

## **SUMMARY**

### **Annual Action Programme 2017 in favour of the Republic of Armenia to be financed from the general budget of the European Union**

#### **1. Identification**

Budget heading	22 04 02 01
Total cost	<b>EUR 34.5 million of EU contribution</b>
Basic act	Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument

#### **2. Country background**

Armenia is a low-middle income country. About one third of its 3 million population lives below the poverty line. It is a landlocked country with the majority of its external borders closed. Armenia is an early transition country of low productivity. Some of the key challenges include unemployment, lack of entrepreneurship and corruption. These challenges lead to high outward migration, large inequalities within the population and across regions. A four-day war against Azerbaijan in support of Nagorno-Karabakh in April 2016 has raised additional concerns regarding the geo-political stability of the region. The appointment of a new Prime Minister, in office since September 2016, stabilized the situation; he was re-conducted after April 2017 parliamentary elections, after which a new government has been installed with a recently disclosed Government programme.

#### **3. Proposed actions**

##### **3.a CRIS number: ENI/2017/040-530**

##### **EU4Innovation in Armenia: Enhanced Education focusing on science, technology, engineering and mathematics**

##### **a) Background**

This programme will support growth of Armenia focusing on the quality of STEM (science, technology, engineering and mathematics) education throughout different levels of education system. In particular, it will seek to

- i) further develop the human capital,
- ii) bridge the gap between the labour market needs and the output of country's education system, and
- iii) pilot EdTech (education and learning technology) and modern teaching approach in a pilot region of Armenia.

The Programme has been prepared in close collaboration with the Government of Armenia, in particular the Prime Minister, Deputy Prime Minister, Minister of Education and Science, Minister of Transport, Communication and Information Technologies, and Minister of Economic Development and Investments offices and the Presidential administration.

##### **b) Coherence with ENP and programming documents**

This programme is in line with the Single Support Framework 2017-2020 and with Armenia's commitment to bolster growth and economic development through a competitive, efficient and inclusive education system as expressed in the Armenia Development Strategy 2014-2025 and relevant sectorial strategies.

The programme will be carried out through project modality (grants and procurement of services). The World Bank will work together with the EU and provide technical input for the implementation of the action. The implementation of programme activities will also be harmonised with those of the other Development Partners involved in the field such as the World Bank, Asian Development Bank, TUMO, AGBU and IDeA foundation.

### *c) Identified actions*

First of all, the programme will support the creation of a self-sustained Convergence Centre (“TUMO Convergence Center, EU4Innovation initiative”) to provide a platform for STEM students of different tertiary education institutions to gain hands-on practical experience on their field of speciality. The Convergence Center will be made up of a shared hub offering hands-on workshops, project-based instruction and applied research facilities. It will also avail Academic Modules run by partner universities which will also provide financial support, and companies, offering instruction in specific disciplines with access to the shared hub. The Centre will be coupled with Small Offices and Incubator facility that offers low-cost offices and venture acceleration services for start-ups and small technology companies. This service will ensure the financial sustainability of the Centre and the running cost of the Shared Hub. Furthermore, this Centre will participate to develop EdTech content both for higher and compulsory education in Armenia. This Centre will be developed in partnership with TUMO building on the success of the TUMO Center for Creative Technology.

Secondly, the overall quality of education provided in the compulsory education will be improved and boosted through building capacity of the state institutions, in particular the National Institute of Education (NIE), to regulate and apply quality standards in education as well as ensure effective coordination of the numerous initiatives and stakeholders in the education system. In addition, in line with the needs of the 21st century, support will be provided to further increase the quality of textbooks, pilot e-learning content, and teacher training.

Finally, in order to concentrate EU support in a pilot region and enhance visibility of EU support, the action will be implemented in the pilot region of Tavush. This will allow to in particular building on the “Dilijan Education Cluster”, new teaching methods and EdTech approach will be introduced in all the 81 schools of the region to increase the quality of STEM education. This pilot will have a special focus on rural areas, as well as a gender sensitive approach.

### *d) Objectives and expected results*

The overall objective of the programme is to support shared and balanced growth through addressing constraints linked to innovation and education with focus on STEM.

The specific objectives and results of the programme are:

#### **Objective 1    Increase the number and quality of engineers and technology professionals in Armenia in line with the labour market demand**

- Result 1.1. Governance board of the Public Private Partnership Convergence Centre established
- Result 1.2. Self-sustainable Convergence Centre created
- Result 1.3. Hands on workshop and project based instruction provided free of charge or at affordable cost to STEM higher education students and young professionals
- Result 1.4. Research and Development facilities in place and accessible to all technological universities of Armenia
- Result 1.5. EdTech content, teacher training materials developed, and pilot region teachers trained to enhance STEM education

#### **Objective 2    Increase the number of students from regions graduating with quality STEM knowledge**

- Result 2.1. Increased capacity of relevant governmental institutions to ensure quality control of compulsory education
- Result 2.2. Modernized teaching methods developed and piloted in a region
- Result 2.3. Pilot region’s high and middle schools equipped with functioning IT classrooms to roll out EdTech STEM enhanced teaching

*e) Past EU assistance and lessons learnt*

EU has been heavily involved in the sector of education in particular through support to the Bologna process and the development of Vocational Education and Training (VET). Now, in Armenia, a three-cycle system of qualifications has been developed, and the system of accumulation and transfer of academic credits has been introduced in compliance with the European system. EU has provided technical assistance to 21 Universities through TEMPUS/ ERAMUS+, provided a twinning to the Armenia National Centre for Professional Education Quality Assurance, and in particular financed the VET sector (governance, refurbishment of 19 schools, update of curricula) providing enhanced education to 4 500 students annually. This programme has been developed building on the successful cooperation, and targeting one of Armenia's key growth constraints.

*f) Complementary actions/donor coordination*

The proposed programme will complement and seek for synergies with the existing initiatives implemented in the framework of **EU4Business** and **EU4Innovation**. Actions proposed in this programme will enhance the quality of human capital and thus, further support the growth and competitiveness of Armenia, complementing in particular, the assistance provided to SME development. Synergies will be sought with the following activities: linking research and business and providing finance for innovative start-ups. The SMEDA project (Annual Action Plan 2014) foresees support to state bodies and private sector to strengthen their capacity to benefit from the EU's support to innovation. In 2016, Armenia joined Horizon 2020 granting Armenia's researchers and innovators with full access to EU's funding; in light of which, further capacity building efforts are envisioned.

The proposed initiative is also complementary to the assistance provided by the EU in the framework of Erasmus+ and budget supports to enhance the Vocational Education and Training compatibility with the labour market demands. It will also build on the Armenian engagement in the Bologna process and on the European Higher Education Area integration process.

The proposed initiative will complement and synergise with the twinning facility setup under the AAP 2017 Technical Cooperation Facility action and more specifically with potential twinning for the Ministry of Education and or the National Institute of Education.

**3.b CRIS number: ENI/2017/040-664**  
**Consolidation of the Justice System in Armenia**

**a) Background**

This programme aims to support Armenia's justice reform process and strengthen the independence, transparency, predictability, accountability and efficiency of the Armenian justice system in line with EU's best practices. In particular, it will seek (1) to support Armenia's justice reform process and (2) to increase the independence, accountability, predictability and efficiency of justice in line with EU Peer Review recommendations.

It will also contribute to increasing the independence, accountability, predictability and efficiency of the justice system through enhancing the quality of judgements and efficiency of court proceedings, improving the governance of judiciary, as well as designing and implementing e-tools for automatization of standard processes, for collection and publishing information and statistical data and for enhancing anti-corruption measures.

The programme builds on the findings of the TAIEX Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia (6-10 March 2017) through focusing on the key areas highlighted in the report: independence of judiciary, implementation of anti-corruption measures, efficiency of judiciary and improved management of justice system.

The programme will be carried out through project modality (grants and procurement of services and of supplies). The implementation of programme activities will be harmonised with those of the other Development Partners as well as Government's Reform Plans.

**b) Coherence with ENP and programming documents**

The programme will build on the past results of EU-funded projects and continue to support Armenia in its reform processes through providing technical assistance to the Ministry of Justice, the judiciary, the Prosecutor's Office, the Judicial department and the law enforcement agencies to improve the organisational, administrative, technical and resource management capacities, as well as the case management capacities.

The programme is in line with the Single Support Framework 2017-2020, Armenia Development Strategy 2014-2025 and the Government Programme 2017-2022. The proposed programme will support the Government of Armenia in the implementation of the envisioned Strategic Plan of Legal and Judicial Reforms of the Republic of Armenia for 2018-2022, as well as other key strategic documents related to the field of justice and human rights, included but not limited to National Strategy on Protection of Human Rights and Action Plan, Anti-Corruption Strategy and Action Plan for 2015-2018, and E-Governance Action Plan for 2014-2018.

**c) Identified actions**

The planned activities include technical assistance to the Ministry of Justice, the judiciary, the penitentiary, the Prosecutor's office, the Judicial department and the law enforcement agencies and other stakeholders provided through EU Member States' institution(s) supporting the reform of Armenia justice system, building on the results of EU budget support activities and findings of the EU Peer review (independence of judiciary, implementation of anti-corruption measures (e.g. increasing the capacity of judges to write quality judgements, implementation of e-filing system, and promotion of e-justice with paperless courts, etc.), efficiency of judiciary and improved management of justice system), as well as complementing past technical assistance programme (Council of Europe, twinning, TAIEX, and service contracts). The programme will promote and enhance knowledge exchange with the EU Member States' counterparts, including through judges/penitentiary officials' advising/coaching, which will significantly contribute to improving the organisational, procedural, administrative, and technical and resource management capacities, as well as the case management capabilities. Through assisting the implementation of the requirements of the reformed constitution in legislation and in practice, support will also be provided to implement the measures aimed to increase the independence of judiciary.

In addition to support to the preparation of a reform package and capacity building activities, the programme, through a service contract, will further support the efficiency and predictability of the justice system through the development of e-solutions such as e-filing systems for the submissions of claims and motions with an electronic notifications system, e-classification that allows search for precedent cases and provides statistics/deviations, e-platform to access decisions of Judicial self-governing bodies, including the ones of Court of Cassation, other e-tools providing better services to population, supporting data collection and analysis as well as support to implementation of anti-corruption measures.

*d) Objectives and expected results*

The action is aimed at increasing independence, transparency, efficiency and effectiveness of justice, through capacity building and exchange of experience between EU and Armenian institutions, as well as through development of e-Justice.

The **overall objective** is to support Armenia justice reform process and strengthening the independence, transparency, predictability, accountability and efficiency in the Armenian justice system in line with EU's best practices.

The **specific objectives** and results of the programme are:

**Objective 1: To support Armenia's justice reform process**

Result 1.1 Developed justice reform programme in line with EU best practices and agreed by all stakeholders;

Result 1.2 Reinforced evidence-based policy making including through improved statistical data analysis and monitoring system.

