perspective of public self-regulation:

“Dear Compatriots, I urge you to take videos and photos of outstanding cases of violation of anti-pandemic rules and send them to my Facebook page, marking the place, time and physical or legal persons related to those episodes, as accurately as possible”.¹³

Later, data on the places of residence/location of infected and self-isolated citizens was made public. Thus, the need to prevent the spread prevailed over citizens' rights to privacy. This approach was criticized by various political and public figures. In the conditions of such an approach to social and political communication, the objective of public administration in the RoA is no more an issue of the formation of a system of values and norms among the society, but rather a principle of “overcoming the pandemic by all means”.

¹³From the official Facebook page of Nikol Pashinyan, the RoA Prime Minister, 02.06.2020

The Covid-19 Armenia mobile phone application is another innovation worth mentioning from the perspective of self-regulation. The purpose of the app is to test the health condition of the user and ensure his/her connectivity with healthcare workers, as well as provide comprehensive information related to the pandemic.

The use of technology to overcome the pandemic continued further to observe and identify infected people and their circles of interaction.

On 31 March, the National Assembly, by the recommendation of the Government, adopted the draft on making the mobility data and circles of phone interactions of citizens accessible. The adopted Law requires telecommunication companies to provide to the Government the phone numbers, places, dates, and times of citizens' calls and messages. The data had to be used by the Government to ensure the implementation of the above objectives.

The draft was heavily criticized by the opposition parties of the National Assembly, as well as by various non-governmental and international organizations:

*“This draft of amendments in the Law on Legal Regime of the State of Emergency has been adopted by the votes of the ruling party of the National Assembly only: 57 voted for. Opposition parties Bright Armenia and Prosperous Armenia voted against the amendments”.*¹⁴

On international platforms, Human Rights Watch report stated that the new law in Armenia restricted the right to privacy in the fight against Covid-19, underlining that any restrictions required the protection of human rights:

*“The Armenian Government faces a public health emergency, and technology has an important role to play in communicating public health messages and promoting access to healthcare. Meanwhile, the authorities need to address the use of mass surveillance that undermines rights”.*¹⁵



¹⁴<https://www.azatutyun.am/a/30517623.html>, 10.06.2020. 20:00

¹⁵Human Rights Watch, Free Speech, <https://www.hrw.org/hy/news/2020/04/06/340302>, 10.06.2020, 20:00

Specifics of decision-making in emergencies (based on the example of operations of the Commandant's Office)

The authority of anti-crisis management in the conditions of the state of emergency declared in the RoA since 16 March 2020 was transferred to the Commandant's Office. The Office was established, the principles of operations were set, and a mandate was determined by Government resolution on 16 March.¹⁶ The leadership of anti-crisis management was entrusted to Tigran Avinyan, the Deputy Prime Minister of the RoA.

In the conditions of insufficient scientific and laboratory data with regards to the global pandemic, as well as in parallel to the development of new knowledge, when the World Health Organization changed its recommendations it was necessary to create opportunities for rapid response to the situation. A transition to the model of Commandant's Office management in general ensured the flexibility required for a rapid response.

By virtue of its first decision, on 17 March 2020, the Commandant's Office announced the list of countries characterized by high rates of virus spread and restricted passenger transportation between Armenia and those countries.¹⁷ As it was later confirmed, this decision was belated and did not contribute to the prevention of the virus spread in the RoA. The primary carriers of the virus were passengers arriving from Iran and Italy, who were not isolated. As a result, the virus rapidly spread in the town of Etchmiadzin, resulting in the instant closure of entry and departure routes thereto.

Then, the Commandant's Office took several decisions related to various restrictions, including the cancellation and banning of entertainment activities, celebrations, restrictions on the movement of people in the RoA, temporary restrictions on the export of goods used in the health sector, restrictions on certain economic activity, etc.

Any decision that involved restrictions had socio-economic and psycho-social implications. Moreover, the decisions of the Commandant were frequently amended, which brought a good level of uncertainty into public interactions. The online survey conducted by alumni of the YSU Department of Sociology studied the public perceptions conditioned by the state of emergency. According to the results, approximately 74% of respondents reported uncertainty, 24% reported fear, 25% reported anxiety, and 4% reported panic [2].

¹⁶Government Resolution 298, <https://www.e-gov.am/gov-decrees/item/33564/>, 13.06.2020, 11:00

¹⁷Commandant Decree, March 17, 2020 N 1

The state of emergency once declared and prolonged for three terms, as well as the public regulations continuously amended during that period resulted in a **reproducing anomie**.¹⁸ The vast majority of Armenians find themselves in uncertainty and are inclined to bypass the official regulations on public behavior, including the instructions of the RoA Commandant. Personal indifference towards the virus is very evident and collective solidarity is low.

The Commandant's Office acts as a monopolistic system of anti-crisis management in political interactions. The function of other institutions of public administration becomes the implementation of regulations, while the Commandant's Office undertakes the function of preventing the spread of the pandemic.

When the leading party holds the parliamentary majority and when opposition representatives are alienated from the crisis management processes, the relationship between the ruling party and political opposition worsens. Former opportunities to influence political processes were restricted for the opposition.



Specifics of activity of the civil society

Quarantine conditions in the RoA influenced political manifestations in different ways. Mechanisms of political communication and priorities of public administration changed. These all are relevant to the manifestations of civic activism in the RoA. Some of the former platforms of civic activism (gatherings, street protests) were no longer attainable under the quarantine. Thus, a need emerged to utilize all platforms accessible in the state of emergency to maintain civic activism.

In the initial stage, civic activism was manifested by informing citizens of the anti-pandemic rules, ways to obtain protective equipment (masks, sanitizers) that were hard to find those days, of irregular production attempts and free of charge distribution. Despite the calls of the Ministry of Health, various groups of people were instantly self-organized.

¹⁸The term “anomie” has been popularized by French sociologist Émile Durkheim to characterize such social situations, when the old rules are no longer operational in the capacity of global imperatives regulating human behavior (E. Durkheim, *Die Regeln der soziologischen Methode*, Fr./M, 1999). Anomic state is also described as mismatch of publicly acceptable universal goals and institutional means to achieve them.

For example, in the early days of March, in the town of Etchmiadzin that was considered a hot spot, volunteers established the home-based production of medical masks and delivered them to citizens free of charge.¹⁹

Later, groups of volunteers were established to fight the pandemic. Volunteerism became the main manifestation of civic activism. The Head of Public Relations of the Ministry of Health reported 4000 volunteers registered for service in hospitals:

*“For now, we announce that we are very thankful, and we have volunteers registered for almost all actions, people keep calling and registering, people who are willing to have their small, yet contribution. This is mainly the medical community: doctors, nurses, as well as students of the Medical University. There are also people who offer their support in IT and construction sectors, drivers”.*²⁰

At the same time, the Red Cross Society in Armenia registered around 1500 volunteers. In cooperation and coordination with the Commandant's Office and other public administration bodies, the Armenian Red Cross Society started implementing activities in response to the needs of the most vulnerable.²¹

Civic activism also played a vivid role in public awareness processes. Various representatives from civil society undertook activities both on digital and other platforms to raise awareness on personal hygiene and protection from the virus.

One of the major functions of the civil society is the mobilization of civic requirements and making those available for public administration bodies. For this purpose, social media is the most frequently used platform. Social media has always been one of the most used platforms of civic activism, however, during a state of emergency, when the right to free movement is restricted and the organization of public gatherings is banned, social media becomes even more important. Civic discourse in various dimensions took place on social media. When bottom-up demands (from the society to the state) do not yield results, and due to the state of emergency tougher methods of expressing demands are not possible, e.g. street protests, the opportunities of the civil society to influence political processes and anti-pandemic decisions are limited. There were several attempts to organize rallies during the state of emergency, but those were

¹⁹Volunteers distribute free of charge masks and sanitizers in Etchmiadzin, March 18, <https://www.youtube.com/watch?v=tNb5p6Sk7EE>, 13.06.2020, 21:00

²⁰<https://www.azatutyun.am/a/30497724.html>, 18.06.2020. 14:00

²¹<https://www.redcross.am/news/coronavirus-arcs-activities.html?fbclid=IwAR1URISuJqmjsmRnMIQdAlaviF2VeNa4HzYl0gNkm0Ady3zvsaDBJ-YMd4Y>, 19.06.2020, 17:00

suppressed by the police with the lawful use of force. Such suppressions are not considered restrictions on the rights of civil society, since the implementation of the conditions of the state of emergency is the priority. The following is an illustration of such:

“Members of the “Stop credit robbery” initiative demand a meeting with the Chairman of the Central Bank. The police arrested several participants of the protest, including Manuel Manoukyan.”²²

Thus, the civil society transforms from the **“presentation of a demand”** to an **“online discussion of issues”**.

Another important function of civil society is the reproduction of civic values. Since there is a new situation established in the RoA, there are also evident transformations when formerly existing habits, behavioral models, and values are no longer operational. Those are replaced by new norms, which phase by phase integrate into the society, pursuing one cause: preventing the spread of the virus. In such a process, the role of civil initiatives is very important in terms of creating prototypes and civic regulation/control. As Armine Ishkhanyan mentions, “Citizens involved in civic initiatives characterize their own activism as “self-determined” citizenship and give great importance to independence, solidarity and self-organization and are against “ngo-zation” of the civil society”.²³



Socio-Economic Relationships in the RoA Amidst the Pandemic

Special regulations of business relations in the state of emergency

The measures undertaken during the state of emergency have greatly influenced the social and economic situation in the RoA. Such actions initiated by the Government as restrictions of population mobility, inevitably resulted in issues for social administration. Restrictions on leaving the place of residence made it impossible to reach the workplace for many people, thus deprived them of their income. When certain organizations moved

²²<https://a1plus.am/hy/article/367923>, 19.06.2020. 17:00

²³ Ishkhanyan A., Self-determined citizens: the new wave of civic activism in Armenia//Online publication, <http://socioscope.am/archives/1128>, 18.07.2020, 17:00

to an online working regime (education and science, digital technologies, etc.), there were numerous organizations and enterprises for which the organization of their routine work in an online regime was simply impossible (construction, manufacturing, etc.). According to the results of the online sociological survey, 68% of respondents used to have stable employment, i.e. stable income before the quarantine. More than half of those were employed in the service sector. This sector severely suffered because of the state of emergency since operation in the field was restricted. Moreover, 62% of survey respondents thought that once the situation was overcome, social and economic challenges would arise [2].

As a result of different decisions by the Commandant's Office, the operations of some businesses were restricted or banned. The ban on public events applied to such sectors as sports, cultural events, entertainment centers, etc. The decrease in economic activity all over the country was evident. For example, a comparison of economic statistical data from May 2020 against the same period of the previous year showed that the volume of industrial production, construction, trade, and many other economic sectors dropped.²⁴

The situation that resulted from the quarantine created a new system of business environment operations, where some formerly existing methods of economic activity could not persist. While food security, the production of medical supplies and other forms of economic activity became more important than before, tourism, entertainment centers, and international transportation died. Such a new classification of the demand for various sectors of economic activity created a new distribution of social security and new risk groups.

State assistance to various businesses was designed to support the existence of the latter. In order to support the operations of various legal and physical persons, the Government of the RoA presented several measures to counteract the economic implications of the coronavirus, of which one outstanding was the provision of loans that were co-funded by the state.²⁵ Such lending opportunities are important in terms of the continuity of paying salaries to employees of various business entities. As Tigran Khachatryan, the RoA Minister of Economy stated:

²⁴ RoA Statistica Committee, <https://armstat.am/am/?nid=12&thid=&type=0&submit=Փնտրել>, 15.07.2020, 14:00

²⁵ <https://armeniasputnik.am/armenia/20200326/22527038/karavarutyun-biznes-tntesutyun-nikol-pashinyan-tigran-xachatryan.html>, 15.07.2020, 14:30

*“The loans should be targeted. Organizations take loans to pay the salaries of their employees for 3 months...”*²⁶

In order to support hired employees from the affected sectors, on 9 April, the Government decided to provide lump-sum assistance. Data of employees registered in the state revenue committee by the business entities was taken as a basis for identifying and enlisting beneficiaries.²⁶

This decree supported only those employees who were registered. Since the Government could not identify those who were not registered, the Government could not provide support to them. According to statistics from the SRC, the number of employees registered in April 2020 reduced by 74.359, decreasing from 621.544 to 547.185.²⁷ There is a huge number of unregistered employees in Armenia (including those working for daily fees or working under service contracts). Lena Nazaryan, the Deputy Chairman of the National Assembly, stated that:

*“Those who were in need of social assistance had to confess that their employers did not register their work and did not pay taxes, which would be returned to those employees through the social programs. It became known that some employers had even asked their employees to spare a part of the social assistance to them”.*²⁸

It is obvious that due to various factors, the State is unable to provide comprehensive assistance. As a result, many of those who are in need do not receive support.

Such social and economic problems impact the behavior of some RoA citizens in terms of following anti-pandemic rules. The necessity to solve financial issues often conflicts with the regulations set by the Commandant's Office. This phenomenon was more prevalent in the earlier period of the state of emergency, when the right to free movement was restricted.

To confront the socio-economic crisis caused by the state of emergency, the RoA Government adopted a number of decisions and developed programs aimed at neutralizing the economic consequences of the coronavirus. These programs targeted individual citizens and business entities that suffered the most because of the pandemic. Even the best-targeted state assistance cannot address the socio-economic issues of citizens who lost their employment or employment opportunity in the long run, since such assistance is often a lump sum and the amount is often smaller than what could have

²⁶ Decree of the Government of the Republic of Armenia, N 507-L, April 9 2020.

²⁷ <https://hetq.am/hy/article/117837>, 15.07.2020, 18:00

²⁸ <https://news.am/arm/news/576022.html>, 15.07.2020, 18:00

been earned through employment (e.g. a person who lost employment in March is eligible to receive AMD 68.000²⁹, while the average for the period from January to March would constitute AMD 190.138³⁰).

Thus, the socio-economic situation in the RoA is directly correlated to the level of anti-pandemic behavior among the population.



Specifics of household management and consumption behavior in the conditions of restricted mobility

Restrictions applied during the state of emergency brought about interesting changes from the perspective of household management in the RoA. First of all, on 24 March, the right to free movement was restricted all over the territory of the RoA and a regime of self-isolation at places of residence was established.

This restriction made most of the previous household management practices non-feasible, e.g. purchase of food and medication. While the Commandant's Office, with certain restrictions, allowed visits to shops, the fear of getting infected, concerns related to insufficient food reserves, and a willingness to avoid inconveniences started a new procurement culture. Particularly, people started to procure bigger quantities to ensure food security for a longer period of time. People purchased for their relatives and friends, so that they did not need to enter shops. A visitor at the grocery stated:

"I am buying all this in order to provide for my child, to help, and also to avoid getting out another time. We are a couple, but they are located farther and are not able to come here, also they do not have a car, but I do".³¹

As a result, in the first days of April in Yerevan, consumption became unmanageable and chaotic. Some online media outlets started reporting on empty shelves in stores for some food items.³² This was due to the concern of citizens related to potential price increases or empty stocks for main food items. To prevent the further

²⁹RoA Government Decree, N 410-L, March 30, 2020

³⁰<https://www.azatutyun.am/a/30508510.html>, 16.07.2020, 19:00

³¹<https://www.azatutyun.am/a/30508510.html>, 16.07.2020, 19:00

³²<https://www.tert.am/am/news/2020/03/01/koronavirus-armenia/3224697>, 12.07.2020, 14:00

exacerbation of this problem, the RoA State Commission for the Protection of Economic Competition made an announcement assuring that there was no need to buy more than necessary.³³ Items in the priority consumption list were food items, as well as disinfectants and medical masks. The latter were almost out of stock in February because of information regarding the spread of the virus in China and Europe.³⁴

The elderly are a risk group for the new coronavirus, which is especially dangerous for them. The RoA Prime Minister made a call to make a procurement on behalf of elderly people, and special hours for the elderly to visit stores were defined (10:00-12:00).³⁵

The practice of online shopping, however, did not develop as in other countries where a state of emergency was declared. As representatives of delivery services mention:

*“People take their food at home and consume those reserves that were purchased or are being purchased in the grocery stores. The reason is that the level of uncertainty in Armenia and Georgia from the perspective of restrictions is quite high. In such uncertain conditions, people switched to safe mode. At the same time, there is more clarity in Belarus and Ukraine. The volume of our purchase orders in those countries increased”.*³⁶

To summarize, it can be stated that since the start of the state of emergency in the RoA, the general logic of consumer behaviour has changed. The level of uncertainty about the future established clear vectors of consumption behaviour when there is a clear decrease in items of secondary necessity (non-physiological necessity) and vice versa.



³³RoA SCPEC, <http://competition.am/index.php?page=&menu=174&newsID=1641&lng=1>

³⁴https://www.youtube.com/watch?v=qnQ4llrGxes_, 12.07.2020, 14:30

³⁵ibid

³⁶<https://www.civilnet.am/news/2020/03/24/Կորոնավիրուսի-հարձակումը-բաղադրական-փոխարկեր/379628>, 12.07.2020, 15:00

Socio-Cultural Relations in the RoA Amidst the Pandemic

Specifics of the organization of education

The situation that occurred as a result of the pandemic, both globally and in Armenia forced a halt in the traditional educational processes. In-class teaching conflicts with anti-pandemic measures and may make the spread of the virus unmanageable. As a result, by the decision of Arayik Haroutyunyan, the RoA Minister of Education, the educational system in Armenia transitioned to an online platform in March 2020.³⁷

Online education in Armenia was practiced before the pandemic, particularly in universities, parallel to in-class lectures. The situation is different in the schools, where online education had never been practiced before.

For the effective organization of online education, various electronic platforms were created, where one could find various electronic materials designed for the educational process, electronic literature, etc. One of the most important platforms is “heravar.armedu.am”, established by the MSECS, where various electronic sources have been unified.

The establishment of the state of emergency was unpredictable for the RoA educational system, and therefore, there was no preexisting format for online education among higher educational institutions or school. In a very short time, general tools for schools were developed (lessons broadcasted on the national TV channel, electronic platforms), while higher educational institutions were to decide which platform to use for the implementation of online education. At the initial stage, there was no general regulation and each lecturer at his/her discretion had to come up with the electronic tools and formats that were most convenient for them.

According to the results of the online survey, 59% of the respondents found the current situation dangerous for the quality of education and 39% considered the quality of their children’s education as one of their main objectives [2]. Consequently, not only the transition to online education was important, but also the quality of it.

The newly introduced online education format has brought about many problems, either from the perspective of the organization of education or the accessibility of education. To participate in online education, one should have access to the Internet and corresponding equipment. In Armenia, household Internet accessibility in 2018 was

³⁷<https://www.azatutyun.am/a/30494955.html>, 12.07.2020, 16:00

estimated at 86.4% (World Bank), and even with a positive trend, in 2020, Internet will not be accessible for the whole population of the RoA. Additionally, not all households have modern equipment. According to the MSECS, as of March 2020, there is a need for 21 thousand electronic devices in the Republic:

“According to the data received from the regions, there is a need for around 21 thousand devices in order to make online education accessible for all. For that reason, the Ministry calls upon organizations and individuals to cooperate and assist in addressing this situation”.³⁸

Thus, during the pandemic, the right to and opportunity for education for many citizens of the RoA was compromised. The incomplete design of online education, mostly delivered on the accord of teachers and institutions themselves, according to an expert opinion,³⁹ cannot be an effective substitute for traditional education.



Specifics of organization of public and national events

Since March 2020, the organization and holding of all festivities and events has been cancelled and postponed in the territory of the RoA. Such actions may be understood during a pandemic, however it is very interesting to observe them from the perspective of the preservation and transfer of Armenian national identity.

The 105th commemoration of the Armenian Genocide occurred on 24 April 2020. During previous years, numerous public events were organized all over the territory of the RoA, paying tribute to the memory of victims of the Genocide. In this sense, 2020 was different since the state of emergency did not allow for organizing crowded events. Yet on 11 April, the Prime Minister, Nikol Pashinyan announced a limited official agenda that had to be organized in the RoA, according to the respective Government protocol, on 24 April.⁴⁰

This day has immense significance for preservation and transfer of the collective memory of Armenians, thus the cancellation of respective measures was unprecedented

³⁸ <https://www.gov.am/am/news/item/14199/>, 14.07.2020, 12:00

³⁹ For reference: <https://news.am/arm/news/568212.html> or <http://www.ysu.am/news/hy/Distance-learning-at-the-faculty-of-Informatics-and-Applied-Mathematics>, 14.07.2020, 13:00

⁴⁰ <https://armeniasputnik.am/armenia/20200411/22695307/koronavirus-aprili-24-pashinyan.html>, 18.07.2020, 14:00

for the population of the RoA. During the quarantine, the impossibility of paying homage to the memory of the victims of Genocide at the Armenian Genocide Memorial complex moved activity to the Internet.⁴¹

The next celebration worth mentioning that was organized under restrictions was Easter. Tens of thousands of Christians could follow the liturgy devoted to the Holy Resurrection only by live broadcast (including on the Internet). The Internet has become a platform for interpersonal interactions as well. The biological nature of the virus (airborne) required telecommunication to organize work, entertainment, business, scientific, and other activity.

Thus, in the state of emergency, routine communication occurred online at an unprecedented scale for the RoA. Such practices can remain after the pandemic is overcome, since new “virtual communication” models of public relations will have been formed.

The self-isolation regime conditioned by the pandemic was also noteworthy from the point of view of the organization of routine interactions. For example, 11% of online survey respondents mentioned more tension in their family relations under the conditions of isolation [2]. Triggers for such tensions can be issues related to work, residential conditions, the organization of rest, and other socio-economic issues. In social interaction, issues also occurred outside of the family environment, e.g. 43% of survey respondents mentioned that the new circumstances imposed risks for the maintenance of their social connections [2].

Hence, the new circumstances changed many well-established practices of the organization of social life, which resulted in various transformations of routine social relations.



⁴¹ See Annex 2 as an example.

Psycho-Social Relations in the RoA Amidst the Pandemic (issues at large)

In emergencies, people have a feeling of uncertainty and distrust, which can transform into a lack of trust towards each other and the government.⁴² For many years the citizens of Armenia had a low level of social trust towards the Government, but trust is the grounds for the effectiveness of social interaction between authorities and citizens. The pandemic has only aggravated the issue that existed long before.

In this respect, the crisis in the RoA conditioned by the pandemic can be divided into three main phases:

The pre-symptomatic phase: this phase started with declaring the state of emergency and continued until restrictions for mobility were lifted. The main response of the people was primarily panic and then a mere denial of the new circumstances, with the attitude that the situation would soon be resolved and everyone would get back to their “normal” lives. According to the results of the survey, 8% of the respondents mentioned that they violated the rules of self-isolation and lived their ordinary life [2]. Panic was manifested by excessive shopping, when at the initial stages of the virus spread, medical masks were sold out in pharmacies.⁴³

Another important response concerned identifying those who were guilty. This phase was characterized by labeling and “identification and punishment” of those who were guilty. Here, among the contributing factors we observed not only the uncertainty of the population but also the state policy. Labeling theories insist that when in new circumstances, people tend to perceive new information connecting the new circumstances to previously known information.⁴⁴

Labeling in Armenia occurred in three main sectors:

1. Space labeling:

A publicly available map of persons who self-isolated, as well as the publication of photos proving violations of anti-pandemic rules. In the minds of people, such spaces are marked as dangerous, scary and can result in a loss of public importance.

⁴²See A. K. Donahue, How citizens and public officials perceive risk and preparedness, New York, 2011, pp. 5-6

⁴³<https://www.youtube.com/watch?v=74HmNM3decU>, 11.07.2020, 19:00

⁴⁴See Goffman, Frame Analysis. An Essay on the Organization of Experience, US, 1986, pp.43-44

2. Peoples' labeling:

Labeling of infected people, as well as their families can result in demonstrations of stigma.⁴⁵

3. Group labeling:

A decrease in collective self-esteem resulting in the formation of collective stereotypes, such as “Armenians are irresponsible”.

Such management of the situation was legalized by representatives of the government and wider public groups in light of the discourse related to the protection of physical existence. However, there are risks, since situational normality can tend to become a rule.

Thus, it is important for crisis management bodies to continuously explain the current situation and suggest a certain vision for the future. It is important to ensure comprehensiveness, indisputability of information, and a description of the comprehensive picture of the situation.

Crisis phase (after extending mobility restrictions to avoid the burn-out of the healthcare system):

Ambiguity in the communication of the previous phase resulted in a loss of trust between the public and the Government, as well as among public sources. A non-comprehensive understanding of the crisis in such circumstances was accompanied by conspiracy theories, such as “masks do not help in fighting the pandemic”, “they are trying to microchip everyone”, etc. Such phenomena are by far a huge challenge for any crisis management.

The continuous state of emergency, an increasing number of infected cases, and the lack of a vaccine have naturally **frustrated** public expectations. This became evident when the Government declared: “we have to live along with the pandemic”.⁴⁶ A limiting factor, on the other hand, was the fear of getting infected. In early May, the Minister of Health announced that hospitals could face a situation where they were no longer able to receive all patients.⁴⁷ Indeed, the peak of fear and anxiety is reached with an overcrowded health system, when hospital inpatient capacity is not enough to care for all those who are in need.

Considering this issue, one has to note the fact that in our country the pandemic spreads in the conditions of an unresolved conflict. On one hand, the Armenian society

⁴⁵ See Annex 1

⁴⁶ See the address of the Prime Minister, <https://www.primeminister.am/hy/statements-and-messages/item/2020/04/17/Nikol-Pashinyan-Speech/>, 20.06.2020, 21:00

⁴⁷ <https://168.am/2020/05/04/1298065.html>, 04.06.2020, 13:00

fight against the pandemic; on the other hand, it is busy with neutralizing the risk of resuming a large-scale military conflict with Azerbaijan, the evidence of which was the resistance to Azerbaijani aggression against the border villages of the RoA Tavush region in July. This means that there is permanent tension that greatly impacts the psychological state of the people.

Acknowledgement phase: A comprehensive understanding of the crisis by the public began under the conditions of reproducing frustration. As a result, the activation of civil society representatives and the formation of intra-societal regulation are observed. This phase creates preconditions for increasing the level of respect towards anti-crisis rules, as well as for self-organization among individuals, groups, businesses, and other beneficiaries. Predictions and the search for new ways to fight the pandemic become more important.



Conclusion

The situation in Armenia conditioned by the Covid-19 pandemic was unprecedented. Similar to other countries, Armenia was not prepared for such an emergency. At the first stages of the pandemic, it was already obvious that there were numerous issues in the sectors of public administration and social life. To prevent the spread of the virus, many practices and regulations lost their priority, influencing the transformations of public life in Armenia.

This analysis allows us to diagnose the current state of our society and observe the newly emerged practices, which could endure in the future. Disappointment in society is an outcome of concrete moral and psychological, public and political, social and economic conditions. The latter has further challenged intra-societal communication, often transmitting it to the online domain. Armenia's society shall overcome the ineffectiveness of internal communication.