**Objective 2: To increase the independence, accountability, predictability and efficiency of justice in line with the EU Peer review recommendations**

Result 2.1 Increased level of independence of justice system and further implementation of anti-corruption measures;

Result 2.2 Increased quality of judgements and efficiency of court proceedings;

Result 2.3 Improved governance of judiciary through better budgeting, management practices, and institutional set up;

Result 2.4 Enhanced transparency and efficiency of justice system, including judicial proceedings via provision of better quality public services and further development of e-Government and e-Justice tools.

*e) Past EU assistance and lessons learnt*

As a result of the EU-funded support programmes the following lessons learnt have been identified:

- The adoption of necessary legislation is not followed by effective implementation; there is a lack of commitment to reforms. Thus, more focus and efforts should be dedicated to implementation, analysis/review, and monitoring of implementation of reforms and legislations;
- The necessary solutions tend to be adopted without proper policy and financial analysis and evidence, thus some reforms and solutions are not sustainable in the long run;
- There is no broader agreement over the necessary steps for deeper reform, which raises concerns over lack of political will. Thus, it is important to develop necessary tools for identifying reform needs based on hard evidence. For a more evidence-based policy development and making, it is important to focus on technical issues, increase efficiency, and improve necessary statistical and perception analysis.

*f) Complementary actions/donor coordination*

The ongoing reforms in justice sector are supported by the EU, World Bank, USAID, individual EU and non-EU countries (the Netherlands, Germany, Sweden, Switzerland, Japan, etc.) via direct instruments or by supporting the efforts through CoE or UNDP.

The main and long-standing objective of the EU support in Armenia has been to ensure a judicial system, which is fair, efficient, and accountable to the public and protects the civil, economic and social rights of the people and their safety.

The EU has implemented two Budget Support programmes and technical assistance projects which have resulted in the construction of court buildings, development of legal framework, installation of over 26 electronic information terminals that allow sending complaints via e-mail and provide information on the timetable of cases, introduction of court document management system, facilitation of access to justice for socially vulnerable groups of population, establishment of e-Population registry system that is fully deployed in all 54 branches of Civil Status register, etc. In the framework of a joint project with the Council of Europe, efforts were made to strengthen the independence and professionalism of the Armenian justice system and to facilitate institutional and legislative reforms related to the Armenian judiciary in line with European standards.

The proposed programme builds on these achievements and takes into account the ongoing projects such as Strategy and Court Monitoring programme, Council of Europe programme (Programmatic Cooperation Framework (PCF) as well as other projects undertaken by CoE) and projects funded by the State Department of the USA in penitentiary, criminal justice areas, and establishment of the probation service.

The proposed programme also seeks harmonisation with other cross-cutting EU-funded projects. In particular, the planned actions will benefit from the development of e-Identity services and the integration of different governmental services into the e-government infrastructure (interoperability system). The e-justice systems shall be updated where necessary, in line with overall e-government development strategy, to make the information and document exchange between different courts and court sites, as well as between the courts and other stakeholders more efficient.

Most importantly, the programme will work in close collaboration and contribute to the technical assistance programme, which will be launched in the end of 2017 and is aimed to prepare the EU support planned through AAP2019 for the upcoming new stage of justice reform.

**3.c CRIS number: ENI/2017/040-523**  
**Armenia Technical Cooperation Facility**

**a) Background**

This Technical Cooperation Facility (TCF) has been developed jointly with the World Bank (WB) and the European Bank for Reconstruction and Development (EBRD). It is based on the current state of cooperation with those organisations in the country and build on EU ongoing cooperation in Armenia. Other organisations are also mentioned as part of the effort to better coordinate EU interventions at regional and national level. Those organisations are also considered as possible implementing partners.

**b) Coherence with ENP and programming documents**

The areas of intervention proposed are in line with the sectors mentioned in the Single Support Framework (SSF) and mainly reflect the expertise of the different organisations mentioned below but as well based on the different Agreements signed between the EU and Armenia (mainly Armenia EU Comprehensive and Enhanced Partnership Agreement CEPA).

**c) Identified actions**

The areas are clustered in four pillars due to their interlinkages and in order to ensure the highest complementarity/ division of labour amongst the different implementing partners. The pillars also reflect the different political priorities (Global strategy, the conclusions of the Eastern Partnership Summit in Riga in 2015 and in particular the 2020 deliverables, and the CEPA).

**I. Economic governance: Attracting Public and Private Investment**

- Support to Public Investment and Debt Management
- Universal Public Private Partnership (PPP) Law and Implementation
- Implementation of the new Public Procurement law
- Support to Local Currency and Capital Market Development

**II. Business and investment climate:**

- Support to Regulatory Impact Assessment (RIA)
- Establishment of “Business Ombudsman” functionalities
- Support business climate eco-system for SMEs
- Finalization of the risk-based inspection reform

**III. Trade and Market opportunities/access**

- Intellectual Property Rights
- Customs
- Quality infrastructure (QI)

**IV. Connectivity and energy**

- Aviation - support implementation of the European Common Aviation Area
- Energy efficiency and renewable energy market development

In addition to supporting the areas mentioned above, a twinning facility to support the implementation of the new Comprehensive and Enhanced Cooperation Agreement and the Partnership Priorities with Armenia is included in the action.

**d) Objectives and expected results**

The general objective of this Action is to support key economic reforms in areas that have been identified as economic growth constraints or opportunities.

The specific objectives are to

- (i) improve the economic governance in order to manage and attract public and private investment;
- (ii) improve the business and investment climate for daily business operations;
- (iii) improve trade and market opportunities/access for Armenian businesses; and
- (iv) enhance connectivity and energy efficiency.

*e) Past EU assistance and lessons learnt*

A high fragmentation of EU technical assistance in different related reform areas did not allow an optimal coordination of the different support and to create the synergies required to have an optimal policy dialogue with all development partners in Armenia. In some key areas of reforms unanticipated requirements to fast track some of those reforms led also to a standstill in the implementation of some budget support conditionality which affected the effectiveness of this instrument. A flexible tool to fill gaps based on ad hoc needs, capable to mobilize rapidly high level expertise, is also something that was missing from the EU cooperation instruments.

Another related lesson learnt concerns the cross-conditionality of different development partner's budget support which could be resolved through a more coordination-driven technical assistance.

It is also important to underline that many of the technical cooperation in the past were focusing on legal/policy and institutional frameworks but the institutional capacity development was often failing in ensuring proper enforcement of those reforms. This TCF should mainly focus on concrete enforcement of the legal and policy frameworks.

*f) Complementary actions/donor coordination*

This TCF will complement (bridge gaps) ongoing EU support under previous SSF covering areas that have not been covered by previous Annual Action Plan (including budget support areas) as well as other regional initiatives with OECD for instance. This TCF will also highly contribute to the improvement of donor coordination by working jointly with two leading and reform oriented development partners in Armenia, complementing their respective financial cooperation instruments such as lending facilities and other budget support operations.

#### **4. Communication and visibility**

The three above-mentioned programmes will ensure adequate communication in coherence with the EU Manual on Visibility of External Actions.

#### **5. Cost and financing**

Action 1: EU4Innovation in Armenia: Enhanced Education focusing on science, technology, engineering and mathematics	EUR 23.0 million
Action 2: Consolidation of the Justice System in Armenia	EUR 4.0 million
Action 3: Armenia Technical Cooperation Facility	EUR 7.5 million
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<b>Total EU contribution to the programme</b>	<b>EUR 34.5 million</b>

The Committee is invited to give its opinion on the attached Annual Action Programme 2017 in favour of the Republic of Armenia.





This action is funded by the European Union

# **ANNEX 1**

of the Commission Implementing Decision on the Annual Action Programme 2017 of the Republic of Armenia

## **Action Document for EU4Innovation in Armenia: Enhanced Education focusing on science, technology, engineering and mathematics**

### **INFORMATION FOR POTENTIAL GRANT APPLICANTS**

#### **WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: 5.3.1.1 “Grant – direct award (direct management)” to Simonian Educational Foundation has been used.

<b>1. Title/basic act/ CRIS number</b>	<b><u>EU4Innovation in Armenia: Enhanced Education focusing on science, technology, engineering and mathematics</u></b> CRIS number: <b>2017/040-530</b> financed under European Neighbourhood Instrument
<b>2. Zone benefiting from the action/location</b>	East Neighbourhood, Armenia The action shall be carried out at the following location: Armenia
<b>3. Programming document</b>	Single Support Framework for EU support to Armenia 2017-2020
<b>4. Sector of concentration/ thematic area</b>	Sector (2) – Economic development and market opportunities Sector (3) – Mobility and people to people contact
<b>5. Amounts concerned</b>	<p><b>Total estimated cost: 26 125 000 euro</b></p> <p><b>Total amount of EU budget contribution 23 000 000 euro</b></p> <p>The contribution is for an amount of 23 000 000 euro from the general budget of the European Union for 2018 subject to the availability of appropriations following the adoption of the relevant budget.</p> <p>This action is co-financed in joint co-financing by the Simonian educational foundation (“TUMO”) for an amount of 3 125 000 euro. Furthermore TUMO will donate land to the programme (15,000 sq.m) for an estimated market value of 6 000 000 euro.</p>
<b>6. Aid and implementation</b>	<p>Project Modality:</p> <ul style="list-style-type: none"> <li>• Direct management: grants (direct award to TUMO) and</li> </ul>

<b>modalities</b>	procurement of services <ul style="list-style-type: none"> <li>Indirect management with World Bank</li> </ul>			
<b>7. DAC code(s)</b>	Main DAC code: Education Policy and administrative management (11110) ; Education facilities and trainings (11120). Sub-codes: Teacher Training (11130); Educational Research (11182); Primary Education (11220); Secondary Education (11320); Higher Education (11420).			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	x	<input type="checkbox"/>
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women in Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b>	Human development, incl. decent work, social justice and culture			

## SUMMARY

This programme will support growth of Armenia focusing on the quality of STEM (science, technology, engineering and mathematics) education throughout different levels of education system. In particular, it will seek to (i) further develop the human capital, (ii) bridge the gap between the labour market needs and the output of country's education system, and (iii) pilot EdTech (education and learning technology) and modern teaching approach in a pilot region of Armenia.

First of all, **the programme will support the creation of a self-sustained EU4Innovation TUMO Centre** to provide a platform for STEM students of different tertiary education institutions to gain hands-on practical experience on their field of speciality. The Centre will offer hands-on workshops, project-based instruction and applied research facilities. It will also avail Academic Modules run by partner universities, offering instruction in specific disciplines with access to the shared hub The Centre will be coupled with Small Offices and Incubator facility, which will ensure the financial sustainability of the Centre. This Centre will be developed in partnership with TUMO building on the success of the TUMO Centre for Creative Technology.

Secondly, the **overall quality of education provided in the compulsory education will be improved and boosted through building capacity of the state institutions**, in particular the National Institute of Education (NIE), to regulate and apply quality standards in education as well as ensure effective coordination of the numerous initiatives and stakeholders in the education system. In addition, in line with the needs of the 21<sup>st</sup> century, support will be provided to further increase the quality of textbooks, pilot e-learning content, and teacher training.