As the cornerstone of all major problems is connected to the formation of a relevant national identity, the necessity of establishing civil society is worth emphasizing. Various groups in Armenian society shall largely contribute towards the processes of forming social trust and civic identity by engaging in social dialogue. However, the new morale of personalization has not yet formed in us, which along with the promotion of the freedom

of individual choices, requires certain responsibility. This may be achieved if the Armenian civil society acts as an initiator of social dialogue and undertakes the development of moral values jointly with the mass media and educational institutions.

Armenia has promising development opportunities clashing with difficult realities, which have impeded and/or cancelled various positive trends. Issues of military security are regularly aggravated amidst the economic blockade. Only the experience gained through such circumstances can guarantee future stability and development, ensuring Armenia's participation in new global processes.



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Annex 1.



In the Martuni community of the Gegharkunik region, unknown people “attacked” the house of a coronavirus infected person, damaged the gate and wrote “infected”, “coronavirus”, virus-holders” and other words on the walls.

Annex 2



Examples of images from social media devoted to the 105th anniversary of the genocide.

Annex 3

List of documents and websites that were used as sources of data

Information websites

1. www.a1plus.am
2. www.aravot.am
3. www.armeniasputnik.am
4. www.azatutyun.am
5. www.civilnet.am
6. www.facebook.com
7. www.hetq.am
8. www.iravaban.net
9. www.news.am
10. www.tert.am
11. www.youtube.com
12. www.168.am

Official sites of state agencies, NGOs

1. www.armstat.am
2. www.competition.am
3. www.e-gov.am
4. www.gov.am
5. www.mfa.am
6. www.primeminister.am
7. www.redcross.am

2. The coronavirus impact on the economy of the Republic of Armenia, the consequences thereof, and the prognosis for getting over it

The global economy during coronavirus

The upward global economic trend was cut short as a consequence of the Covid-19 pandemic. During the pandemic, most states prioritized the prevention of the spread of infection, undertaking a number of measures: shutting down state borders, imposing restrictions on the freedom of movement, and imposing limitations on the operation of certain sectors of the economy. Countries may be divided into three groups based on the severity of imposed restrictions. In the first group, exemplified by China, rigid controls were prescribed: the free movement of citizens was prohibited and enterprises were put to a halt. In the relatively smaller second group, represented by Sweden, restrictions were deemed useless and were thereby avoided. And the third group, following the example of the USA put in place somewhat lax restriction measures. Nevertheless, irrespective of the adopted approach and the severity of applied measures, mankind still faced a global economic downturn as a result of the pandemic, comparable in scale with the Great Depression of the 1930s.

In the first months of the pandemic, enterprises had already reverted to insolvency en masse. Unemployment spiked, there were disruptions in the global supply chain and consumption plummeted worldwide. The biggest losers from the restrictions were air transportation, tourism, services, and construction. Governments took the following steps to mitigate the economic impact of the pandemic:

1. Assessing the macroeconomic situation, identifying vulnerabilities in the economy, and determining the most at-risk population strata.
2. Deciding upon a shortlist of measures that would mitigate and balance the shock caused by the pandemic. These included both direct and tangential anti-shock instruments.
3. Implementing crisis management toolkits and measures.
4. Assessing the effectiveness of the toolkit that was used, replacing certain instruments with new ones on an as-needed basis.
5. Anticipating the emergence of a second wave of the pandemic and, if necessary, preparing the relevant public health and economic interventions.

6. Implementing measures aimed at economic recovery when the pandemic subsides.

A number of international organisations presented their prognoses of the coronavirus impact on the global economy. In April of this year, the Organisation for Economic Co-operation and Development (OECD) published its estimate of the economic decline in member countries that was caused by the restrictions, according to which a 50% decline was to be expected in the construction and professional services sector, 75% in retail and 100% in the transportation industry. According to the OECD analysis, every additional month of the economic restrictions remaining in place would cost a 1,5-2,5% annual fall in the GDP. According to the International Labour Organisation, 300 million people around the world will lose work as a result of the crisis. Unregistered and lower qualification workers are more vulnerable in this respect.

According to a prediction by the Bank for International Settlements (BIS), global gross domestic product is set to fall by 5%, 7-8% in developing countries, and 6% in developed countries. At the same time, the International Monetary Foundation (IMF) predicts that the global economy in 2020 will shrink by 3%.

Notwithstanding the large volume of predictions of perils looming over the global economy, all of the predictions so far are short-term and speculative, determined by lack of certainty about the terms of elimination of the pandemic and the timeframe for removing the economic and physical restrictions it has caused.

Interventions in response to the crisis caused by the virus are quite similar between countries. This is determined by the fact that the governments of all countries face the same task: maintain the GDP level of the preceding years. It is common knowledge that the GDP comprises the following elements: household consumption, gross domestic investment, government spending on goods and services, and net exports.

$$\text{GDP} = C + I + G + (X - M)$$

C - household consumption

I - gross domestic investment

G - government spending on goods and services

X-M – net exports

Household consumption accounts for the largest share of the GDP, about 50-60%. During the pandemic, consumption fell for three main reasons: increasing unemployment, a decline in remittances from abroad, and negative expectations in the economy. Some countries have even observed an increase in personal savings and up to a 50% fall in consumption. As a result, during the pandemic, it is impossible to maintain the GDP level at the expense of the growth in household consumption.

Gross domestic investment displays a downhill trend, since decreasing consumption, as well as the demand for products and services offered by companies falls. Companies then revert to cutting costs and capital investment in order to keep their business afloat. States attempt to incentivize capital investment through particularly low-interest lending. Those attempts are nonetheless wasted, and causing the GDP to grow through increasing domestic investment is not a realistic prospect.

It is also impossible to increase the volume of net exports during this crisis, considering the level of consumption decline in the global economy and the disruption to the general chain of consumption. The common practice in such times is to decrease imports and exports.

According to the OECD, government spending on goods and services accounts for 35% of the GDP in the USA, 48% in the EU, and 41% in Great Britain. This is the second decisive component in GDP by weight, is controlled by the state, and in conditions of crisis presents the only opportunity to maintain the level of the GDP. In the above circumstances, the preservation of the GDP is deemed possible only through the government implementing capital expenditures.

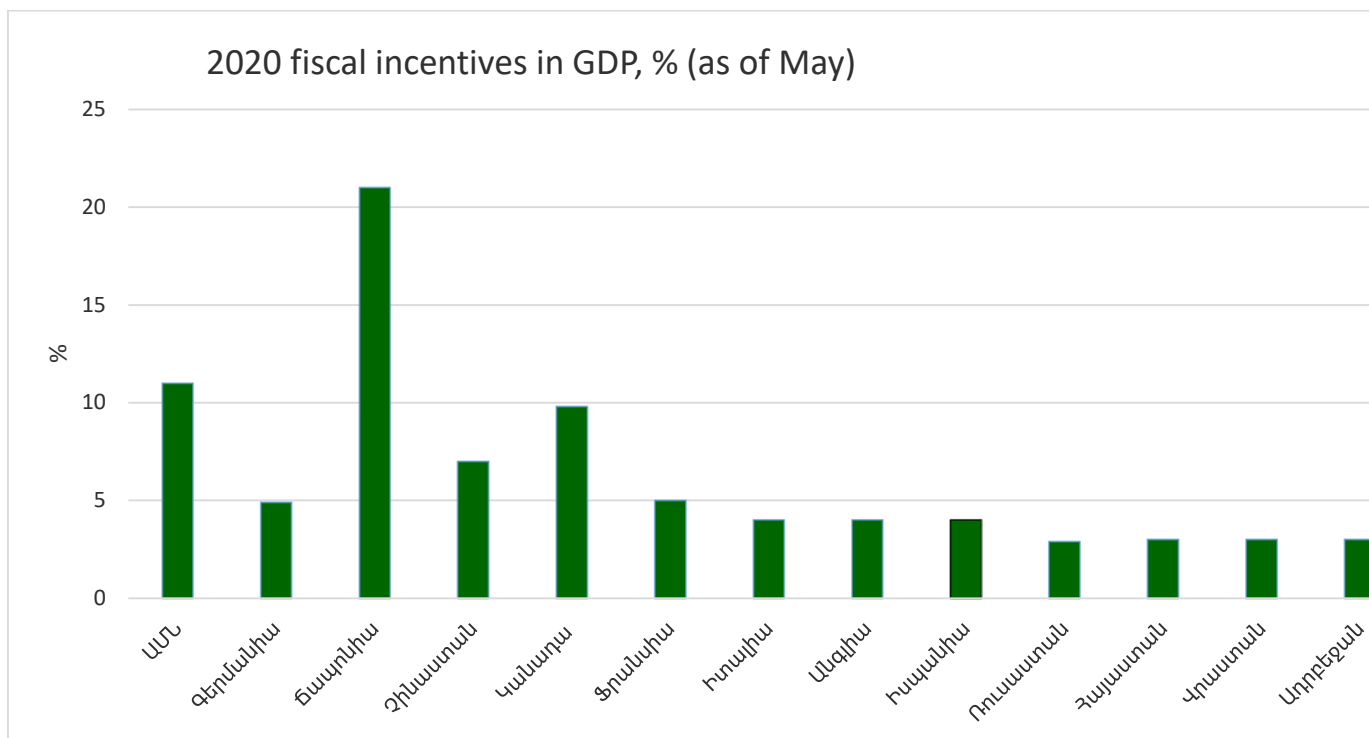
Essentially, the consumption of goods and services by the government is a fiscal incentive. By applying fiscal incentives, governments tried to balance out the economic shock brought about by the pandemic. Direct and indirect funding at the expense of the state budget, of economic entities and natural persons in vulnerable situations, pursues both an economic and a social purpose that is to preserve gross demand in the economy and avoid the insolvency of economic agents and the shrinking of jobs. Direct budgetary financing is when the government issues loans and acquires bonds issued by economic agents and local administrations. In some countries, this even included buying company shares.

During the pandemic, a drastic increase in capital expenditures has been observed globally. These expenditures were directed to the implementation of infrastructural improvement and expansion projects.

Through indirect financing from the state budget, the government made it possible for certain economic agents and natural persons to defer payments of taxes and duties by granting tax holidays and tax waivers.

The volume of fiscal incentives to neutralize the consequences of the crisis exceeded a threshold of 10% and continues to grow. Including appropriations to the health sector, a large breach in the budget arises. According to International Monetary Fund (IMF) experts, the budget deficit in developed countries shall exceed 10% of the GDP. As a

rule, in order to finance this deficit, countries revert to external sources. In May of 2020, developing countries submitted two trillion dollars' worth of loan applications to the IMF. As a result, their debt to GDP ratio shall increase, and upon the end of the pandemic, many countries' debts will exceed the GDP. Such a substantial ratio will be comparable to the debt/GDP proportion that came about during the crisis in the wake of the Second World War. And, as opposed to the crisis that came about in the wake of the Second World War, when a number of states succeeded in reducing their debt/GDP ratio and budget deficit/GDP ratio in quite a short time, it will not be possible in this case. Today, two important drivers for the development of the economy are missing: the potential for the growth of the workforce and the growth in productivity. It will also be impossible to reduce the debt/GDP ratio through raising taxes, since raising taxes does not contribute to economic development and will result in social and political dissent. With the low level of lending interest and inflation, the high debt/GDP and budget deficit/GDP ratios shall persist in economies for quite a long time. As a source for reducing the budget deficit, governments are also considering revenue from the sale of public assets.



Source: BCA study

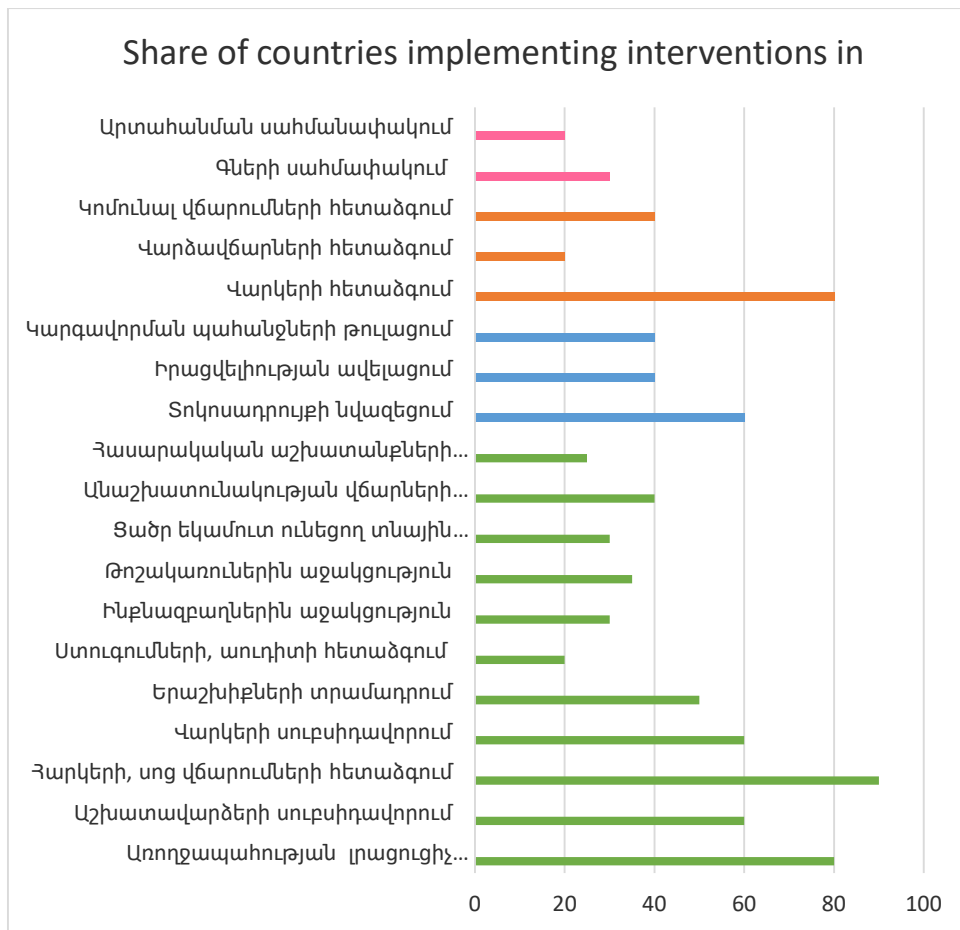
As is the case with all crises, during the crisis caused by Covid-19 it is important to maintain and ensure financial market stability. This duty is assumed by the national central banks, which saturated the system with the necessary liquidity and reduced the refinancing rate.

Considering the detrimental impact of the pandemic, designated national public agencies responsible for the regulation of financial markets deferred the introduction of capital adequacy and liquidity norms prescribed by BASEL-3. In some countries, the capital adequacy requirement was even lowered by 1-2%. The dynamics of commercial banks' non-performing loans were subject to daily monitoring. A number of regulators even prescribed guidelines for the operation of commercial banks in the context of the pandemic, restricted the payment of dividends by the banks, and reverted to direct lending to economic agents.

In order to reduce the impact of the crisis, the governments of many countries, apart from fiscal and monetary intervention tools, also offered payment deferrals and introduced provisional measures of supervision. Until the lifting of restrictions on economic activity, a holiday on loan servicing was declared, as well as, in certain cases, on lease payments for real estate. Holidays applied to utility payments accrued during the restrictions, and in a number of countries, those payments were offset by the government.

Governments also imposed temporary controls over the prices of medical supplies and food, and set export restrictions on some military use goods.

Considering the detrimental impact of the crisis on the economy, a number of countries deferred the process of bankruptcy for enterprises. For example, in France, the 45-day deadline for delivering on the liabilities that may lead to bankruptcy was extended to 90 days. German lawmakers deferred the insolvency process for enterprises until September of 2020, with the possibility of an extension to 1 January 2021.



Source: EBRD, IMF, WORLD BANK: 38 middle-income countries were included in the study.

Although governments undertake the necessary measures, only the end of the pandemic or a sharp decline in infections may herald the bouncing back of the economy. For a whole year, there will be an increase in unemployment, zero or negative interest rates, very low inflation, or even deflation. After that, about three more years will be required for the economy to recover. It is possible that in the meantime the state of the economy in some countries may lead to political instability. Already today, according to the Economist weekly, 43 countries have experienced political instability that emerged as a result of the pandemic.

Countries with a previously good record of macroeconomic conditions enjoy the possibility to overcome the pandemic with minimal losses. These conditions include a low initial level of the budget deficit and a low sovereign debt/GDP ratio. Also, one of the most important prerequisites for overcoming the crisis is the existence of an effective public health system, characterized by the presence of advanced public health infrastructure and healthy government funding for the sector. The vulnerability of the economy is determined by its dependence on tourism revenue and an influx of remittances from abroad. Another

major impact on overcoming the crisis depends on the quality of state governance, its capacity for timely decision-making, the level of political stability, and the amount of corruption.

The coronavirus impact on various sectors of the economy of Armenia and the consequences thereof. Crisis interventions by the government of the Republic of Armenia

The economic situation and anti-crisis measures of the government of the Republic of Armenia

To prevent the spread of the coronavirus, on 16 March the government of the Republic of Armenia decided to introduce a state of emergency in the country. Pursuant to this decision, among a range of other measures, restrictions were imposed on certain types of economic activity and the provision of certain services, on the transportation of goods from the Republic of Armenia, the movement of transport, as well as the right of free movement of individuals. The government declared state of emergency has been extended twice, and is still in effect, with some easing. The rapid spread of the disease and the restrictions imposed have led to an economic standstill, resulting in the embarkation on a period of deep crisis in the Republic of Armenia.

As a consequence of the disease and of restrictions, the demand for goods and services offered by the economic agents of the Republic of Armenia fell by 50%. According to expert assessment, as of 10 April, Armenian companies had one and a half months' worth of cash on hand to cover essential expenditures. Another major negative impact on the economy of the Republic of Armenia will be the reduction in the volume of remittances from foreign countries, as well as of the tourism revenue in foreign currency. In 2020, the expected reduction of foreign remittances to Armenia will amount to 30-40%, and the expected reduction of tourism revenue to 70-90%.

Within the first five months of 2020 natural persons from abroad have remitted the equivalent of USD 546 million to Armenia through the banking sector. Over the same period in the previous year, this amount has shrunk by USD 158 million, or 22,5%. The biggest decline was in remittances from the Russian Federation by 31%, while the net reduction of total remittances by natural persons within the first five months of 2020 over the same period in 2019 was by USD 44.6 million or 23%. Through the months of March, April and May of this year, natural persons from abroad have remitted USD 310 million to Armenia, a decrease of 30.3% over the same period of the preceding year. Moreover,

cash remittances from Russia to Armenia have shrunk by 43%. This is explained by the fact that, since mid-March, because of state institutions being locked down, the majority of outgoing labor migrants were unable to leave for the Russian Federation.

In May this year, according to data received from the State Revenue Committee of the Republic of Armenia, the export and import of goods from and to Armenia has decreased in May 2019, by 8,7% and 11,8%, respectively. Through the first five months of 2020, exports have decreased by 8,1%, and imports by 12,8%, when compared to the same period in 2019. In this period, mining output exports increased by 19% and jewelry exports decreased by 31%. As for imported goods, 16,5% more processed food was imported and there were 59,2% fewer means of transportation.

According to data published by the State Revenue Committee of the Republic of Armenia, in the period between 1 March and 31 May, 5,873 organisations and private entrepreneurs have temporarily suspended their operations. This indicator grew over the preceding year by 41%. In 2020, because of restrictions imposed during the pandemic, 71,4 thousand jobs were made redundant, whereas in May, thanks to the easing of restrictions, 50,000 jobs were restored.

The Republic of Armenia approved 21 anti-crisis measures to neutralize the negative consequences of the coronavirus. Nine from among these measures are of an economic nature, while the rest are social. The economic measures are aiming at various outcomes and targets. Funds are appropriated to beneficiaries through the modalities of co-financing, refinancing, subsidies, lending, grants, one-time support, and guarantees. Micro and medium enterprises in almost all sectors of the economy are eligible to take advantage of anti-crisis measures. These programs place particular emphasis on agriculture and the high-tech industry. Even startups are eligible to apply for support. Resident economic agents employing 2-50 workers, to be later expanded to 2-100 workers, may take advantage of support measures and receive a one-time grant in the amount of the wage of every 5th employee. Support for micro-enterprises amounts to 10% of their 2020 Q1 turnover of services provided, goods supplied and work performed, not to exceed double the minimum wage.

The government implements programs to neutralize the economic consequences of the coronavirus through banks, credit institutions, the SRC (State Revenue Committee), and the Investment Support Centre of the Ministry of Economy.

Lending to economic agents' accounts for the largest share in neutralization programs, and as of 15 May, its volume amounted to AMD 50 billion. Economic agents are offered loans of between AMD 3 to 250 million, with 6 months to 5 years' maturity.

As of 15 May, the 12 social programs for neutralizing the consequences of the coronavirus have disbursed AMD 21,209 billion. Apart from the social impact, these programs pursue the objective of increasing gross demand in the Republic, galvanizing the economy as a consequence.

Concurrent to the dimensions of these two programs, there is intensive funding to curb the spread of the infection currently underway in the health sector. The volume of health sector financing has increased by 20% over the previous year. There has been an almost 14% increase over the previous year in the financing of social protection as well.

Taking into consideration the volume of measures to mitigate the crisis and the situation at hand, as well as the projected low level of budget revenue, the government of the Republic of Armenia will have to increase the budget deficit. The size of the deficit will be determined by the elimination of the pandemic, lifting of restrictions, and recovery of the economy. With the purpose of closing the budget gap, the government will have to attract funds from foreign financial markets, such as international development structures.

On 18 May 2020, the Board of the IMF, the International Monetary Foundation, approved a USD 280 million loan to Armenia for the purpose of curbing short-term risks caused by the COVID-19 pandemic and ensuring macroeconomic stability. The World Bank has announced the implementation of a road rehabilitation program in the Republic of Armenia the amount of USD 69 million.

The real sector

Trade

As a result of the coronavirus, trade in the months of March, April and May has shrunk when compared to the same months of last year by 9,9%, 33,1% and 18,4%, respectively. This slump notwithstanding, there was a trade volume increase in the month of May over April by 33,3%.

Throughout the world, including Armenia, the biggest losers in the pandemic have been retailers of vehicles, their spare parts and accessories, technical service centers, and repair centers. The decline in sales over the same month of the previous year amounts to 30,3% for these businesses.

Between March 16 and May 4 all retail outlets, with the exception of grocery shops, were closed. As a consequence, the volume of retail sales from January to May 2020 decreased over the previous year by 13,4%, and the volume of wholesale trade in the months of January to May 2020 decreased over the previous year by 8,1%. Uncertainty

about the future, which came about in the population because of the pandemic, has slumped the demand even for essential goods and services.

In April this year, retail sales in motor and residential fuel have halved from last year's volumes. A 36,6% increase in fuel sales was observed in May, which is still 25,3% less than the preceding year. Apart from that, the breakdown of fuel sales has changed: because of the sharp increase in the price of liquefied natural gas (LNG), its sales have slumped, and the share of petrol has increased.

It may be interesting to look at the sales of coffee and tobacco, the two traditional commodities for the Armenian market. So far and through every previous crisis, their consumption has traditionally increased by approximately 10-15%. This is explained by the fact that in difficult times of stress, people discuss their grievances by lighting up around a cup of coffee, even though they cut back their consumption of other goods. Whereas during this crisis, considering the restrictions on the operation of restaurants and cafes and the need to maintain social distancing along with the sharp fall in disposable incomes, retail sales of tobacco and coffee fell between January and May of 2020 by respectively 15% and 20% over the same period of last year.

During the pandemic, remote sales have developed and acquired a new significance. Retail companies introduced new and expanded existing remote sales toolkits. Between January and May of 2020, remote sales volumes increased by 40%. Concurrently, delivery services for goods sold in this manner have also developed.

As of the end of June, in the course of implementing the first measure of the government programs to neutralize the economic consequences of the coronavirus, 74 trade companies have received loans in the total amount of AMD 500 million.

Industry

Because of the pandemic, the industrial production volumes in the months of March and April 2020 have shrunk over the preceding months by 2% and 9,2%. In April-May of the same year, an increase of 11,9% was observed, but compared to May of 2019, industrial output volume still fell by 3,9%. In general terms, between January and May of 2020, industrial output volume increased by 2,4%, and the growth was mainly attributed to the mining sector. In this subsector, between January and May of 2020, growth amounted to 25,7%, and in May of 2020 it was 9,9% higher than May of 2019. These differences were mainly determined by an increase in the price of copper on the international commodities market and to the devaluation of the dollar, which began in late March.

Coronavirus caused a spike in the demand for antiseptic chemical substances and certain medications. As a result, between January and May of 2020, the production of chemical substances and pharmaceuticals increased by 17% and 18%.

In tune with global developments, since the beginning of 2020, a sharp decline was observed in the production of computers, as well as electronic and optical equipment by 33,2% and 24,1%.

The restrictions imposed to mitigate the consequences of the coronavirus, along with the contraction of domestic demand, also negatively impacted the volume of production of beverages, tobacco and food. The output of the light industry also declined.

According to data supplied by the Statistics Committee, within the first five months of 2020 the production of cognac shrunk by 14,9% over the same period of the preceding year, while that of grape wine shrunk by 15,3%. The decline was caused not only by reduced exports, but also by a fall in domestic consumption.

Small and medium industrial enterprises lost the most because of the pandemic. Under the third measure of the programs by the government of the Republic of Armenia for neutralizing the economic consequences of the coronavirus, 327 small and medium enterprises in this sector have received concessional loans in the total amount of AMD 3,69 million.

Services

According to data supplied by the Statistics Committee, between January and May of 2020, the volume of services fell by 4,2% over the same period of the preceding year. The biggest decline was recorded in the hospitality and public catering subsectors. Between January and May of 2020, the volume of services in these subsectors fell by 34,9% over the same period of the preceding year, and in May of this year by 69,2% over the same period of the preceding year. This decline was caused by restrictions on the operations of hospitality and public catering subsectors that lasted almost two months, and after that by the introduction of social distancing rules. One must mention that the requirement of keeping social distance has almost doubled the cost of their services. Under the third measure of the programs by the government of the Republic of Armenia for neutralizing the economic consequences of the coronavirus, small and medium enterprises in hospitality and public catering have received 227 concessional loans in the total amount of AMD 2,16 billion.