Finally, **in a pilot region and in particular building on the “Dilijan Education Cluster”, new teaching methods and EdTech approach will be introduced in all the 81 schools of the region** to increase the quality of STEM education. This pilot will have a special focus on rural areas, as well as a gender sensitive approach. The programme will be carried out through project modality (grant and indirect management) and will also be harmonised with those of the other Development Partners involved in the field: the World Bank, Asian Development Bank, TUMO, AGBU and IDeA foundation.

The Programme has been prepared in close collaboration with the Government of Armenia, in particular the Prime Minister, Deputy Prime Minister, Minister of Education and Science, Minister of Transport, Communication and Information Technologies, and Minister of Economic Development and Investments offices and the Presidential administration.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

Armenia is a landlocked country with limited natural resources and with a population of about 3 million. Based on OECD/DAC criteria, Armenia is classified as a lower middle-income country with projected GDP per capita 3,568 USD (2016). Armenia’s economic performance has, according to the IMF, worsened from 7.1% GDP (Gross Domestic Product) growth rate in 2012 to expected 2.9% in 2017. The unemployment rate in Armenia is expected to increase from 17.7% in 2015 to 18.0% in 2017. The unemployment and more generally, the lack of economic opportunities have contributed to significant outflows of economically active population.

Increase of employment through creation of quality, high productivity, and value added jobs is one of the main objectives of the **Armenia Development Strategy (ADS) 2014-2025**. It sets a priority to **develop Armenia into a knowledge-based economy**, highlighting the creation of country’s economy’s competitive advantages based on science and high technologies as the primary precondition for development. According to the Global Competitiveness Report 2016-2017, however, Armenia ranks currently 100<sup>th</sup> out of 138 countries in the quality of scientific research institutions and 92<sup>nd</sup> in university-industry collaboration in R&D (Research and Development). Poor science-industry linkages and ineffective collaboration constitute also one of the weakest structural components of the Armenian national innovation system.

According to the 2013-2014 National Competitiveness Report of Armenia, **insufficient quality of human capital is one of the main binding constraints to the country’s growth**. According to IT Skills Assessment in Armenia Report 2014, the current number and quality of students is not sufficient to meet the demand of the industry (current estimated gap of 300 IT specialists per year). Furthermore, the knowledge and skills currently provided by universities tend to be insufficient to obtain a job in this industry. The assessment of skills for graduates in IT and Engineering sectors by companies carried out by Enterprise Incubator

Foundation revealed that 73% of respondents estimate that the practical knowledge of the graduates is below expectation. Thus, many companies tend to organise additional trainings, courses, and internship programmes for the graduates, limiting their own growth potential. Some companies also decide to externalize their work to other countries of the region because of lack of qualified human resources. The root cause of workforce-related issues lies not only in the quality of higher education, but in the output of the country's whole education system. Despite the considerable progress, the quality of education at all levels is continuing to be an important challenge in Armenia. The 2016 Human Capital Report ranks Armenia in 75<sup>th</sup> place out of 130 countries in the quality of education. The general education has gone through various large-scale reforms since 1998. The first ten years of the reform process mostly targeted structural changes and improvement of the financing and management structures in the system. The main reforms included the creation of school governance boards, introduction of per student finance system, establishment of textbook rental system (25% of the textbook price is paid for one year rent); and from 2017, introduction of 12-year mandatory education.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

This programme is fully in line with the **Single Support Framework** for 2017-2020. Economic development and market opportunities through enhancing human capital, including through modernisation of the education system to supply labour market, is identified as the first of the four priority sectors for EU's cooperation with Armenia.

The review of the **European Neighbourhood Policy**, published in November 2015, confirmed that the EU will continue improving the employability of the local workforce. EU support will focus on the development of skills and competences, and the creation of opportunities particularly for young men and women through non-formal and formal education by ensuring the development of skills, apprenticeships and work-based training. The ENP review highlights the importance of (i) matching skills and labour market needs, (ii) improving academia-industry collaboration and (iii) development of students' employability skills for knowledge-based and sustainable jobs.

The **Joint Declaration of the Eastern Partnership Summit** of May 2015 in Riga stresses the importance of mobility and people-to-people contacts in the areas of education and research.

The programme is in line with the 2016 **Joint Staff Working Document on Eastern Partnership "Focusing on Key Priorities and Deliverables"** that recognises the necessity to enhance the quality and relevance of education in Eastern Partnership countries promoting reforms in line with the European Higher Education Area. Formal and non-formal education will be further improved to equip the beneficiaries with key skills for academic and professional development, increasing employability and promoting civic engagement.

Development of human capital will be further assisted with focus on labour market-relevant skills to ease labour market transformations. The coordination between the education system and the labour market will be enhanced by inter alia improving links between education and the world of work; promoting apprenticeships, traineeships and work experience; promoting the acquisition of core competences, including ICT (Information and Communication Technologies) and entrepreneurship, as well as soft skills (i.e. communication and interpersonal relations).

Finally, creating better links between research and innovation initiatives and results to market demand and opportunities would help accelerate the market uptake of research results and help improve competitiveness and innovation in economic development.

This Programme is also in line with the **ADS 2014-2025**, which identifies development of education and science as priorities of the country. Increasing the quality and effectiveness of education at all levels of the educational system to international standards and ensuring affordable/accessible education for all groups of the population are priorities for the development of the sector. The key strategic objectives are improving the quality of education and bringing it to international standards, strengthening the quality control of education, ensuring transition from 9 to 12-year education system, increasing enrolment in upper secondary education, and improving efficiency and management of education system.

In science, the ADS aims to ensure sustainable development of science and advanced technologies. Upgrading of scientific infrastructure, stable growth of highly qualified workforce in scientific and technical fields, attracting young scientists, strengthening innovation, and internationalizing science and innovation are among the key objectives of the ADS. The Strategy on Development of Science 2011-2020 as well as Science and Technology Priorities 2015-2029 envisage more specific targets and actions for the implementation of the strategic objectives and priorities in science (e.g. information and communication technologies, life sciences, efficient and safe energy, space science, sustainable use of natural resources, and Armenology).

While the above-mentioned strategic policy documents in the area of education, science, technology and innovation are coherent in terms of priorities and objectives, the implementation of this agenda should be further streamlined and enhanced. Various studies completed in the area of education and science, as well as professionals in the fields agree that both sectors – general and higher education, and science and technology – should focus on the development of skills and competences required for the needs of the current and future labour market. To achieve this, in the area of general education, there is a need to improve the quality of STEM education through modernised teaching and learning materials while further encouraging students to enrol in this sector. In higher education, there is a need to focus on high-quality targeted technology education, which will provide hands-on workshops, project-based instruction, and applied research facilities.

### *1.1.2 Stakeholder analysis*

The **final beneficiaries** of the programme are Armenian citizens, in particular: **students** who will receive quality education in STEM in accordance to the labour market needs; **teachers** who will be able to apply modernised teaching instruction in line with new curriculum and to effectively use EdTech; **school principals** who will be able to appreciate the use and benefits of EdTech resources to better manage and monitor the quality of education in their school; **jobseekers** whose hands-on and practical skills will increase their employability; and **employers** who can choose from an extended pool of talents. The **key stakeholders** are the following:

#### **Ministry of Education and Science (MoES)**

MoES is responsible for developing the National Development Program on Education which is approved by the Parliament and forms the basis of education policy. It is also responsible for development, monitoring and assessment of long-term and mid-term educational

programs. Ministry approves the exemplary learning plans for all types of schools and before every academic year, it approves the list of textbooks and additional learning books. 109 high schools, private schools, and several secondary educational complexes are under direct management of the Ministry, while other schools report directly to regional authorities.

### **National Institute of Education (NIE)**

NIE is governed by the Ministry of Education and Science and is responsible (i) for developing syllabus and subject standards, (ii) teachers' trainings and attestations (iii) coordination of development and publication of teaching-learning materials, as well as (iv) attestation tests. NIE is training 20% of Armenian teachers per year for attestations in Yerevan as well as in the 11 regional branches. All types of educational materials have to go through expertise of NIE and only after receiving approval can be used in schools. NIE is also responsible for ensuring the quality of educational programs initiated by NGO's and international organizations. Quality control of all non-public schools' syllabus is done by NIE. NIE also publishes several journals for school teachers, which are distributed free of charge to all schools of Armenia.

### **The National Centre for Education Technologies (NCET)**

NCET was established in 2004 and it is the key agency providing access and distribution of the information and communication technologies in the sphere of general education. The centre coordinates all programs in the field of educational technologies. One of the main tasks of the centre is to provide computers, intranet and internet to all schools of Armenia. The centre has representatives in all regions, who provide technical and content support to schools. Once a year, the centre collects data from all the schools (including on the usage of ICT in schools), which is shared with the public via Educational Management Information System (EMIS) and NCET's website ([www.ktak.am](http://www.ktak.am)). In 2018, pre-school management information system will be finalised and added to EMIS. The NCET will be in charge of availing technologies and e-learning contents as well as providing backstopping support for schools to enable successful introduction of EdTech, in case it is financed from the state budget.

Furthermore, DASARAN is a foundation with a platform that connects all Armenian schools, teachers and students through a website that monitors education activities (grades of all Armenian students and absences), proposes gamified education, gives access to mentoring, and fosters exchange of experience between students and teachers. DASARAN website is Armenia's most visited website in terms of click and duration of connection (Google analytics).

### **Textbook and Information Communication Technologies Revolving Fund**

The Fund was established in 1997 as the Textbook Revolving Fund NGO. In 2011, it was restructured into a Foundation and it was renamed into the Textbook and Information Communication Technologies Revolving Fund due to its expanded scope of activities. The main activities of the fund are currently the provision of textbooks to students in all institutions of Armenia implementing general education programs; implementation of innovative (including ICT) projects; conducting of trainings; implementation of grant projects supported by the international organizations, and conducting of studies to assess the impact of various projects. Since 2011, according to the MoES's order, the Fund has been involved in conducting trainings for the candidates who apply for the position of school director.

In the light of significant changes and developments in the education sector, a review of the core functions of the NIE as well as those of other agencies is envisaged through an ongoing

programme of the Annual Action Plan 2011. The functional review will allow better streamlining of the functions of the core government education agencies and successful implementation of this programme.

### **TUMO Centre for Creative Technologies (Simonian Educational Foundation)**

Outside of the formal education system, the TUMO Centre for Creative Technologies is an independent foundation that trains every year 14,000 students (age 12-18) in a free of charge after-school programme that allows them to experiment with digital technologies and creativity. TUMO is assessed as a centre of excellence<sup>1</sup>. The proposed programme will build on its success, (i) to strengthen the link between the academia and the IT/engineering industry, (ii) to accelerate the transformation of Armenian higher education system, while (iii) providing shared research facilities and project based instruction open to all Armenian STEM students.

### **Dilijan Education Cluster**

The Dilijan Education Cluster was created following the establishment of the United World College (UWC) in Dilijan by IDeA Foundation, through an agreement signed between IDeA and the Ministry of Education. The Dilijan Education Cluster is a public-private partnership aiming at piloting education initiatives. The proposed programme would build on this initiative for the benefit of Tavush region.