Construction and the real estate market

According to data supplied by the Statistics Committee, between January and May of 2020, there was AMD 77,462 billion worth of construction in Armenia, which is 23,4% less than the construction volume for the same period of the preceding year. Initially, the decline in volume was caused by the restrictions to mitigate the negative consequences of the pandemic, whereas now the reasons are the negative expectations that have formed about the future of the real estate market and the economy. The negative expectations were further reinforced in July the wake of the National Assembly of the Republic of Armenia enacting a law on amending the tax code, introducing a new system for the taxation of real estate. According to the new system the tax base shall be estimated on market value instead of the property's cadastre value, and a new scale for determining the taxation base was introduced. Additionally, new tax rates for certain property units and the taxation-free threshold for apartments and residential houses have been eliminated. According to the government of the Republic of Armenia, the new law shall increase revenues of municipal budgets, while the real estate/GDP ratio will increase from the current 0,2% to 1,5%. In order to prevent a sharp increase in the tax burden, the transition to the new taxation system shall be phased in over six years, beginning from 1 January 2021. In enacting this law, the National Assembly failed to take into account the grave economic situation in the country, the average level of the monthly wage and the impact of the pandemic on the real estate market. As a consequence of these amendments, the structure of demand in Armenia's real estate market will change. Interest in apartments, residential houses, detached homes, and commercial spaces of the more expensive segment will decline. Armenian real estate will lose its investment appeal for foreign nationals. As a result, there will be price adjustments in the real estate market. The situation in this market is that of standby, with transactions slumping to a minimum. All of this notwithstanding, the prices of the pre-coronavirus market prevail to this day.

In May 2020, the number of real estate transactions was 2,925, compared to 4,200 the previous May. In the same period, foreign nationals have bought 59 and sold 130 properties in the Republic of Armenia. This fact may indicate that foreign nationals are losing interest in Armenian real estate.

Construction volumes have shrunk as a direct consequence of price uncertainty in the real estate market. In order to stabilize prices, an increase in demand will be necessary. This may be accomplished through providing concessional mortgages, deductions in withholding tax, and by the state acting as the immediate client.

Under the third measure of programs by the government of the Republic of Armenia to neutralize the economic consequences of the coronavirus, small and medium enterprises in construction have received 69 concessional loans in the total amount of AMD 1,17 billion.

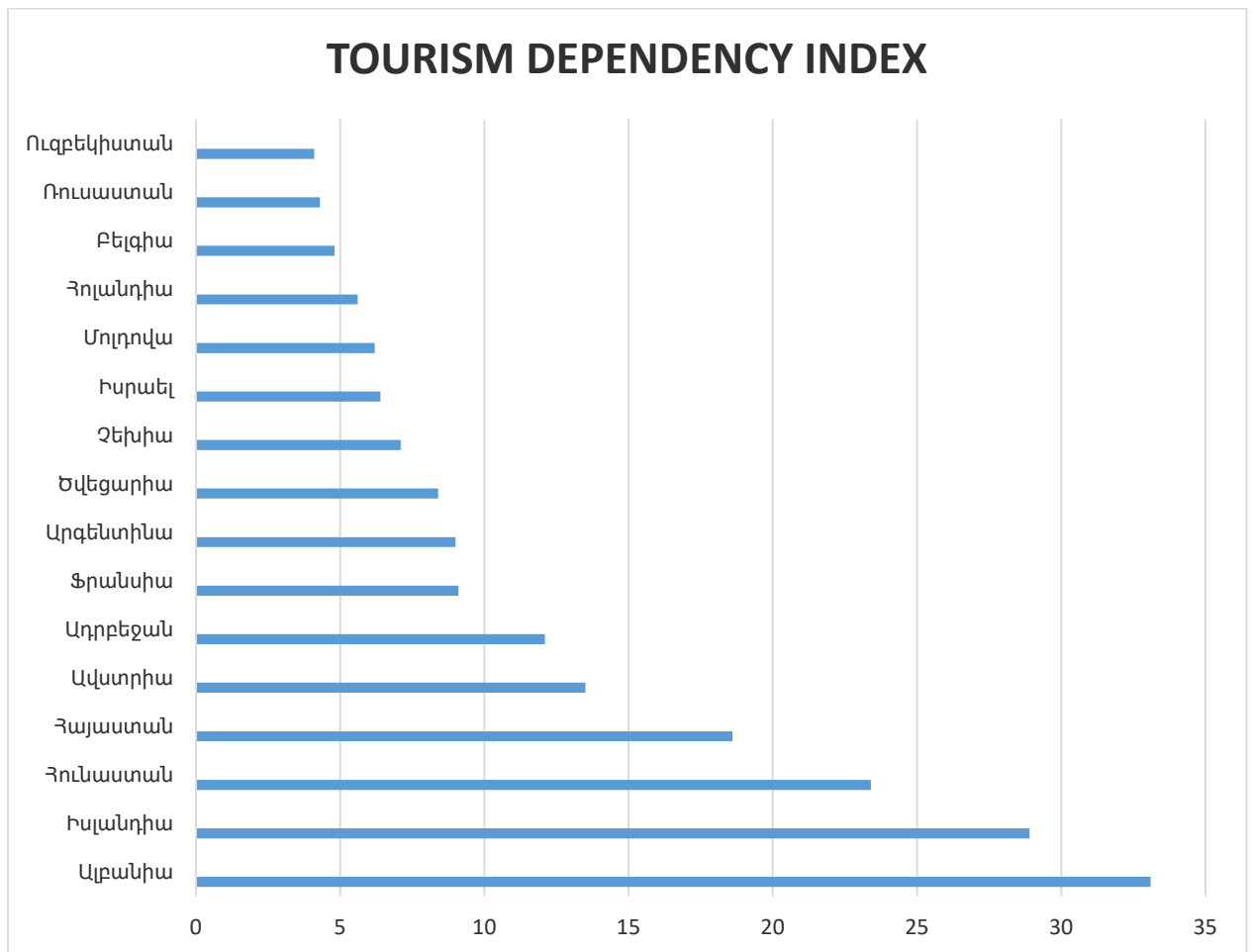
Tourism

Throughout the world, the biggest loser because of the pandemic is the tourism industry. This is not only because of the domestic and international prevalence of the pandemic. According to the World Tourism Forum, global tourism in 2020 will suffer one trillion dollars worth of losses. Job losses in this sector may affect 50 million people. Tourism in Armenia was not immune to the damage. In Q1 of this year, there were 311 thousand incoming tourists registered in Armenia, compared to 364 thousand last year, a decline of 14,6%. The borders of the Republic of Armenia have been closed since the middle of March, and tourism essentially came to a standstill and has been incurring losses. The baseline for estimating losses for the first semi-annual period is the 770 thousand incoming tourist visits registered in the Republic of Armenia by 30 July 2019. These numbers show that there were 459 fewer incoming tourist visits in the first half of 2020. According to a study by the Armenian Tourism Federation, one tourist spends an average of USD 800 in Armenia, which in turn means that the total losses incurred in inbound tourism equaled 459 times 800, or USD 367,2 million. Lest the coronavirus situation improve in the republic and beyond by the end of the year, the loss in the tourism sector may exceed a billion dollars.

According to expert estimates, the specific weight of tourism in Armenia's GDP will be reduced by 5%, provided the sector recovers by September, and by 8% if the recovery is in December. Recovery in tourism will contribute to development in services, trade, agriculture, as well as in certain sectors of industry.

The government of the Republic of Armenia has not implemented dedicated economic programs of support for the tourism sector, but measure #20 of the programs to neutralize the social consequences of the coronavirus also targets the sector's employees. In general terms, by 30 June 2020, within the framework of programs by the government of the Republic of Armenia to neutralize the economic consequences of the coronavirus, 351 companies in the tourism sector have received loans in the total amount of AMD 12,45 billion. Monnaie and Segara have developed an index of state dependence on tourism that demonstrates the impact of the crisis on a country's tourism sector.

Armenia's index is 18,6. This is a high value compared to many other countries, where the index does not exceed 10.



Data compiled by H. Monnaie and M. Segara

Agriculture

Agriculture has suffered the least from the coronavirus, since there were no restrictions imposed on agricultural work, and the social distancing requirement did not interfere with it, having no substantial influence on the prices of agricultural produce. Agriculture in the Republic of Armenia is a sector with low productivity and a high dependence on climate and natural conditions. In view of this year's climatic conditions, the output of certain agricultural products declined, which in turn contributed to price hikes. For example, this year's prices for apricots were triple, and for apples, double that of last year. High prices allowed those involved in agriculture to generate a profit.

According to a statement made by the Ministry of Economy of the Republic of Armenia, the exports of fruits and vegetables in June of 2020 decreased by 15% percent over 2019. In June of this year, just 5,500 tons of apples were exported, compared to 11,500 tons in

2019. The same situation exists with respect to apricots, where a decline over the last year amounted to 3,000 tons.

The prices for “off-season” tomatoes and cucumbers have declined in June 2020 over 2019 by 15% and 9%, respectively. This decline was caused by lower demand for these vegetables in the domestic market, which was caused in turn by restrictions on the operation of restaurants and cafes.

Taking into the account the coronavirus impact on the production of Armenian wine and cognac, the outcome of this Fall’s wholesale grape purchase process becomes obvious. According to data supplied by the Central Bank of the Republic of Armenia, under the programs to neutralize the economic consequences of the coronavirus, the agriculture sector enjoyed subsidized interest on 16,200 loans in the total amount of AMD 23 billion. As of 8 July 2020, the agriculture sector in general has received 18,000 loans in the total amount of AMD 37 billion. This indicator is almost triple the number of loans issued to agriculture for the same period last year.

The banking system

In order to mitigate the consequences of the crisis, in March the Central Bank of the Republic of Armenia embarked on measures of monetary easing and stabilization of the financial market. To invigorate the economy, the Board of the Central Bank, in its meetings of 17 March, 28 April and 20 June reduced the refinancing rate by 0,25%, 0,25%, and 0,5%, respectively. As a result, the refinancing rate in this period went from 5,5% down to 4,5%.

In the period between 18-31 March of this year, as a result of signals from global financial markets and the negative expectations that had emerged in the domestic market, the demand for US dollars rose speculatively. On 31 March, the exchange rate for the US dollar reached 510 drams. Through its forex interventions, the Central Bank succeeded in reducing the unhealthy demand for foreign currency and returned the US dollar exchange rate to the bracket of 478-487 drams. This ensured the stability of the financial market and predictability in company operations.

To ensure financial stability, the Central Bank of the Republic of Armenia approved a program for strengthening financial stability, which envisaged the introduction of the following instruments:

- Issuing loans with a maturity between six months and five years;
- Supplying banks with additional liquidity, by organising frequent auctions and expanding the range of securities admissible as collateral;

- Concluding agreements with delinquent financial institutions in order to improve the financial situation and ensure the normal operation of the institution in question;
- Placing restrictions on bank lending, deposit, and financial operations or defining clear procedures for the implementation thereof;
- Prescribing dedicated economic norms for individual financial institutions as needed, such as banks and insurance companies; and
- Limiting dividends on an as-needed basis.

In order to mitigate the impact of the crisis on the banking system, the Central Bank of the Republic of Armenia partially deferred the introduction of BASEL-3 principles. The introduction of liquidity norms, the liquidity coverage ratio, and the net stable funding ratio was deferred to 1 January 2021. Apart from that, the Central Bank of the Republic of Armenia lowered the paid-in capital adequacy requirement norm from ten percent to nine percent, and it also increased the weight of additional capital in the calculation of paid-in capital. Increasing the weight of additional capital will allow commercial banks to attract subordinate loans and other capital instruments. In general terms, these two changes with respect to capital shall contribute to additional lending by commercial banks for the benefit of the economy of the Republic of Armenia.

The banking system entered the COVID-19 crisis with pretty good financial indicators: surplus liquidity, high capital, stable growth of deposits and lending, and a small share of non-performing bad loans in total loan investment portfolios.

This crisis created difficulties for companies in delivering on their loan liabilities vis a vis commercial banks. This situation may increase lending risks in the banks, which in turn may result in a loss of liquidity. In order to prevail over this situation, in late March the commercial banks and borrowers started to discuss the programs and measures geared towards getting out of the situation at hand. Between early April and late June almost all banks announced a debt holiday for their clients that have suffered from the crisis. Thus, loans in the vulnerable category were renegotiated in the period between April and June, moving the servicing of the principal and accrued interest to a period acceptable both for the bank and its clients. As of 27 May, according to a statement by the Central Bank of the Republic of Armenia, 540 thousand natural persons and 17 thousand legal persons had taken advantage of the debt holiday. The total amount of renegotiated contracts was about AMD 900, or 26,5% of the total credit investment.

The financial indicators of the banking system for the first five months demonstrate that the consequences of the pandemic have not significantly affected the banking system.

From the beginning of the year to the month of May, banking system assets have grown by 1,7% and amounted to AMD 5,927 trillion, and paid-in capital grew by 5,8% and amounted to AMD 871,898 million. By the end of May, the profit of the banks totaled AMD 36,9 billion. As of 31 May, there were 3,9% fewer deposits attracted by the system, when compared to the beginning of the year and amounted to AMD 3,43 trillion. This decrease took place at the expense of demand deposits since time deposits have grown by AMD 20,3 billion. In the total amount of time deposits, the decrease by 12% or AMD 131,928 billion is accounted for by the deposits of non-residents. This decline is explained by the 'animal instinct' phenomenon, which is well-known in economics. According to this phenomenon, in times of economic or political peril, investors remove their investment back to the country of its origin. In the month of May, since the beginning of the year, deposits by non-residents in USD declined by AMD 163,4 billion, whereas deposits in AMD increased by 30,5 billion. This fact demonstrates increased trust in drams by non-residents. In May 2020, loans issued by commercial banks to residents increased since the beginning of the year by 4,5% and amounted to AMD 3,4 trillion. The largest amount of growth was accounted for by loans to construction (15,4%) amounting to AMD 222,4 billion. Agricultural loans increased by 9,5% and amounted to AMD 165,7 billion, and lending to the services sector increased by 4,2% and amounted to AMD 291 billion. Lending to industry increased by 2% or by AMD 512,594. By the end of May 2020, there was growth registered in consumer loans (3%) and mortgages (6%), amounting to AMD 943,8 billion and 256,4 billion, respectively.