The Dilijan education cluster was included in UNESCO's Global Network of Learning Cities in 2016. A number of organizations have invested in the development of Dilijan as the Armenian city of knowledge, culture and recreation, including the Central Bank of Armenia (about \$90M since 2011) and IDeA Foundation (together with over 50 partners - about \$150M) and further committed to co-finance this project. The educational landscape of Dilijan consists of the most innovative Armenian institutions such as UWC Dilijan boarding school, TUMO Centre for Creative Technologies, Ayb School (Dilijan Central School), American University of Armenia and the Central Bank of Armenia Training and Research Centre, and Teach for Armenia.

#### ***1.1.3 Priority areas for support/problem analysis***

One of the key growth constraints in Armenia is linked to education, not the shortage of highly educated people, but the supply of quality human resources and the relevance of their academic knowledge. In particular, in Armenia, more than half of the entire student body enrolls in Arts and Humanities, and Business, Administration and Law. Such distribution does not correspond to the labour market needs, and thus the graduates face difficulties finding jobs. At the same time the ICT (Information Communication and Technology) sector is growing with an annual growth of 20% and faces a shortage of qualified workforce. The Government aims to double the number of employees in the ICT sector by 2019 in line with the targeted sector growth.

### **Bridging the gap between STEM higher education and market needs**

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<sup>1</sup> Csr Moedas, 23 November 2016, SK presidency conference: "I visited the TUMO Centre for Creative Technologies in Yerevan[1]. TUMO is a drop-in centre for schoolchildren that allows them to experiment with digital technologies and creativity. No child is forced to go to TUMO. But they queue at the door to get in. The children do not receive any formal diploma but instead build a portfolio of their projects and capabilities. They create companies through the intersection of Arts, Sciences and their Passion. **The facilities and environment at TUMO are better than anything I have seen in Silicon Valley.** This experience reinforced my strong believe that **excellence** exists in every country."

As mentioned above significant gap exists between the quality and competence of the labour needed by the economy and what is actually supplied by the current educational system. This is particularly true for professions that require strong science, technology, engineering and maths skills, which in return are important for the sectors that have the highest potential to drive economic growth in Armenia.

In general, graduates are unprepared to work in their fields of study as they have low levels of both theoretical and practical knowledge. The education system in Armenia is overly concentrated on content-heavy and lecture-based learning methods, leaving very little room for interactive and engaging teaching approaches. Furthermore, universities are primarily focused on teaching and mostly do not engage in sizable and continuous practice of Research and Development.

In regard to the higher education, the university infrastructure (e.g. laboratories) is in most cases deteriorated and non-conducive for modern needs of effective teaching, research and other professional education needs. Instruction is predominantly theory-based with little reflection on practical aspects, implying that graduates are not properly prepared to enter the labour market. There are 5 technological universities in Armenia that are training more than 6500 students every year who have difficulties to adapt to the need of the ICT and Engineering sector and thus, fail to create tomorrow's workforce.

This issue is amplified by the fact that Armenia's higher education system has little government funding and majority of revenue of public and private universities is generated from tuition fees which vary from 1000 to 2000 euros per year. 2,000 euros is the maximum threshold that an average Armenian family can afford for enrolling their children in university.

With this amount institutions are able to balance their economic model only for inexpensive tertiary education such as Law, Management or Social Sciences that enable mass education and require very little infrastructure. This also plays a significant role in the saturation of the employment market in these particular sectors while other sectors are less populated.

This scheme is not viable when talking about scientific training and IT. In many European countries a quality university education costs between 15,000 and 20,000 euros per year per student. This amount mainly includes technological platforms, staff required for their operation, and the replacement of obsolete equipment after a few years. It is this price that allows the best technological universities to build their reputation and train the students on the latest innovative technologies expected by the labour market. This is one of the main reasons for the inadequacy between the graduates of Armenian universities and the needs of the IT sector.

Through the self-sufficient economic model of the Centre the students who enrol will benefit from the most advanced technologies and world-class project-based education while maintaining the financial level of involvement of their family below the maximum permissible threshold.

The coupling of industry with the academic sector will allow:

- To build, operate and invest over time in state-of-the-art technological platforms by capturing private financing resulting from the leasing of the facilities made available in the Centre.



- Conducting and running cycles of multidisciplinary and innovative projects for a whole student community in a transparent and free manner.
- Guarantee an academic level of excellence by universities who are partners in the project, including training courses which could lead to obtaining a double degree, but above all affordable tuition fees.

### **Enhancing education with better trained teachers**

The teaching force is aging. In 2015, 44% of Armenian school teachers were above 50 years old, compared to 30% for the OECD average. At the same time, there is a lack of concerted efforts to attract young talented people to the field of education. Teachers' profession is not popular and the salary is low thus, graduates with higher academic achievement do not apply to pedagogical universities, which are not considered competitive enough in the market. Currently there are 38,690 teachers working in 1438 schools in Armenia. According to the Open Society Institute report, approximately 4,000 of them could be unqualified. An overwhelming majority of unqualified teachers works in rural schools, leaving the rural students at disadvantage.

In 2011, the Ministry of Education and Science introduced a new regulation on teachers' training policy. According to the policy, teachers working in public schools are required to complete mandatory attestation trainings every 5 years. Training courses have two options: simple and advanced. The simple option encompasses 80 academic hours training course, which includes content knowledge, pedagogical knowledge, legal knowledge, and ICT knowledge. The advanced option allows teachers to apply for a qualification degree leading to a salary increase.

Although efforts have been made to adapt **pre-service and in-service training** to teachers' needs, the training modules still tend to be overly theoretical and in a lecture format. In-service trainings themselves do not always take into account the specific needs of the participants, and thus often fail to offer new information to teachers with advanced skills in a given area. Travel and quality of training are particularly limited for teachers at the local (marz) level. Rural teachers' time commitment is especially challenging during the agriculture season, thus NIE has reduced training to one time per week for rural areas.

Furthermore, the teaching methods and curricula of STEM related subjects tend to be outdated and often based on knowledge stock inherited from the Soviet times. Since 2003, when Armenia first participated in "Trends in International Mathematics and Science Study" (TIMSS), students' scores have been declining, leaving Armenia among the countries below TIMSS Scale Centre-point. Compared to 2003, results in 2011 have declined in both Maths and Science.

The main document for the content of general education, National Curriculum, based on which subject standards are approved and textbooks are developed, was first developed for independent Armenia in 2004. It was last revised in 2011, establishing competence-based approach, reducing subject syllabi content by 20%, and revising standards. Currently the national standards and curriculum framework defined under the General Law on Education is in the process of being revised again and is planned to be finalised by September 2017 and followed by a review of subject standards in 2018. The review and renewal of the National Curriculum is supported by the World Bank's current Education Improvement Project.

### **Improving education through EdTech**

Since 2015, all schools have computer equipment and Internet access. There is on average, one computer for every 17 students in Armenia and 14 computers per school. However, as equipping the schools has been a phased process which was launched already in 1999, the hardware in many schools is aging and is often no longer compatible with the available software. According to NCET study carried out in 2016, the main issue identified by 48 % of principals was lack of computers, and/or incomplete and outdated equipment. As many schools still use cable connection (not WiFi), not all the computers have internet access. Furthermore, the Internet speed in rural areas is often not sufficient. It is set by NCET to be 4 megabits compared to 10 megabits available to Yerevan schools. Other issues that were mentioned by school management were lack of furniture in the computer labs, electricity cuts, lack of specialists, high maintenance costs, and not enough e-learning materials.

However, technology will only contribute to improving the quality of education if in addition to the proper training of the teachers, the content material is developed (e-learning, gamification, blended learning) and textbooks are adapted.

### **Equal learning opportunities in STEM education for a pilot region**

In line with the ADS and the growth objective of Armenia, the STEM sector benefits from a significant growth (20% per year for the IT sector) and this growth can only be sustainable with an increase of trained professionals. To ensure a balanced growth, and contribute to reducing emigration from the rural areas, students from the regions and girls in particular, should be further supported in attaining quality education.

Out of 1438 schools in Armenia, 574 are urban and 864 are rural schools. Quality of education in these schools depends greatly on the level of teachers. Overall, 63% of the students study in rural areas, whereas only 48% of teachers teach in rural schools. Furthermore, teachers in urban areas have higher level of education compared to rural teachers. This is further demonstrated by rather significant difference in graduation results of students from urban and rural places. In Mathematics, for example, the average score of students from big cities was 14.2 (out of 20), compared to the 12.0 of students from border areas and remote villages. To address these geographical differences and ensure equal access to quality education, the proposed action will focus on piloting introduction of EdTech and adapted teacher training programmes in a pilot region that will be selected at a later stage.

Indicatively, the Region of Tavush is selected as a pilot region for the following reasons: (i) size of the region with 81 schools with 495 STEM teachers, (ii) importance and difficulty to provide education of quality in border villages, (iii) presence of a credible partner with the required capacity in the marz, and (iv) opportunity to build on the Dilijan Education Cluster as regional piloting centre.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
1. Geo-political tensions in the Caucasus, political instability within Armenia or a further downturn in the global economy diverts the government's focus and resources away from its reform agenda	M	<ul style="list-style-type: none"> <li>- Continued political and policy dialogue with the Armenian government</li> <li>- Close monitoring of macro-economic and PFM policies together with IMF and WB</li> <li>- EU and other Development Partners' support to PFM and macro-economic reforms</li> </ul>
2. Resistance of school management and teacher community to reform	M	<ul style="list-style-type: none"> <li>- Capacity building for school principals and teachers</li> <li>- Central steering and communication on the reform by the MoES</li> </ul>
3. Lack of experience and capacity of the MoES, NIE, NCET in EdTech introduction and implementation of pilots	M	<ul style="list-style-type: none"> <li>- The programme will reinforce the capacity of the MoES, NIE and NCET</li> </ul>
4. Unfeasibility of rural teachers to participate in the trainings	M	<ul style="list-style-type: none"> <li>- Costs of training and logistics will be covered by the programme</li> <li>- Timing of the trainings will take into account the seasonal limitations of people living in the rural areas</li> </ul>
5 – Difficulty to implement the pilot, build on the different ongoing programmes, and draw lessons learnt for the Armenian strategies	M	<ul style="list-style-type: none"> <li>- Close collaboration between the World Bank, different stakeholders (including TUMO and IDeA) and the MoES is required</li> <li>- Selection criteria for the pilot marz includes the requirement of the presence of a credible partner(s) with the required capacity in the marz</li> </ul>
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>- The Government maintains or enhances its foreign policy objectives of strengthening the political and economic relationship with the EU.</li> <li>- The Government maintains its commitment to the Armenia Development Strategy 2014-2025 that aims at modernising the education system.</li> <li>- Foundations are willing to cooperate and partner for the implementation of the proposed action.</li> <li>- The Government is willing to pilot and test new approaches, and is committed to amend the regulatory framework if deemed necessary.</li> </ul>		

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

EU has been involved heavily in the sector of education in particular through support to the Bologna process and the development of Vocational Education and Training (VET). Now, in Armenia, a three-cycle system of qualifications has been developed, and the system of accumulation and transfer of academic credits has been introduced in compliance with the European system. EU has provided technical assistance to 21 Universities through TEMPUS/ ERAMUS+ provided a Twinning to the Armenia National Centre for Professional Education Quality Assurance, and in particular financed the VET sector (governance, refurbishment of 19 schools, update of curricula) providing enhanced education to 4,500 students annually. This programme has been developed building on the successful cooperation, and targeting one of Armenia's key growth constraints.