The banking sector shall experience the full impact of Covid-19 upon the expiry of debt holidays. The quality of loan servicing depends on the economic situation during and after the pandemic. The biggest probable risk that the commercial banks may face shall be lending risk, which in turn may lead to liquidity risk. The lending risk may grow due to the fall of real estate prices in the Republic of Armenia, which may happen because of the newly enacted law on taxation of real estate property.

As a result of this crisis, the volume of remote services has increased: in remote trade and in remote banking, which in turn has lead to the increased interest of foreign and domestic entrepreneurs, and that increases the IT risk, which is part of the operational risk.

At this point in time, the specific weight of non-performing loans in the banking sector is about 5% of the total loan portfolio, and in the worst-case scenario, it may increase up to fivefold.

Recommendations on anti-crisis measures

Covid-19 changed our lives, bringing health issues to the forefront. The society had to review its lifestyles and adapt to the new environment: maintain social distancing, switch to working remotely, etc. The sooner the public and the economy make adjustments to these changes and adapt to the new normal, the easier recovery will be when the crisis subsides.

The macroeconomic indicators of the first five months indicate that Covid-19 has had a negative impact on the Armenian economy. The subsequent proliferation of the disease will deepen the current crisis, which in turn may lead to up to a 10% fall in the 2020 GDP when compared to that of 2019.

The government of the Republic of Armenia must respond rapidly to the changing situation, re-evaluate the anti-crisis measures that it carries through, as well as develop and introduce new programs.

The priority issue that the government of the Republic of Armenia faces now is that of public health, that is: prevent the spread of the coronavirus. To this end, it is necessary to strengthen preventive interventions, implement screening and testing, distribute free masks, offer free medical care and treatment for the sick, tighten sanitary and hygienic controls at the borders, and administer tests to persons entering the country.

The analysis results demonstrate that preventive measures in smaller countries, provided they are implemented in time, allow for the spread of coronavirus to be curbed. The majority of governments, including in our neighbour Georgia, embarked on such measures as early as January of this year. Our government, lamentably, got a late start on the implementation of preventive measures, after 16 March, when they no longer could yield the same benefits. Judging by the statistics on coronavirus morbidity and mortality supplied by the Ministry of Health, funding appropriated from the state budget to fight coronavirus was not used efficiently.

One of the most important issues for the government of the Republic of Armenia is to reduce the impact of the coronavirus on the country's economy. This is done all over the world, including in Armenia, through the use of fiscal and monetary instruments. The government of the Republic of Armenia implements fiscal incentives through economic and social programs, called upon to mitigate the consequences of the coronavirus, and through capital projects financed from the state budget. In the measures within these programs for neutralizing the economic consequences of the coronavirus, great weight is attached to support involving loan components. There is no place in these measures for special financing terms geared towards the sectors that suffered the most from the

pandemic: tourism, export-oriented companies, construction, and effective agriculture. In many cases, additional financing increases the already onerous debt burden of companies. The debt/capital ratio of Armenian companies exceeds the value of two. In conditions of uncertainty in the economy, it is not expedient for most companies to make certain types of expenditures to incur additional debt, especially when it concerns the purchase of equipment. Therefore, taking on concessional debt may only be justified in case the initial loan agreement is replaced by an improved one.

Companies that remained operational during the pandemic needed a deferral of their payments, including taxes, customs duties and utility bills. The government, however, did not go for a deferral of taxes and customs duties, apprehensive of a shortfall in budget revenue.

Agricultural support programs did not essentially differ from those implemented within the preceding years. It would have been appropriate, in the context of assistance provided by the government, to encourage the development of effective agriculture. It would have generated a lasting result for the state.

In order to mitigate the impact of Covid-19 on the tourism sector, it would have been appropriate to offset three months' worth of interest accrued on the loans companies had taken and to defer the payment of taxes. It is also important for the government to encourage domestic tourism, expanding the eligibility criteria for taking advantage of the social package local hotel stays.

In order to encourage the development of the construction sector, the government must act as the client, commissioning the construction of apartments for a particular class, accompanying the construction with concessional mortgage program implementation. New mortgage programs will liven up the real estate market, forming new demand for properties.

In order to have a smooth procurement of the fall harvest of agricultural produce, considering the dire financial straits that the agricultural processing companies are in, the government must commission them at its own expense to buy produce, process it and hand the final product to the government, with terms for subsequent joint sales thereof.

In the event of the pandemic persisting longer, the government must be ready to take up equity participation in the companies of strategic importance for the economy that will experience temporary financial difficulties, on the condition that once the pandemic is over, the state shall sell back the shares acquired during the crisis.

All of these measures shall increase the deficit of the state budget, but there are no other alternatives to mitigate the consequences of the crisis. In order to mitigate, inasmuch as

possible, the impact of the pandemic on the economy, in 2020 the government of the Republic of Armenia will need an additional AMD 300 to 400 billion. For comparison: the measures in support of the economy by the government of the Republic of Armenia during the crisis of 2009 amounted to about AMD 270 billion. In order to raise such funds, the government will have to revert to foreign sources of financing without the fear of increasing the sovereign debt/GDP ratio. By the end of 2020, the sovereign debt/GDP ratio may exceed 62%.

The crisis that emerged as a consequence of Covid-19 may provide our country a stimulus for structural transformation and an increase in overall effectiveness.

Author: Ashot Feliks Osipyan

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3. Legal issues in the fight against coronavirus in Armenia

Purpose of the study

The purpose of this study is to document the regime established in the Republic of Armenia as a consequence of the coronavirus, outline the restrictions applied and the measures undertaken in its framework, as well as to discuss their legitimacy and their impact on human rights. There will also be a reflection on the procedural appropriateness of the decision-making process with respect to anti-epidemic measures (transparency, accountability, oversight) and the public response on social media.

The spread of the coronavirus in Armenia and initial measures against it

The official announcement of the first case of infection in Armenia was made on 1 March 2020. Nevertheless, campaigning for the Constitutional Referendum of the Republic of Armenia, scheduled for 5 April, was officially launched on 2 March.⁴⁸ On 11 March 2020, 3 more cases were confirmed, and 17 more cases were confirmed on 16 March. That notwithstanding, the large-scale rallies of the YES campaign within this period, with the participation of the Prime Minister of the Republic of Armenia Nikol Pashinian did not cease. Moreover, it was discovered that one citizen participating in the campaign rallies had been diagnosed with Covid-19 and was subsequently hospitalized.

Within this timeframe, the Prime Minister made statements that undermined the seriousness of the fight against the pandemic in the public perception (for example: 'Whose underdog is the coronavirus?', 'we shall pluck the coronavirus with pinchers and disinfect it with moonshine'⁴⁹).

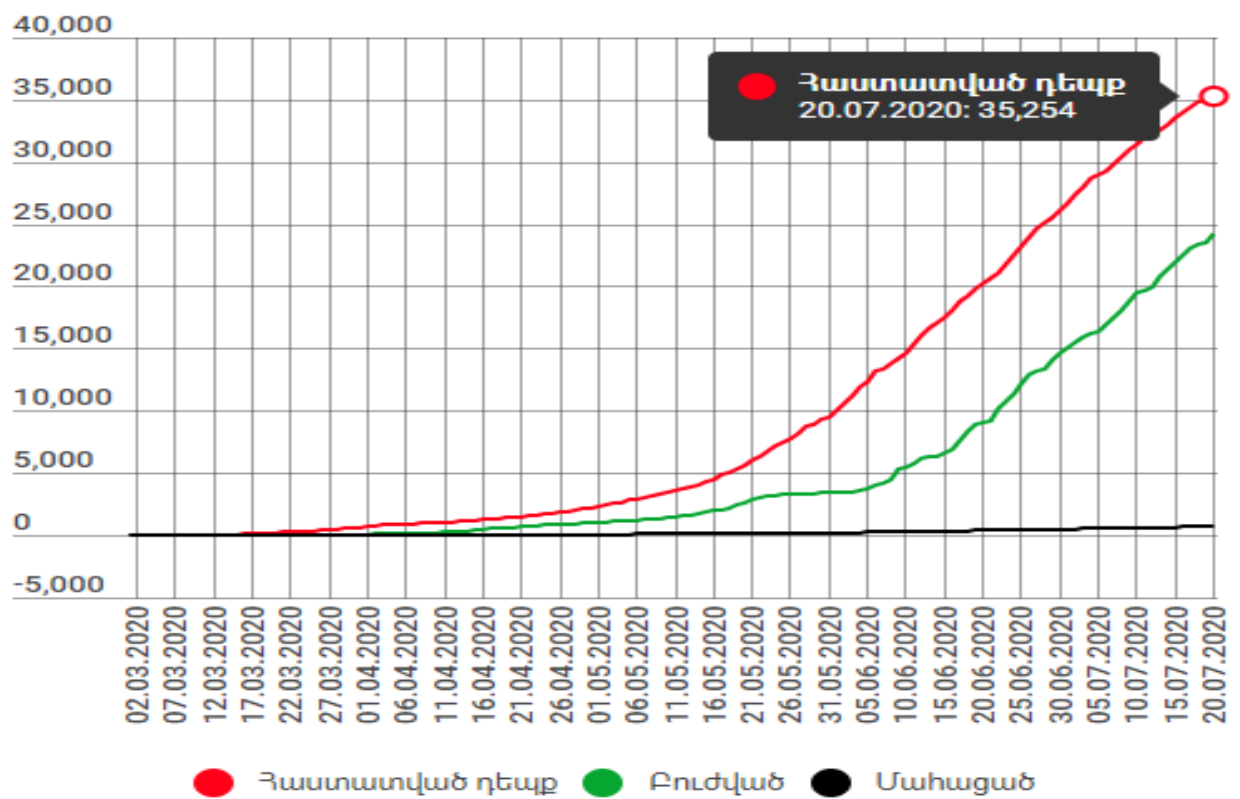
Only on 16 March did the government of the Republic of Armenia adopt Resolution #198N 'On declaring a state of emergency in the Republic of Armenia', and the Central Electoral Commission, leaning on a number of constitutional provisions, informed that all work, every process and event in preparation for holding the referendum of the Republic of Armenia on constitutional amendments shall be ceased.

It is also noteworthy that when the state of emergency was announced, mass infection cases were attributed to two main places: the Ejmiatsin and Yerevan garment factories, which indicates that at the initial stage, measures to isolate suspected carriers

48 <https://www.president.am/hy/decrees/item/4972/>

49 <https://www.youtube.com/watch?v=1nkVlwtkrmY>

were ineffective. Already as of 20 June, there were 35,254 cases recorded in the Republic of Armenia: including 24,206 cured and 662 deaths.



In order to establish the uniform administration of resources and means in ensuring the legality of the state of emergency under Resolution #198-N ‘On declaring a state of emergency in the Republic of Armenia’, a commandant’s office was founded to be run by deputy Prime Minister Tigran Avinian, who was appointed commandant. It was also stipulated that the commandant may impose other restrictions and prescribe rules through his decisions.

In this resolution, the government deviated from its main duties with respect to human rights by imposing rigid restrictions. In particular, restrictions were imposed on: 1) the right to the freedom of movement of persons and the traffic of transportation means, 2) the right to private property, 3) the right to assembly and to hold public events, 4) certain types of economic activity, and 5) the operation of educational institutions.

Far-reaching restrictions were also imposed on the operation of the mass media, which led to concerns expressed by the international community. As a result, these prohibitions were invalidated by the Resolution of the government #543-N of 13 April 2020.

Based on the Resolution of the government ‘On declaring a state of emergency in the Republic of Armenia’, the commandant has enacted scores of decisions, some of which were of a normative nature, defining restrictions and duties for individual persons.

Lawfulness of commandant’s norm-setting activity

Pursuant to Article 6, part 2 of the Constitution of the Republic of Armenia: “**Bodies provided for by the Constitution may, based on the Constitution and laws and with the purpose of ensuring the implementation thereof, be authorised by law to adopt secondary regulatory legal acts.** Authorizing norms must comply with the principle of legal certainty”.

This means that **the power to pass secondary normative legal acts is reserved solely for bodies provided for by the Constitution.** On the contrary, **the office of the commandant of the Republic of Armenia** was established pursuant to Article 8 of the Law of the Republic of Armenia “On the legal regime of the state of emergency”, and thus is **not deemed a body provided for by the Constitution.**

The Law of the Republic of Armenia “On the legal regime of the state of emergency” does not define (and could not possibly define) the power of the commandant to pass secondary normative legal acts. Thus, prior to enacting Law # ՅՕ-238-Ն on 29 April (which entered into legal effect on 7 May 2020), and pursuant to point 5, part 1, Article 4 of the Law of the Republic of Armenia “On the legal regime of the state of emergency”, “the resolution of the government of the Republic of Armenia on declaring a state of emergency establishes temporarily limited rights and freedoms of natural and legal persons, as well as the level of limitations of rights and freedoms, pursuant to the requirements of Article 7 of this Law’.

Article 7 of the same law defines the measures that can be applied in a state of emergency, as well as the temporary limitations of rights and freedoms.

It follows from the content of the legal norms mentioned above that temporary limitations on the rights and freedoms of natural and legal persons shall be established, and the level thereof shall be determined by a resolution of the government of the Republic of Armenia on declaring a state of emergency.

According to the language of Article 8 of the Law of the Republic of Armenia ‘On the legal regime of the state of emergency’, prior to the enactment of Law # ՅՕ-238-Ն on 7 May 2020, regarding amending the said law that was adopted on 29 April 2020:

1. “For the purpose of eliminating the circumstances having served as a ground for declaring a state of emergency as well as settling other pressing issues, upon a

resolution of the government of the Republic of Armenia, a commandant's office for the area of emergency (hereinafter referred to as Commandant's Office) may be set up.