#### **Need of strategic coordination**

During the last 15 years, many new institutions and initiatives were established in the Armenian education system, often leading to uncoordinated efforts and overlapping mandates. The reforms in general education sector were focusing on establishing national governance and financing structures and systems. However, despite being the priority for the Government, the funding of the sector remains relatively low, 3% of GDP, leaving space for private initiatives to fill the gaps.

At the same time, many private and donor funded initiatives aimed at modernising curriculum, teacher preparation and training, teaching and learning materials, including e-learning, have been implemented in Armenia. As a result, new private sector initiatives/foundations have emerged, including Step by Step Foundation, AYB Foundation, IDEa Foundation, TUMO, Dasaran.am, Teach for Armenia, etc.

All these initiatives have to be effectively coordinated and regulated to ensure that they all translate into a streamlined, coherent and sustainable national education agenda. MoES will be at the core of assessing, integrating, and managing these initiatives to be fully in line with national policy. Furthermore, since 2016, the Centre for Strategic Initiatives was established to facilitate the Armenian Government's efforts in implementing fundamental reforms, in particular in education.

#### **Shortcomings in teacher training**

In Armenia, there is a lack of quality and attractive programmes to enrol qualified school graduates into the Pedagogical University. Because teaching is perceived as a difficult job and salaries are low, graduates with higher academic achievement do not apply to Pedagogical University. According to NCET, average teacher salary in 2015-2016 was around 160 euro monthly, compared to the country's average salary, 315 euro. The main attraction for the school graduates are low entrance exam marks needed for Pedagogical University entrance, and non-expensive tuitions. Yearly tuition fees for sciences departments in Yerevan State Pedagogical University are around 500 euro, in comparison to most expensive fees at foreign language departments of 725 euro per year.

Since 2005, when Armenia officially joined the Bologna process, pedagogical education is provided on two levels: Bachelor's and Master's. However, there is no clear distinction on the difference between the two degrees. Both are considered as higher education degrees, so no

differentiation is made in the job market or in the salary of new recruits. This makes Master's level education less effective and less attractive.

During their studies, students have to participate in practical trainings in schools. Nonetheless, the preparation of future teachers is often criticised for paying insufficient attention to practical experience, and thus being out of touch with school reality.

In-service teacher training is considered as important as pre-school training. Many countries that have succeeded in popularising teaching as a profession have often done so not just through increase in salary, but by raising the status of teaching, offering real career prospects, and giving teachers responsibility as professionals and leaders of reform. This requires teacher education that helps teachers to become innovators and researchers in education, not just deliverers of the curriculum. Furthermore, the practice in Armenia has shown that the benefits of teacher training are not sustainable without continuous post-training support and guidance.

The importance of school managers in ensuring the conducive environment for teachers to implement modern teaching methodologies is often ignored, resulting in minimal impact of the in-service training. Thus, the proposed programme also envisions building the capacity of school managers as important stakeholders in the provision of quality education.

### **Risk and opportunity of EdTech**

Various private and public programmes have been implemented aiming to equip schools with ICT equipment. Even though, teachers' ICT usage knowledge and skills have increased, modern education opportunities are not fully utilised due to lack of engaging e-learning content, and limited awareness of the potential benefits and availability of the variety of e-tools. There is a clear need for blended learning trainings, which will allow incorporating face-to-face and ICT learning approaches, as well as further involvement of the school management to promote the benefits of EdTech.

Lessons learnt from piloting EdTech in other countries show that it is unrealistic to expect the teachers themselves to modify the curricula to integrate technology; they will simply not have the time nor the appropriate training. As the selection of e-learning materials in Armenian is limited, the proposed pilot programme will aim to develop an online content that would better meet the needs of the students, integrate the renewed curricula, as well as utilise the existing initiatives (e.g. through National Centre of Educational Technologies, online e-learning platform Dasaran, Armenian Virtual College, etc.). The content will be available for all and will benefit in particular the rural schools where lack of qualified teachers, and also teachers, inhibits the quality of education.

According to the majority of EdTech practitioners, the key to success is to develop educational content, and ensure that the teachers are professionally prepared before any technology is introduced in the classroom. In Armenia, teachers receive basic IT training as part of the mandatory in-service teacher training programs. However, 90.4% of teachers wish to be retrained in ICT, despite the free courses they had attended. In the framework of the pilot programme, the STEM teachers in the region will be trained in blending the new e-learning content to their teaching plans and offered ongoing assistance during the implementation process. To ensure continuous support for modernisation and encourage the implementation of the new standards, the management skills at the level of school governance should also be improved in parallel through increasing their competencies and skills in modern education management methods.

### **3.2 Complementarity, synergy and donor coordination**

#### **EU programmes**

The proposed programme will complement and seek for synergies with the existing initiatives implemented in the framework of **EU4Business** and **EU4Innovation**. Actions proposed in this programme will enhance the quality of human capital and thus, further support the growth and competitiveness of Armenia, complementing in particular, the assistance provided to SME development. Synergies will be sought with the following activities – linking research and business and providing finance for innovative start-ups. The SMEDA project (Annual Action Plan 2014) foresees support to state bodies and private sector to strengthen their capacity to benefit from the EU's support to innovation. In 2016, Armenia joined Horizon 2020 granting Armenia's researchers and innovators with full access to EU's funding; in light of which, further capacity building efforts are envisioned.

The proposed initiative is also complementary to the assistance provided by the EU in the framework of Erasmus+ and budget supports to enhance the Vocational Education and Training compatibility with the labour market demands. It will also build on the Armenian engagement in the Bologna process and on the European Higher Education Area integration process.

The proposed initiative will complement and synergise with the Twinning facility setup under the AAP 2017 Technical Cooperation Facility Action and more specifically with potential Twinning for the Ministry of Education and or the National Institute of Education.

#### **Donor coordination**

Preliminary coordination meetings have been organised to ensure that the planned activities are complimentary to other interventions and will build on the results achieved. World Bank (WB), Asian Development Bank (ADB), USAID and GIZ are the main donors active in the sector. In compulsory education, WB is supporting the review and improvement of the curricula and standards for all grades. The WB is also supporting the National Centre of Education Technology. Interventions by other donors include ADB's loan for renovating and retrofitting around 46 schools for seismic safety, ADB's planned Education Policy framework loan and GIZ's support to the Vocational Education and Training sector.

In addition to donor support, various initiatives launched by foundations are playing a significant role in the education sector in Armenia. The Government, in collaboration with the AYB Foundation, has launched in 2016 the National Programme for Educational Excellence (NPEE) and the Araratian Baccalaureate Programme for Armenian schools (3 today and 20 in the coming years), aiming to raise the general education level by reviewing the curricula and teaching methods in the high school level (grades 10-12). IDeA Foundation has initiated the development of the Dilijan Education Cluster with the aim to improve the level and quality of education and employing innovative practices meeting international standards of the general education system in Tavush region. Dasaran educational platform is present in all 1438 schools in Armenia and connects all the teachers, students and parents through the most visited website in Armenia, all categories included. TUMO Centre for Creative Technologies which concentrates on non-formal education for teenagers, teaching animation, video game design and web development, and COAF which is planning to establish a smart centre in Lori and to open smart rooms in close villages promoting the use of state-of-the-art technology in education. AGBU has created the Armenian Virtual College platform which is providing e-courses in humanities and social sciences, however, their courses are not accredited.

During the consultation process with the donors and other relevant stakeholders, harmonisation of the planned activities was sought, existing and planned capacity development activities were taken into account and the gaps were identified. Synergies foreseen under this action will build on all the existing larger-scale initiatives and contribute to create stronger coordination and collaboration between the different actors.

### **Need for enhanced coordination**

To enhance coordination, the programme foresees to work together with the WB as an implementing partner and to benefit from its technical input. The action will liaise closely with the ADB that is preparing Education Policy framework loan, and to build a consensus of all key private actors in the sector (IDeA, AYB, AGBU, TUMO, etc.) under the leadership of the Government through a governance board.

### **3.3 Cross-cutting issues**

The programme aims at enhancing the quality of human capital with special focus on labour market needs. In its implementation phase, gender sensitive approach will be assured. In particular, the programme will further contribute to increasing the girls' and women's skills and knowledge in STEM, as well as facilitate their entrance to the labour market as currently the majority of specialists employed in the Armenian ICT sector are males (63%). The proposed action will also address the widely-spread gender stereotype issue in the textbooks. All efforts will be made to ensure the environmental sustainability of the action.

The programme will also contribute to addressing equity and inclusiveness in education by ensuring the same quality of education to students in rural, remote, mountainous, and boarder regions by means of EdTech, improved textbooks, and teacher training.

Furthermore, through the activities of Centre and better STEM teaching the programme will support the growth of ICT sector in Armenia which is today one of the fastest growing industries in Armenia (according to Government data, IT sector grew 38% in 2016 compared to 2015). There are about 500 IT start-ups and companies, mostly small and medium, in Armenia with a turnover of 550 billion USD in 2015.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The **overall objective** of the programme is to support shared and balanced growth through addressing constraints linked to innovation and education with focus on STEM.

The **specific objectives** and results of the programme are:

#### **Objective 1 Increased the number and quality of engineers and technology professionals in Armenia in line with the labour market demand**

- Result 1.1. Governance board of the Public Private Partnership Centre established
- Result 1.2. Self-sustainable Centre created
- Result 1.3. Hands on workshop and project based instruction provided free of charge or at affordable cost to STEM higher education students and young professionals
- Result 1.4. Research and Development facilities in place and accessible to all technological universities of Armenia

Result 1.5. EdTech content, teacher training materials developed, and pilot region teachers trained to enhance STEM education

**Objective 2 Increased number of students from regions graduating with quality STEM knowledge**

Result 2.1. Increased capacity of relevant governmental institutions to ensure quality control of compulsory education

Result 2.2. Modernized teaching methods developed and piloted in a region

Result 2.3. Pilot region's high and middle schools equipped with functioning IT classrooms to roll out EdTech STEM enhanced teaching

## **4.2 Main activities**

### **Component 1: Creation of EU4Innovation - TUMO centre**

The main activities include the creation of a **Centre** which will address the existing shortcomings by offering a high-quality technology education which will provide hands-on workshops, project-based instruction, and applied research facilities. To ensure the compatibility between the education and labour market needs, the Centre will be a mixed-use facility with academic units run by educational institutions and corporate partners. To further strengthen the link between research and industry, the centre will offer incubator facilities to start-ups and small technology companies, which will also generate income and guarantee self-sustainability for the Centre. Through these activities the Centre will contribute significantly to increase the quality of technical degrees and to strengthen the linkages among academia and industry. It will also facilitate connections between local and regional initiatives such as the planned Kutaisi University City in Georgia, and global networks. To manage the Centre, a **Governance board** of the Centre will be established. . Specific activities will include policy dialogue with Government, other Development Partners, private sector stakeholders, and universities to ensure a coherent and robust legal, governance, and policy framework for the design and implementation of priorities and activities of the Centre on a public-private basis.

### **Component 2: Strengthening STEM teaching/learning in the regions**

One of the activities under this component will include **capacity building for both the MoES and the NIE**. Apart from needs assessment, capacity building will take into account the recommendations of the functional review of the NIE. In addition, the programme will assist the **development of technological support for education (EdTech)**. In particular, it will contribute to further development of modern teaching methods and EdTech content. The programme will also **develop new teacher training methods** through introducing blended learning and EdTech. New **textbooks will be developed** to equip teachers with new and modern teaching tools. The developed materials will be refined through **a pilot project** in one of the regions of Armenia, and all middle and high schools of a pilot region will be equipped to allow in the introduction of EdTech. Policy dialogue with the Government will be carried out to ensure a robust framework for the sustainability of the programme results after the piloting stage.



### 4.3 Intervention logic

The evidence basis for the envisaged action is substantive. According to the Armenia National Competitiveness Report, the top two constraints to business growth in Armenia based on a survey of businesses are (1) small market size and (2) a lack of highly qualified workforce. The “Armenian ICT Sector 2015” report by the Enterprise Incubator Foundation estimates that 2,000 specialists in IT or related fields graduate from Armenian universities each year. But only a minority of these graduates is employable upon graduation due to a lack of applied skills and hands-on experience. According to the EIF's annual accounts, about 300 new high-paying jobs in ICT and high-tech sector were not filled last year and remain open.

The first component of the programme will aim at creating a self-sustainable **Public-Private Partnership EU4Innovation Centre for Engineering and Applied Science in Armenia**. The Centre will contribute to increasing the number and quality of engineers and technology professionals by (1) partnering with and establishing new degree-granting institutions, (2) working with university students and recent graduates who are in fields other than engineering in order to train them in engineering and technology so that they can enter the corresponding job markets, and (3) working with existing degree-granting institutions in order to increase the quality of their education and provide access to the latest innovative technologies. The Centre will address the existing gap by offering a high-quality technology education which will provide hands-on workshops, project-based instruction, and applied research facilities. To ensure the compatibility between the education and labour market needs, the Centre will be a mixed-use facility with academic units run by educational institutions and corporate partners. The sustainability will be further ensured by transferring the assets to the beneficiary of the grant in the end of the programme, whilst keeping in mind that the co-financiers maintain ownership over their investments. To further strengthen the link between research and industry, the centre will offer incubator facilities to start-ups and small technology companies, which will also generate income and guarantee self-sustainability for the Centre. The Centre will contribute significantly to increase the quality of technical degrees and to strengthen the linkages among academia and industry. It will also facilitate connections between local and regional initiatives such as the planned Kutaisi University City in Georgia, and global networks.

The second component of the proposed action will focus on the capacity building of the relevant education institutions, teacher training and pilot STEM enhanced teaching approach in selected region. The EU will work together with the World Bank on the implementation of the second component.

In order to **concentrate EU Support** in Armenia to increase the **visibility** of the EU support in the country and to strive for a cross-sectorial approach with future actions in a pilot region, it is proposed that the programme pilots new teacher training methods with the usage of EdTech in the region of Tavush. The action will build on an existing education cluster in the region. If opportunities for extending the piloting of new training teacher methods in more than one region exist, Tavush should be part of the regions selected for the action.

There are numerous successful but scattered initiatives in the field of education, which could have a great impact on the overall quality of the education system if they were properly mapped and well-coordinated. In light of this, MoES will be supported in its regulating and coordinating role. A functional review of the NIE and other government educational institutions is foreseen (ongoing cooperation), which will provide the basis for further capacity building. The areas which are currently under the responsibility of NIE - textbook

policy, teachers' training and accreditation, as well as development of education standards and programmes, will be further reinforced by the proposed action. The programme will **support capacity activities both for the MoES and the NIE**, and it will also support the development of technological support for education (EdTech).

To decrease the inequality stemming from the geographical location of schools, and to bring the general education up to the international standards, the proposed programme foresees further development of **modern teaching methods and EdTech through a pilot project** introducing innovative teaching aids and tools, e.g. e-learning, gamification and distance-learning. Even though, use of IT lessons in schools is encouraged by the Government and various organisations, the potential of the EdTech is not fully utilised. Integrating technology into the learning processes requires more than hardware and basic ICT course for the teachers.

The number of students from regions receiving quality education, in particular in STEM subjects, will increase through addressing the key constraints of the current education system in Armenia both in regards to quality and equity. As a result of the lessons learnt from the pilot project, the teaching methods and contents are envisioned to be rolled out throughout the country, in particular through the promotion of EdTech to ensure the equal distribution of quality education across the regions.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1.1 Grant: direct award to Simonian Educational Foundation (TUMO) (direct management)**

##### ***(a) Objectives of the grant, fields of intervention, priorities of the year and expected results***

The main objective of the direct management grant is to increase the number and quality of engineers and technology professionals in Armenia in line with the labour market demand as envisioned by Objective 1 of the proposed programme.

With the expected result of an improved innovation ecosystem through the creation of self-sustainable Public Private Partnership Centre. The centre will be made up of a (1) Shared Hub offering hands-on workshops, project-based instruction and applied research facilities; surrounded by (2) Academic Modules run by partner universities and companies, offering

instruction in specific IT disciplines with coordinated access to the Shared Hub; and closely coupled with (3) Small Offices and Incubator facilities offering low-cost offices and venture acceleration services for start-ups and small technology companies ensuring the sustainability of the action. Infrastructure, equipment, running costs (including staff and teachers) will be the main costs to be funded by the action.

***(b) Justification of a direct grant***

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Simonian Education Foundation (TUMO Centre for Creative Technologies).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation in accordance with Article 190(1)(f) of Commission Delegated Regulation (EU) No 1268/2012.

TUMO has been running a highly successful non-profit technology education centre since 2011, with tools, procedures and assets that are uniquely relevant to the planned Centre. Thus, they have specific experience and assets needed to implement the actions proposed in this programme, including (1) unique expertise in running a large scale shared hub, (2) proprietary software tools for managing the centre, (3) specific expertise in managing self-sustainability, (4) an existing network of co-located IT industry players, and (5) specialized access to global IT professionals and academics, as explained below.

(1) Unique expertise in running a large scale shared hub: The Simonian Educational foundation (TUMO) has specific expertise in running a synergistic hub of education and technology since 2011. The Centre has been a forerunner in promoting 21<sup>st</sup> century skills in Armenia. It has provided thousands of students aged 12-18 (14 000 all over Armenia in any given time) with a conducive environment for learning how to use the latest digital tools through access to state of the art technology and a chance to learn directly from the world's leading professionals.

(2) Proprietary software tools: Furthermore, TUMO has developed proprietary software tools that will be essential in running the shared hub of the centre. These tools make it possible to work with students attending a diverse range of educational intuitions and with varying schedules and personalized learning plans. Self-paced, individual and team activities alternate with hands-on workshops, which encourage students to collaborate on project-based learning.

(3) Specific expertise in managing self-sustainability: In addition, to TUMO's own contribution and availability of land and existing facilities, TUMO has a successful track record in leveraging self-sustainability. The students of TUMO's Yerevan branch (10 000 students) attend the classes free of charge and their costs are covered by revenue generated locally by TUMO, a model that would be used in the planned Centre as well. Furthermore, start-ups founded by TUMO students or alumni are offered space in the Centre as well as institutional support.

(4) Existing network of co-located IT industry players: The planned Centre will be located adjacent to TUMO, creating an integrated education, research and development neighbourhood, linked to Armenia's ecosystem of technology companies and universities. A number of leading IT enterprises are located on the TUMO premises, a concentration that is

unique in Armenia: Siemens, Synaptics, Epygi Labs and PicsArt all have offices in the TUMO campus and would contribute immediately to the Centre's mission of establishing academia-to-industry links. Based on its high visibility, remarkable reputation and capacity to maximise the existing synergies, TUMO has a great advantage in attracting diverse participation in the Public Private Partnership Centre, which will be a valuable asset in ensuring successful implementation of the proposed programme.

(5) Specialized access to global IT professionals and academics: An important aspect of the planned Centre is the mobilization of global technology leaders to lead project-based workshops linking teaching with real-world practical experience. TUMO has a pre-existing network of such technology leaders which it has built up since its inception in 2011 and which it currently utilizes to bring close to 100 workshop leaders per year to Armenia, many of them from leading companies and academic institutions. This network would be leveraged immediately for the Convergent Centre.

In addition, to TUMO's own contribution and availability of land and existing facilities, TUMO has a successful track record in leveraging self-sustainability.

Based on its high visibility, remarkable reputation and capacity to maximise the existing synergies, TUMO has a great advantage in attracting diverse participation in the Public Private Partnership Centre which will be a valuable asset in ensuring successful implementation of the proposed programme.

***(d) Essential selection and award criteria***

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

***(e) Maximum rate of co-financing***

The maximum possible rate of co-financing for this grant is 80%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

***(f) Indicative trimester to conclude the grant agreement***

Q1 2018

***(g) Exception to the non-retroactivity of costs***

The Commission authorises the eligibility of costs prior to the submission of the grant application as of 1 January 2018 linked to recital (12) of the Financing Decision body.

### 5.3.1.2 Procurement (direct management)

Subject in generic terms, if possible	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation and communication	Service	3	2018 Q3
Audit	Service	2	2018 Q1 2021 Q1

### 5.3.1.3 Indirect management with World Bank.

Objective 2 of this action may be implemented in indirect management with World Bank in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the increase of the number of students from regions graduating with quality STEM knowledge (objective 2), in particular through building the capacity of relevant educational institutions and implementing pilot programme in a region of Armenia. The expected results are an (i) increased capacity of relevant governmental institutions to ensure quality control of compulsory education, (ii) modernized teaching methods piloted in a region, and (iii) pilot region's high and middle schools equipped with functioning IT classrooms to roll out EdTech STEM enhanced teaching. This implementation is justified because of the significant role World Bank (WB) plays in enhancing quality of education in Armenia, and the WB's pioneering role since 2002 in supporting the innovation ecosystem that has allowed Armenia's technology sector to flourish, through creation of the Enterprise Incubator Foundation and related tech sector incubator investments across Armenia. Up to date most of reforms in Armenian education system have been undertaken with loans from the World Bank, except in the sector of Vocational Education and Training. Currently the WB is in the process of revising and improving the National Curriculum, which is the basis for enhancing textbooks, developing EdTech content and teacher trainings. WB has also been supporting strengthening the NCET for monitoring the school network and providing adequate ICT coverage, as well as developing EMIS. The WB's extensive experience in the areas, which directly corresponds to the proposed programme's objectives, will be a great asset in the successful implementation of the action. In addition, the WB has the necessary human resources and institutional capacity to implement programmes with multiple and diverse components.