2. The Commandant's Office shall manage the forces and means ensuring the legal regime of the state of emergency in the area of the state of emergency. The Commandant's Office shall be governed by the Commandant, appointed by government of the Republic of Armenia."

This means, for the purposes of the mentioned iteration of the Law, that the commandant's office shall be established by a resolution of the government for the purpose of eliminating the circumstances that led to the declaration of a state of emergency, as well as settling other pressing issues. The commandant's office reserves the right to manage forces and means to ensure the legality of the state of emergency, and such management should be performed by a commandant who is appointed by the government of the Republic of Armenia. At the same time, the latter was not granted the competence to pass normative legal acts limiting the rights and freedoms of natural and legal persons (such exceptional power being reserved solely for the government of the Republic of Armenia).

Article 8 of the Law of the Republic of Armenia "On the legal regime of the state of emergency," as enacted on 29 April 2020 and acquiring a legal effect on 07 May 2020, has the following language:

1. "For the purpose of eliminating the circumstances having served as a ground for declaring a state of emergency as well as settling other pressing issues, upon a resolution of the government of the Republic of Armenia may prescribe, that the Prime Minister or the deputy Prime Minister designated by said resolution can, ex officio, act as the commandant for the area of emergency.
2. The Commandant shall perform the uniform administration of the forces and means ensuring the legal regime of the state of emergency, as well as coordinates measures to apply in a state of emergency, and the limitations. In order to perform the powers defined by this part, the commandant may pass secondary normative legal acts respectively of the Prime Minister or the deputy Prime Minister.
3. The resolution of the government of the Republic of Armenia on declaring a state of emergency may establish a commandant's office for the area of emergency, as an advisory body under respectively the Prime Minister or the deputy Prime Minister. The commandant's office shall be administered by the commandant. The composition of

the commandant's office shall be determined by the resolution of the government of the Republic of Armenia on declaring a state of emergency, and the rules of its procedure may be determined by the commandant.'

The legal norm above essentially gave permission, by a resolution of the government of the Republic of Armenia, to reserve the right of the Prime Minister or the Deputy Prime Minister, during a state of emergency, to ex officio assume the office of the commandant for the area of emergency. Nevertheless, it follows from this amendment, that the Commandant may pass acts respectively of the Prime Minister or the Deputy Prime Minister only in order to exercise **the powers envisaged by part 2 of the article mentioned**, and such powers **imply a system of measures and limitations to apply only in conditions of a state of emergency, and the uniform administration of the forces and means ensuring the legal regime of the state of emergency. In no case may they imply the passing of a normative legal act limiting the rights and freedoms of natural and legal persons.**

At the same time, the norm mentioned above cannot be interpreted as permission to perform the powers of the Prime Minister or the Deputy Prime Minister in the office of the commandant, since to begin with, the offices of the Prime Minister, the Deputy Prime Minister and the commandant are clearly delineated. Secondly, the lawmaker cannot, upon his or her own initiative, identify various offices within the bodies provided for by the Constitution and, bypassing the will of constitutional drafters, grant the power to pass normative legal acts to bodies not provided for by the Constitution.

Therefore, the Deputy Prime Minister is endowed with the power to pass secondary normative legal acts exclusively with the status of Deputy Prime Minister, which is envisaged by the Constitution, and in statuses other than that of a Deputy Prime Minister, including that of a commandant, he cannot pass secondary normative legal acts. Even if the amendment referred to above were to be deliberately misconstrued and interpreted as granting the competence to pass secondary normative legal acts, it is still unconstitutional, and the decisions of the commandant taken before the date of the legislative amendment cannot be legitimized.

In view of the above, we believe that the Commandant is not empowered by the law to pass secondary normative legal acts, and by Article 8 of the Law of the Republic of Armenia 'On the legal regime of the state of emergency', as enacted on 29 April 2020 and entering into force on 07 May 2020, the Commandant is not empowered to pass normative legal acts limiting the rights and freedoms of natural and legal persons. The mentioned provision does not grant the commandant of the Republic of Armenia the

power to define new limitations on fundamental human rights or to expand limitations defined by the resolution of the government of the Republic of Armenia on declaring a state of emergency.

The lawfulness of restrictions on the right to the freedom of assembly

Pursuant to point 16 of the resolution of the government of the Republic of Armenia “On declaring a state of emergency”, **organizing and holding assemblies and strikes, as well as participating therein shall be prohibited** in the whole territory of the Republic of Armenia. Point 17 of the same resolution prohibits organizing, holding and participating in public events in the whole territory of the Republic of Armenia.

Moreover, the notion of ‘public event’ is used in an autonomous sense, including a number of events with the participation of no more than 20 people, but not including assemblies.

On 14 May 2020, the state of emergency in the Republic of Armenia, which had been declared on 16 March, was extended, and the number ‘20’ was replaced by the number ‘5’ through Resolution #729-N on amending the Resolution of the government of the Republic of Armenia #298-N of 16 March ‘On declaring a state of emergency’. By Resolution #933-N of 12 June 2020, it was already prescribed that by a decision of the commandant, there may be exceptions allowed to the limitations prescribed by point 17.

It is noteworthy that although assemblies and strikes constitute a particular type of public event and enjoy enhanced protection, those with the participation of up to 20 and, after the amendments, up to 5 persons were not allowed, as opposed to other types of public events. As a result, leisure, athletic and other events were protected to a disproportionately higher degree compared to the right of assemblies and strikes.

One should keep in mind that, although throughout the pandemic a number of countries have introduced limitations on public events, they still have not adopted special, discriminatory and exacerbating approaches with respect to the right to the freedom of assembly. Restrictions on the right to the freedom of assembly were allowed mostly in Eastern European countries (Latvia, Estonia, Romania, Georgia, Moldova, Albania, Serbia, North Macedonia) and in some South American countries. No such restrictions were put in place by the traditional democracies of Western Europe. Moreover, the countries allowing for these restrictions have prohibited all types of public events,

including assemblies. Some countries have introduced additional requirements, rather than banning assemblies altogether.⁵⁰

A number of international organisations have expressed their position on the right to the freedom of assembly during the pandemic, including in the Special rapporteur of the UNO on the rights of the freedom of assembly and association.⁵¹

Apart from that, if in the initial period the prohibition of the right to the freedom of assembly was perceived as necessary and proportionate, today such a perception is almost no longer existent, since:

- 1) the majority of countries that had introduced such restrictions had completely withdrawn or substantially softened them by the month of May;**
- 2) while the possibility to exercise a right during the pandemic is not limited, it is rather made conditional on preventive measures (social distancing, wearing masks, etc.), in the same manner as in other walks of life;**
- 3) among others, online platforms are introduced for exercising the right to the freedom of assembly.**

The usefulness and the necessity of certain restrictions

Pursuant to Article 78 of the Constitution of the Republic of Armenia, “the means chosen for restricting basic rights and freedoms must be suitable and necessary for the achievement of the objective prescribed by the Constitution. The means chosen for the restrictions must be commensurate to the significance of the basic right or freedom being restricted”.

Article 8 of the Law of the Republic of Armenia “On the fundamentals of administration and administrative procedure”, the “administration shall pursue the aims set by the Constitution and laws of the Republic of Armenia, and the means for achieving these aims shall be useful, necessary and moderate”.

A number of the restrictions imposed by a resolution of the Commandant of the Republic of Armenia fail to satisfy the criteria of usefulness and necessity for limiting rights. For example, pursuant to point 5 of Resolution N 63 of 3 May 2020, on the territory of the Republic of Armenia, it is mandatory to have masks in open public spaces, and to wear masks in passenger and cargo vehicles of personal use, provided there is at least one passenger other than the driver.

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[https://www.rightofassembly.info/assets/downloads/Derogations_by_States_Parties_from_the_right_to_assembly_on_the_Basis_of_the_COVID_19_Pandemic_\(as_of_13_July_2020\).pdf](https://www.rightofassembly.info/assets/downloads/Derogations_by_States_Parties_from_the_right_to_assembly_on_the_Basis_of_the_COVID_19_Pandemic_(as_of_13_July_2020).pdf)

51 <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=25788&LangID=E>

The purpose of this rule is to protect the health of the population and prevent the spread of the new coronavirus disease in the Republic of Armenia. In this context, it is obvious that if members of the same household residing together are allowed not to wear a mask while inside their residence, having the same people wear masks when they are in a passenger vehicle not only defies logic but also may in no way contribute to protecting the health of the population and preventing the spread of infection.

In this context, a citizen cannot comprehend that it is lawful to be without a mask while residing with a member of his/her family, whereas the same is unlawful inside a passenger vehicle. By the same token, a person cannot predict the harmful consequences of being without a mask inside a passenger vehicle with a member of his/her family, since those harmful consequences are out of the question while residing with them.

Prevention of the pandemic and technologies

In the course of the state of emergency declared during the pandemic, the government also acquired the right to interfere with citizens' private data. On 31 March 2020, the National Assembly enacted a bill, which granted the authorities broad powers of control, including the possibility to use cellphone data to track coronavirus cases.

Essentially, by introducing amendments to the Law 'On the regime of a state of emergency' and the Law 'On electronic communications', mechanisms were put in place to control the movement and calls of citizens, which restricts the right to privacy and grants access to the confidential medical information of infected persons.

Although almost a dozen non-governmental organizations⁵² have pleaded with the government and the National Assembly to refrain from enacting and enforcing the controversial law, the National Assembly, by convening two extraordinary sessions within one day, late at night adopted in a second reading and in its entirety a bill that makes peoples' movement and phone call information accessible, under the pretext of increasing the effectiveness of the fight against the coronavirus. Non-governmental organizations sounded the alarm that the introduction of additional mechanisms of control undermines the whole system of

⁵² <https://www.kavkaz-uzel.eu/articles/347729/>

the protection of human rights, and shall have irreversible consequences on the operation of democratic institutions. They also raised their voices about the absence of an adequate level of protection of collected personal data.

The Ombudsman also expressed concern about a lack of safeguards for the protection of human rights in the law.⁵³

These concerns were supported by international non-governmental organizations. In particular, Human Rights Watch appealed to the government, proposing to establish stringent security protocols that minimize the risk of data breaches and protect digital safety,⁵⁴ a measure that was ignored by the Government.

Although certain types of control with the use of technologies are deemed necessary and proportionate, considering the almost unlimited surveillance potential of the latest technologies, their application must certainly be curbed, made measurable and verifiable. Mechanisms should also provide for protection against the possibility of arbitrary action and abuse. In this respect, Armenia does not have an effective protection mechanism in place, through which a person may contest the lawfulness of interventions against him/her and remedy the breach of his/her rights.

In particular, it follows from the legal regulations contained in the resolution of the government of the Republic of Armenia #461–N of 3 April 2020, that:

- a) there exist no mechanisms for resolving a potential contradiction between the person who has allegedly been in contact with an infected person and state bodies;
- b) it is possible to arbitrarily instruct a person to self-isolate and, in case the latter refuses, the so-called ‘restraining the right of movement to the perimeter of a certain area (place)’ applies (which essentially deprives a person of liberty in a venue where there are infected people);
- c) the supposed contacted persons are not given the right to be tested, which could have affirmed both their infection-free status and the absence of the need to self-isolate or have their right to the freedom of movement limited.

In this case, it is obvious that based on an unconfirmed suspicion, the state deprives the person who may have come in contact with the virus of their liberty in a venue with the possible presence of infected individuals without granting the possibility of a test. This action creates the possible risk of infecting someone who is only suspected

53 <https://ombuds.am/am/site/ViewNews/1137>

54 <https://www.hrw.org/hy/news/2020/04/06/340302>

of having the virus, thus putting their life in jeopardy. The responsibility for any and all negative consequences of endangering a person's life, without the latter testing positive, shall in this case rest with the state.

Apart from that, Article 27 of the Constitution of the Republic of Armenia provides minimal legal guarantees to persons deprived of liberty, that is to contest the lawfulness of such deprivation of liberty, something that is refused to supposedly infected people. Moreover, without the existence of a positive test result, entry into the residence of a person who has supposedly come in contact with the virus for the purpose of isolating him/her will be deemed illegal. It is obvious that on the basis of unconfirmed suspicion, restricting the freedom of movement of an allegedly contacted person in a venue with the possible presence of infected individuals is something that is disproportionate to the desired purpose. In this case, we encounter a situation when, by setting forth the purpose of medical treatment for a someone who may have contracted the virus (who may not be infected and may be healthy), a possible infection risk is created through external intervention, thus jeopardizing his/her life.

On this basis, we believe that the mentioned legal regulations are not proportionate to the lawful purpose pursued, and instead jeopardize a person's life.

Notwithstanding the introduction of such controversial and intrusive regulations in terms of individual rights, the spread of the coronavirus developed in the Republic of Armenia at full speed, and by the number of coronavirus infections per one million persons, Armenia became one of the leaders.⁵⁵

Moreover, the absence of personal data protection was confirmed in practice. On 13 June, it became known that as a result of an attack by hackers, the data of 3,500 persons who had come into contact with coronavirus or who were sick with coronavirus was made public. This data included first and last names, patronyms, DOB, sex, public services number, ID number and/or passport data, telephone number, etc. Moreover, a hypothesis has not been ruled out that the attack targeted an email address that contained lists of these people, whereas personal data should have been protected from unauthorized use.

⁵⁵ https://www.who.int/docs/default-source/wha-70-and-phe/20200721-covid-19-sitrep-183.pdf?sfvrsn=b3869b3_2 <https://www.endcoronavirus.org/countries>

The use of photographic images in the fight against the coronavirus

Alongside the deployment of technological solutions, the Prime Minister of the Republic of Armenia published photographs and video footage of persons who allegedly violated the regime of wearing face masks on his Facebook page.