The entrusted entity would carry out the following budget-implementation tasks result (ii) and (iii) aiming at piloting EdTech and teaching methods all the pilot region's high and middle schools that have to be equipped with functioning IT classrooms.

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. The Commission's authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free

cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.]

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, (amount in EUR)</b>
<b>Objective1: Increase the number and quality of engineers and technology professionals in Armenia in line with the labour market demand</b> composed of		
5.3.1.1 – Direct grant TUMO (direct management)	12,500,000	3,125,000
5.3.1.3 – Procurement (direct management)	N.A..	
<b>Objective 2: Increase the number of students from regions graduating with quality STEM knowledge</b> composed of		
5.4.1.1. – Indirect management with World Bank	10,150,000	N.A.
5.3.1.3. – Procurement (direct management)	N.A.	
Procurement – total envelop under section 5.4	N.A.	
<b>5.8 – Evaluation, 5.9 - Audit</b>	<b>250,000</b>	<b>N.A.</b>
5.10 – Communication and visibility	100,000	N.A.
<b>Total</b>	<b>23,000,000</b>	<b>3,125,000</b>

#### 5.6 Organisational set-up and responsibilities

The action will be managed by the EU Delegation in close collaboration with key stakeholders involved in the implementation of the Action.

A governance structure will be set up and shall be composed of the implementing partners mentioned in section 1.1.2. as well as the one mentioned in section 5.3

A mechanism of regular coordination with other donors active in the area of civil society has been established and will be maintained.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logical framework matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission.

It will be carried out for problem solving, learning purposes, in particular with respect to the pilot project in the regions and the construction of infrastructures.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the overall action is piloting new educational approaches.

The Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in 2018.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded under a framework contract in 2018 and 2021.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. As this particular action has great potential for high visibility, an extensive and detailed communication strategy will be elaborated in the early stages of the implementation. In particular, to ensure the visibility of the Centre, it will be named “EU4Innovation - TUMO Centre” (provisional name), and the programme implemented in the pilot of region of Armenia “EU4Education initiative”.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations shall be included in the financing agreements or delegation agreements.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.



Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Armenia" umbrella initiative.

## **6 PRE-CONDITIONS**

Before awarding any grant to the Simonian Educational Foundation, the EU will launch an independent system audit of this foundation and ensure that all the weaknesses (if any) are resolved.

## APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<b>Overall objective: Impact</b>	To support shared and balanced growth through addressing constraints linked to innovation and education with focus on STEM.	a) University-industry collaboration in R&D: place of Armenia out of 138 countries* b) Quality of education: place of Armenia out of 130 countries*	a) 92 <sup>nd</sup> place out of 138 countries (2016/2017) b) 75 <sup>th</sup> place out of 130 countries (2016)	a) Improved ranking (2020/2021) b) Improved ranking (2021)	a) Global Competitiveness report b) Human Capital Report	
<b>Specific objective(s): Outcome(s)</b>	SO1. Increased number and quality of engineers and technology professionals in Armenia in line with the labour market demand.	a) Number of students graduating from STEM professions* b) Percentage of filled positions in ICT sector*	a) 3229 graduates (2016) b) 85% (2014)	a) Increased number of graduates (2021) b) Increased percentage (2021)	a) National Statistics Service b) IT Skills Assessment in Armenia (EIF)	The ICT sector continues to grow (baseline 2016 annual growth of 20%).
	SO2. Increased number of students from regions graduating with quality STEM knowledge.	Average score of graduation exam in maths of 12 <sup>th</sup> grade students in selected region(s)*	13.4 (out of 20) (2016)	Improved scores (2021)	Armenia Assessment and Testing Centre reports	Pilot has been successfully implemented and rolled out nationwide.

<b>Outputs Objective 1</b>	1.1. Governance board of the Public Private Partnership EU EU4Innovation TUMO Centre established.	a) Steering Committee comprised of Government, private stakeholders, and universities established* b) Number of partnership established with technological universities and/ or private IT education provider to support the academic cluster*	a) No steering committee b) 0 – Negotiation on going with the UFAR, Synopsis and FAST	a) YES (2018) b) 3 academic modules developed in partnership and running (2019)	a) TUMO report b) TUMO report	Different stakeholders are committed to the establishment of the Centre.
	1.2. Self-sustainable EU4Innovation TUMO Centre created.	Construction rate of the Centre (%)*	0%	100% (2020)	EU4Innovation TUMO Centre reports	Land provided by TUMO, and Construction takes place without delays.
	1.3. Hands on workshop and project based instruction provided free of charge or at affordable cost to STEM higher education students and young professionals.	Number of higher education students and young professional enrolled in the developed modules*	0 - (Today 14,000 high school students are enrolled in TUMO Centre for Creative Technologies)	350 (2018); 2,000 (2020)	EU4Innovation TUMO Centre reports	Workshops and project based instruction courses developed, with trainings starting before the end of the construction of the Centre through facilities provided by TUMO.
	1.4. Applied research facilities developed and accessible to all technological universities of Armenia.	a) Number of shared R&D facilities responding to the need of the market and complementing academic facilities accessible to all technological universities created* b) Governance of the shared facilities agreed with Armenian technological universities under the responsibility of TUMO*	N/A  N/A	a) 1 (2020) b) Memorandum of Understanding signed by stakeholders and endorsed by the steering committee (2018)	a) EU4Innovation TUMO Centre reports b) EU4Innovation TUMO Centre reports	Decision by the steering committee of the type of shared R&D to be installed.

	1.5. EdTech content, teacher training materials developed, and pilot region teachers trained to enhance STEM education.	a) Number of subjects per class level covered though e-learning/ smart learning/ and gamification developed in line with Armenian curricula (2018) and international standards* b) Percentage of STEM teachers of pilot region trained (EdTech) and satisfaction survey*	a) 0 b) 0% (495 STEM teacher in the proposed pilot region 2016); NA	a) All Math, Sciences and English EdTech content developed for class age 14-17 (2019) b) 80%; positive for 80% (2019)	a) EU4Innovation TUMO Centre reports b) EU4Innovation TUMO Centre reports	EdTech content developed based on the best existing EdTech content and adapted to Armenia. Training provided to teachers (output 2.3) and all schools of the pilot region have facility to enhance STEM education through technology (output 2.3).
<b>Outputs Objective 2</b>	2.1. Increased capacity of relevant governmental institutions to ensure quality control of compulsory education.	a) Implementation rate of recommendations of functional review of National Institute of Education* b) Percentage of NIE staff who have received training* c) Number of STEM new textbooks developed in line with the new curricula and international standards*	a) N/A (Functional review in progress) b) 2.0% c) None (new curriculum is finalised in 2018)	a) 80% of the functional review recommendations implemented (2019) b) 95% (2019) c) 10 new editions of STEM textbooks developed (2021)	a) NIE accountability report b) NIE accountability report c) NIE accountability report	MoES willing to implement recommendations. The new curriculum has been finalised by 2018.
	2.2. Modernized teaching methods piloted in a region.	a) Average score of graduation exam in maths of 9th grade students in the pilot region* b) Regulatory environment developed and in place to implement Dilijan Education Cluster allowing experimentation/ piloting of	a) 10.82 (out of 20) in the proposed pilot region b) Regulatory framework in development process and no partnership	a) Increased (2020) b) Government Decrees to enable piloting in selected region adopted and partnership	a) Armenian Assessment and Testing Centre reports b) World Bank	School managers and teachers are committed to implementation of the pilot. Middle and High schools in the pilot region are equipped to be able to provide STEM EdTech

		<p>new teacher training approach (learning by doing) and partnership agreement signed between the Centre for Learning Excellence in Dilijan and the National Institute of Education to implement pilot training*</p> <p>c) Pilot training module (personality, skill development and teachers' practice) for in service teachers and recent graduates with pedagogical and non-pedagogical domain expertise willing to build a career in education developed*</p> <p>d) Percentage of STEM teachers of a pilot region trained (skill development and teacher practice) and satisfaction survey**</p> <p>e) Development of Leadership education programme for senior school administrators*</p> <p>f) Percentage of senior school administrators of the pilot region trained through leadership programme and responses from satisfaction survey**</p> <p>g) Develop quality assurance framework to measure impact of the programme and with lessons learnt from the pilot programme to inform strategies</p>	<p>agreement</p> <p>c) N/A</p> <p>d) 0% (495 STEM teachers in the proposed pilot region); NA</p> <p>e) N/A</p> <p>f) 0%</p> <p>g) The existing monitoring system does not allow to measure impact but only input into the education system and students grades; N/A</p>	<p>agreement between Centre for Learning Excellence and NIE signed (2018)</p> <p>c) Pilot training module developed and adopted and/ or certified by the NIE (2019)</p> <p>d) 100%; positive for 80% (2020)</p> <p>e) Developed (2019)</p> <p>f) 100%; 80% positive (2019)</p> <p>g) NIE and /or MoES decision on the Pilot monitoring system adopted (2019)</p>	<p>report</p> <p>c) NIE accountability report</p> <p>d) World Bank report</p> <p>e) World Bank report</p> <p>f) World Bank report</p> <p>g) NIE accountability report</p>	<p>enhanced education.</p>
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		of NIE and MoES*				
	2.3. Pilot region's high and middle schools equipped with functioning IT classrooms to roll out EdTech STEM enhanced teaching.	Percentage of schools equipped to be able to provide EdTech enhanced STEM education	0% (81 compulsory schools with 11 700 students in Tavush, 2016)	100% (2019)	World Bank report	This component should build on existing IT facilities and internet access and test low cost and impactful IT solutions (tablets) with a system in place in schools to share this equipment.



This action is funded by the European Union

## ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2017

### Action Document for “Consolidation of the Justice System in Armenia”

#### INFORMATION FOR POTENTIAL GRANT APPLICANTS

#### WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning calls for proposals: 5.3.1.1 “Grants – call for proposals (direct management)” has been used.

<b>1. Title/basic act/ CRIS number</b>	<b>"Consolidation of the Justice System in Armenia"</b> CRIS number: <b>2017/040-664</b> financed under European Neighbourhood Instrument
<b>2. Zone benefiting from the action/location</b>	East Neighbourhood, Armenia The action shall be carried out at the following location: Armenia
<b>3. Programming document</b>	Single Support Framework for EU support to Armenia 2017-2020
<b>4. Sector of concentration/ thematic area</b>	Sector (3) - Strengthening Institutions and Good Governance
<b>5. Amounts concerned</b>	<b>Total estimated cost: EUR 4 000 000</b> <b>Total amount of EU budget contribution: EUR 4 000 000</b> The contribution is for an amount of EUR 4 000 000 from the general budget of the European Union for 2018 subject to the availability of appropriations following the adoption of the relevant budget.
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality: Direct management: grants (call for proposal) and procurement of services
<b>7. DAC code(s)</b>	Main DAC code: Legal and judicial development (15130). Sub-codes: Justice, law and order policy, planning and administration (15131); Judicial affairs (15134).