A photographic image constitutes an element of a person's privacy and should only be used with their consent, nevertheless, within the framework of this initiative and without any consent sought, the Prime Minister disseminated photographs and video footage of persons who violated the face mask regime. Moreover, there are cases on the record when the Prime Minister posted archival images without attempting to find out the actual timeframe of purported acts.

The Prime Minister also published on his official page a photograph of a young girl wearing diminutive shorts in a metro car and without a mask, attaching the caption 'exposed beauty'. As a result, user comments subsequently appearing under the post contained offensive language addressed to the girl.

The ombudsman promptly reacted to the incident, writing: 'I ask all users of social media platforms to refrain from re-posting the image of the girl, regardless of whether or not she wears a mask. Considering the specific nature of this, please remove the photograph and any re-posts containing offensive comments'.⁵⁶

Prime Minister Pashinian eventually deleted the photograph in question and sought the apology of all those who may have been affected by "any sour word that sounded" on his page.

The lawfulness of the requirement for the self-isolated to take selfies

Under the right to privacy, a person's face and image are protected. This protection is stronger when the image is taken in a private space. Therefore, the requirement to take selfies and, moreover, to send such selfies to the commandant's office constitutes a double violation of privacy. According to the information presented, the commandant's office uses the selfies to get assurance that the regulations have been followed by the person in self-isolation.

According to international criteria and constitutional guarantees, a measure interfering with privacy must be necessary, that is, no milder means should exist to attain

⁵⁶ <https://armeniasputnik.am/armenia/20200605/23284773/mip-arman-tatoyan.html>

the same end. In this aspect, no rationale exists to state that the only means to affirm the identity of persons is to collect selfies. Moreover, the person intended to self-isolate may hand over his/her selfie to someone else to turn it in. It is possible, simply through the threat of administrative or criminal liability, to exclude the completion of data by a person other than the self-isolated, or the transfer by the self-isolated person of the link in the message, for the data to be filled in by someone else.

The selected measure of intervention must be proportionate, that is, be in reasonable equilibrium with the purpose pursued. Whereas in this case, it is obvious that the regulation is based on an erroneous presumption: distrust in data supplied by the citizens until they prove otherwise by violating their own rights. It turns out that the citizens of the Republic of Armenia are not law-abiding, therefore, to rule out the possibility that they will cheat the commandant, a measure was introduced that restricted the right to privacy.

The lawfulness of measures restricting economic activity

Pursuant to point 17 of the appendix to the Resolution of the government of the Republic of Armenia of 16 March 2020, “On declaring a state of emergency”:

“Organizing, holding and participating in public events in the territories prescribed **by the decision of the Commandant** shall be prohibited. Within the meaning of this point, public events shall be the following events with the participation of 20 and more persons:

- 1) concerts, exhibits, shows, theatrical performances and other sports, cultural, educational events;
- 2) recreational events;
- 3) festive and commemorative events, including, but not limited to birthday (anniversary), wedding (engagement), burial events;
- 4) other events qualified as public events upon the instruction of the Commandant’.

Pursuant to point 20 of the resolution in question: “the activities of public catering facilities, multifunctional trade and entertainment centers shall be prohibited in particular communities **upon the decision of the Commandant**”.

The Resolution of the government of the Republic of Armenia #324 of 22 March 2020, “On amending of the Resolution of government of the Republic of Armenia #298-N

of March 16” formulates point 20 of the appendix to Resolution 298 with the following language: ‘the implementation of certain types of economic activity may be prohibited in all of the territory of the Republic of Armenia or in individual communities, **upon the decision of the Commandant**’.

After declaring a state of emergency on the entire territory of the Republic of Armenia, on the basis of powers granted to the commandant by Resolution of the government of the Republic of Armenia #298-N on 16 March, the commandant made decisions to restrict certain types of economic activity, and through a number of other decisions (for example, ## 20, 22, 24, 28, 29, 30, 33) the operation of a number of economic agents was temporarily limited.

According to a decision of the commandant dated 17 March 2020, “On restrictions applying to all of the territory of the Republic of Armenia”, the restrictions of point 17 of the Resolution of the government of the Republic of Armenia #298-N of 16 March 2020 banning public events with the participation of over 20 people applied to the entire territory of the Republic of Armenia.

Appendix #1 to the decision of the commandant #63, dated 3 May 2020, “On restrictions applying to all of the territory of the Republic of Armenia” also imposed restrictions on the types of economic activity on the entire territory of the Republic of Armenia, and by point 56.1. of this appendix, the services of restaurants and mobile public catering points were restricted. The provision of services exclusively in the open air was allowed.

The decision of the commandant #74, dated 14 May 2020 amended his decision #63, dated 03 May 2020, which received new wording. Pursuant to Appendix 7, clause 6, point 4 of the new edition: “holding events with the participation of more than 5 people in public catering venues shall be prohibited”.

The decision of the commandant #110 dated 03 May 2020 was amended and formulated in new language. Pursuant to Appendix 7, point 6, subpoint 4 of the new edition: ‘the presence of more than 5 people around the same table in public catering venues shall be prohibited’.

An examination of the commandant’s decisions demonstrates that these decisions were adopted on the basis of the Resolution of the government of the Republic of Armenia #298-N of 16 March 2020 “On declaring a state of emergency”, which in practice leads to the situation when a secondary normative legal act is adopted in order to ensure the enforcement of another secondary normative legal act, something that is impermissible.

Pursuant to Article 2, part 1, point 3 of the Law of the Republic of Armenia “On normative legal acts”, a secondary normative legal act is the normative legal act enacted by bodies provided for by the Constitution, on the condition that they are empowered by a law that is based on the Constitution and pursues the purpose of ensuring its implementation. Decisions of the commandant adopted as secondary legal acts should comply with the other requirements of the Law of the Republic of Armenia “On normative legal acts”, including the requirements of undergoing a mandatory expert assessment and observing lawmaking techniques, however, this was not done.

Thus, assessing the lawfulness of the commandant's decisions imposing restrictions on economic activity, we may acknowledge that they were not lawful. The commandant was not endowed with the competence to pass normative legal acts (especially prior to entry into legal effect on 29 April 2020, of the Law No-238-N on amending the Law of the Republic of Armenia “On the legal regime of the state of emergency”) and the secondary normative legal acts passed by the commandant fail to comply with the requirements of the Constitution of the Republic of Armenia and the Law of the Republic of Armenia ‘On normative legal acts’.

Another controversial fact is, that an attempt is made through legislative amendments to legitimize decisions passed before those amendments were made, enacted by the commandant without having the powers for it, by reserving the Prime Minister's or the deputy Prime Minister's powers for the commandant.

The acts of the commandant have interfered with the freedom of economic agents, enshrined by Articles 39 and 60 of the Constitution, to engage in economic activity, as well as their property rights, thus failing to adhere to the principle of lawfulness. Moreover, the conditions of proportionality, fairness and non-discrimination were not sustained. Therefore:

1. The continual extension of the state of emergency is no longer lawful:

Pursuant to Article 5 of the Law “On the legal regime of the state of emergency”:

- 1. The effective period of the state of emergency to be declared throughout the territory of the Republic of Armenia may not exceed 30 days**, and in separate territories of the Republic – 60 days.
2. At the end of the period specified in part 1 of this Article, the state of emergency shall be terminated. Where within the specified periods the circumstances, having served as grounds for declaring a state of emergency, as well as the consequences of the state of emergency have not been eliminated, **the effective period of the state of emergency may be extended by the Decree**

of the President of the Republic of Armenia by the procedure prescribed by this Law for declaring a state of emergency and within the time limits not exceeding the periods established by part 1 of this Article.

The state of emergency was declared in Armenia on 16 March. At the early stages of the state of emergency, referring to Article 5 of the Law “On the legal regime of the state of emergency”, the authorities acknowledged that it would not be possible to infinitely extend the terms of the declaration. Instead, the subject of legislative amendments was launched into discussion, which would allow for the implementation of anti-epidemic measures and impose certain restrictions without the need for declaring a state of emergency. Such amendments never materialized, though the state of emergency has been extended four times already, until 12 August. At the same time, there exists no pledge or guarantee that the authorities intend to lift the state of emergency during the pandemic.

Considering the fact that the fight against the coronavirus is associated with a number of safety measures (especially the wearing of a face mask) that may be implemented on adequate legal grounds, under a conventional regime, there exists no legitimate interest that can justify the extension of a state of emergency.

In the early stages of the proliferation of the pandemic, the introduction of a state of emergency was an imperative, but due to ineffective state policies that failed to contain the subsequent spread of the coronavirus, continually tolerating the persistence of the state of emergency with limitless discretionary powers seriously jeopardizes the rule of law and human rights.

As a result, due to ineffective government policies, under the conditions of slow rates of the prevention of the pandemic, the regime of the state of emergency has become lasting. In spite of the global trend of lifting states of emergency, the government of the Republic of Armenia has failed to even ensure the predictability of the terms for its possible cancellation.

2. Although point 17 of the Appendix to the Resolution of the government of the Republic of Armenia N 298-N of 16 March 2020 was augmented by the Resolution of the government N 729-N of 14 May 2020, thus defining that the limitations on public events may apply conditionally by the procedures and on terms defined by the commandant, in practice the limitations have continued to apply in the same scope and volume.

3. Although the possibility was introduced through commandant decisions, to make exceptions to the limitations imposed upon public events, they were groundlessly unused,

even for cases in which economic agents were willing, along with the binding requirements, to introduce and follow supplementary safety procedures.

4. There were interventions of disproportionate and discriminatory nature with respect to economic agents organizing public events.

The operation of public catering venues has been allowed since the month of May, under the condition that no more than five people are around the same table, and not exceeding 10 concurrent clients per every 20 square meters of serviceable space. The operation of bars, cafes, beer parlors, taverns, and rest houses was also restored. Additionally, ballrooms could be provided for weddings and other ceremonial events for up to five participants, without a limit on the number of concurrent events or the number of people present in the same ballroom.

As a result, the simultaneous presence of more than several dozen people was made possible in public catering venues, as was the holding of more than one event in ballrooms provided for ceremonial events. There were no restrictions applied to background music in the venues mentioned. What is more, there was video footage posted on social media platforms of recreational events with the participation of DJs.

Such 'liberal' regulations notwithstanding, there were disproportionate and discriminatory interventions against economic agents organizing public events, which essentially were not conducive to or necessary for the purpose of preventing the pandemic. Many entities were prohibited from organizing ceremonial events, regardless of the commitment to seat participants around detached tables. Live performances were banned.

In this respect, it utterly defies explanation, from the perspective of ensuring health and safety, as to why the operation of a trade Centre or catering venue that services more than 100 people is allowed, whereas that of a restaurant hosting a 100-person event is prohibited when in both cases the rule of no more than five people at the same table is observed, as are the other binding requirements? Alternatively, why is music in the background allowed in an indoor cafe, whereas it is impossible, in the same manner, to have a single piano player entertaining live in a restaurant?

Economic activity has sustained significant damage under the conditions of the unlawful approaches mentioned above. Although the legislation of the Republic of Armenia stipulates guarantees for indemnifying material damages incurred by or providing necessary assistance to persons who suffered from the circumstances, or the elimination of the consequences thereof, that served as a basis for declaring a state of emergency. The government policy in this respect was neither justified, nor targeted.

In particular, the government did not provide targeted assistance to the sectors that had absolute prohibitions imposed upon them. For example, no assistance program ever targeted the subjects that were deprived, in a discriminatory manner, of the possibility to organize ceremonial events (a restaurant hosting a children's party or a wedding, or live music clubs).

As for the implementation of measures to neutralize the economic impact of the coronavirus, as of 20 July, the Human Rights Defender has received 794 complaints, some on technicalities, and others on gaps in the regulations. The Human Rights Defender, recognizing the importance of the anti-crisis measures, acknowledged the need for measures to be targeted.

CONCLUSION

In summary of everything stated above, we may conclude:

- a. Timing-wise, the launch of the fight against the coronavirus was belated and was accompanied by statements from responsible officials, which undermined the public's perception of the seriousness of the need to responsibly counter the pandemic.
- b. By declaring a state of emergency, the Government prescribed the most serious limitations that do not reflect the universal trends of the fight against the coronavirus. In particular, there were prohibitions imposed on the operation of mass media outlets, and while allowing for the possibility of holding of public events under certain conditions, the organization of or participation in assemblies and strikes was completely banned.
- c. During the state of emergency, substantial limitations were imposed on the rights of natural and legal persons by the commandant's normative legal acts, which the commandant did not, does not and cannot have the power to pass unless the respective constitutional amendments are made. The secondary normative legal acts passed by the commandant, on the basis of which restrictions on economic activity were imposed, do not comply with the requirements of the Law of the Republic of Armenia 'On normative legal acts'. This circumstance in and of itself undermines the lawfulness of the limitations, making them unconstitutional and illegitimate. Moreover, a number of restrictions on economic activity were applied to economic agents disproportionately and were discriminatory in nature.
- d. Certain restrictions defined in the context of the fight against the coronavirus also failed to satisfy the criteria of the usefulness and necessity of the limitation of rights. Often the measures selected for limitation were neither moderate nor adequate to the significance

of the fundamental rights and freedoms being restricted. Moreover, in particular cases, the bodies exercising public authority have directly applied measures violating privacy, such as using photographs without consent or imposing the unlawful requirement of taking selfies.

e. The fight against the coronavirus was also accompanied by the utilization of the surveillance potential of technology, which was not controlled, measurable or verifiable. Additionally, the privacy of personal data was not ensured in practice.

f. As a result of ineffective policies for controlling the spread of the coronavirus, the preservation of the state of emergency, based on unlimited discretionary powers, seriously jeopardizes the rule of law and human rights.

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