8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Human development, incl. decent work, social justice and culture			

## SUMMARY

This programme aims to support Armenia's justice reform process and strengthen the independence, transparency, predictability, accountability and efficiency of the Armenian justice system in line with EU's best practices. In particular, it will seek (1) to support Armenia's justice reform process and (2) to increase the independence, accountability, predictability and efficiency of justice in line with EU Peer Review recommendations.

The programme will build on the past results of EU-funded projects and continue to support Armenia in its reform processes through providing technical assistance to the Ministry of Justice, the judiciary, the Prosecutor's Office, the Judicial department and the law enforcement agencies to improve the organisational, administrative, technical and resource management capacities, as well as the case management capacities.

It will also contribute to increasing the independence, accountability, predictability and efficiency of the justice system through enhancing the quality of judgements and efficiency of court proceedings, improving the governance of judiciary, as well as designing and implementing e-tools for automatization of standard processes, for collection and publishing information and statistical data and for enhancing anti-corruption measures.

The programme is in line with the Single Support Framework 2017-2020, Armenia Development Strategy 2014-2025 and the Government Programme 2017-2022. The proposed programme will support the Government of Armenia in the implementation of the envisioned Strategic Plan of Legal and Judicial Reforms of the Republic of Armenia for 2018-2022, as well as other key strategic documents related to the field of justice and human rights, included but not limited to National Strategy on Protection of Human Rights and Action Plan, Anti-Corruption Strategy and Action Plan for 2015-2018, and E-Governance Action Plan for 2014-2018.



The Programme builds on the findings of the TAIEX Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia (6-10 March 2017) through focusing on the key areas highlighted in the report: independence of judiciary, implementation of anti-corruption measures (e.g. increasing the capacity of judges to write quality judgements, implementation of e-filing system, and promotion of e-justice with paperless courts), efficiency of judiciary and improved management of justice system.

The programme will be carried out through project modality (grant and procurement of services). The implementation of programme activities will be harmonised with those of the other Development Partners as well as Government's Reform Plans.

## **1 CONTEXT**

### **1.1 Sector/Country/Regional context/Thematic area**

Armenia is a landlocked country with limited natural resources and with a population of about 3 million. Based on OECD/DAC criteria, Armenia is classified as a lower middle-income country with projected GDP per capita 3,568 USD (2016). Armenia has undergone profound changes since independence in 1991. In the area of good governance, rule of law and democracy Armenia has implemented a number of reforms. Nonetheless, Armenia ranked 101 out of 138 countries in judicial independence Global Competitiveness Report 2016-2017 and dropped from 46 in 2013 to 43<sup>1</sup> in 2015 percentile rank in Worldwide Governance Indicator on Rule of Law.

Armenia has a three-level court system, consisting of the courts of first instance, courts of Appeal and Court of Cassation. In addition to the courts of general jurisdiction, specialized court system with authority to oversee the administration has been established. The latter consists of the administrative court and administrative court of appeals. Constitutional justice in Armenia is exercised by the Constitutional Court. Technical support and administration of justice is done by the judicial department, which is a specialized body within the judiciary and falling under the overall control of the latter.

In 2015 Armenia voted in referendum for the constitutional change. The new Constitution will modify the current presidential model of government into a parliamentary one, with the changes planned to take place during the 2017-18 electoral cycle. It has also been a step forward in ensuring independent judiciary, and it eliminated some of the obstacles for full independence of judiciary present in previous version of Constitution. Currently large number of legislation is being revised, including the ones regulating judiciary, to meet the requirements of the amended Constitution. These changes fit into a long process of changes in the Constitution which started in 2005, and include an objective to ensure an independence of justice and to restore the trust of the population towards judges and courts.

The Armenian authorities have already taken some steps to amend national legislation, such as drafting a new Criminal Procedure Code, introducing amendments to the Criminal Code, and developing programmes and policies for judicial reform. The 2012-2016 Strategic Programme for Legal and Judicial Reforms (JRS), prepared with the support of EU-funded technical assistance, and approved by the President in June 2012, was aimed at further promoting independent, efficient, transparent, accessible and accountable justice sector,

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<sup>1</sup> Indicates rank of country among all countries in the world. 0 corresponds to the lowest rank and 100 to the highest rank.

involving all relevant stakeholders. Some of the activities envisioned under the JRS Action Plan have already been reflected in the approved constitutional amendments, some of those, along with recommendations of respective international organisations (such as GRECO), TAIEX Peer Review, and foreign and national institutes remain undressed. Notwithstanding the said progress and developments, there is still high level of corruption perception, and lack of confidence towards the judiciary in wider public. Courts continue to show prosecutorial bias, violating the principles of presumption of innocence, equality of arms and the adversarial nature of proceedings.

According to the Corruption Perception Index 2016 of Transparency International, Armenia received 33 points and held 113<sup>th</sup> place among 176 countries.<sup>2</sup> According to the Global Corruption Barometer 2016 (GCB2016), 37% of Armenian respondents agreed that corruption is among the three most important problems facing Armenia. Despite a number of reforms implemented in recent years, corruption in the judiciary has not decreased. According to the 2015 Caucasus Barometer only 15% of people said that they trust the courts, whereas 48% said they distrust the judiciary.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

This programme is fully in line with the **Single Support Framework** for 2017-2020. Strengthening institutions and good governance through reforms to ensure independent, efficient, and predictable judiciary is identified as the third of the four priority sectors for EU's cooperation with Armenia.

The review of the **European Neighbourhood Policy**, published in November 2015 confirmed that the EU will continue to seek more effective ways to promote democratic, accountable and good governance, as well as to promote justice reform where there is a shared commitment to the rule of law and fundamental rights. Ensuring independent and effective justice systems will remain priority for the EU. Independent, transparent and impartial judicial system free from political influence, which guarantees equal access to justice, protection of human rights, gender equality and non-discrimination, and full application of the law continues to be the goal of the EU.

The **Joint Declaration of the Eastern Partnership Summit** of May 2015 in Riga stresses that strengthening the independence of the judiciary is essential for good governance and building the trust of the citizens. Furthermore, legal certainty is important as it enables partners to provide better public services, attract investment and in turn improve the lives of citizens. Thus, the EU will continue to cooperate in these fields, underpinned by EU support.

The **Joint Staff Working Document on Eastern Partnership – Focusing on Key Priorities and Deliverables** of 2016 developed to support the implementation of the priorities agreed in Riga recognises the necessity to enhance the implementation of judiciary reforms. In particular independence, impartiality, efficiency, and accountability of the judiciary are the core of the reform.

The **2012-2016 Strategic Programme for Legal and Judicial Reforms** and the corresponding action plan which has been prolonged until the end of 2017<sup>3</sup> are the main

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<sup>2</sup> Countries that score in between 30-40 points are considered to have elements of systematic corruption.

<sup>3</sup> Decree NK-242-A of the President of the Republic of Armenia from 30.11.2016

guiding documents of Judicial Reform. The main objective of the ongoing program is to ensure a legal system and judiciary power in Armenia in line with the modern standards of a state with rule of law. It emphasises the following areas:

- Independent, transparent and accountable justice sector;
- Efficient and accessible justice;
- Revision of criminal code and alternative punishment systems;
- Quality of services to the public;
- Penitentiary reform.

The next reform plan aimed at further improvement in justice area for 2018-2022 is being currently considered.

### ***1.1.2 Stakeholder analysis***

The **main direct beneficiaries** of the program are the Armenian citizens and the Armenian and foreign businesses. They will benefit from the increased quality of judicial and ancillary services provided by judiciary, which will bring to faster, reliable, and honoured court decisions, more efficient and effective justice administration and better implementation of court decisions. This in return will decrease the cost of justice in general, and will increase the access to justice in Armenia.

**The main stakeholders** of the project are as follows:

The Ministry of Justice of Armenia is the main body responsible for the policy development and implementation in justice sector. The Ministry is responsible for the development of the relevant strategy in the sector, for development of the drafts of pieces of legislation and sub-legislation in the justice sector, as well as administers the penitentiary system, the probation system, and the Service on Compulsory Execution of Judicial Acts.

The Judicial department is responsible for the administration of the justice in Armenia, including implementation and day-to-day running of the relevant e-justice solutions implemented in the judiciary, management of courthouses, the judicial department employs the assistants and other staff members of the judges (secretaries, assistants, etc.) and courts, as well as the court bailiffs service. Judicial department is also responsible for collecting and analysing data (where available) on the situation in justice.

Judiciary is responsible for solving relevant disputes between the citizens and businesses, as well as overseeing over the administration (via administrative courts). Judiciary is represented via several self-governing bodies, including Justice Council, General meeting of judges, High Justice Council.

The General Prosecutor's office is a unified system exercising powers in accordance with the legislation of RA vested therein by the Constitution of RA. The Prosecutor's office is headed by the Prosecutor General, which is elected by the National Assembly. The prosecutors instigate criminal prosecution, exercise oversight over the lawfulness of pre-trial criminal proceedings, defend a charge in court, appeal against the civil judgements, criminal judgements and decisions of courts, exercise oversight over the lawfulness of applying punishments and other coercive measures.

The Chamber of Advocates of the Republic of Armenia is an independent, self-governed, non-commercial organisation. The status of advocates is determined under the Constitution of

RA (Amendments to the Constitution dated 06.12.2015). Particularly, advocacy is based on independence, self-governance and legal equality of advocates. The Chamber of Advocates organises the licensing process and continuous training of the advocates (for this purpose the School of Advocates has been founded by the Chamber), protects the rights and interests of its members (advocates), ensures the compliance of advocates with the legislation of RA and in cases stipulated by law and internal acts of the Chamber exercises disciplinary measures towards the advocates.

Relevant Civil Society Organizations (CSOs) with the goal of ensuring the rule of law, protection of human rights, as well as good governance in general and the National Platform of the Eastern Partnership which is active in justice related issues will play a key role in monitoring the implementation of the programme at the Steering Committee.

### *1.1.3 Priority areas for support/problem analysis*

The EU has been supporting the judicial and legal reforms in Armenia since 2009, contributing towards more independent, publically accountable, transparent and accessible justice system, reducing corruption risks, as well as improving legislation and strategy of the judicial system. However, whilst acknowledging the progress of the conducted reforms, there is still room for improvement as numerous problems still remain unsolved.

**The new reform plan** which aims to outline the steps for further improvement of the justice area for 2018-2022 is envisioned to be developed in the course of 2017/2018. In light of this, it is relevant to ensure the capacity of those involved as well as tackle one of the major shortcomings in the Justice sector which is **lack of hard evidence and evidence-based reforms**. Currently, most of the reforms happening in Armenia tend to be “principle based” rather than “evidence based”. Reforms based on general principles tend to be effective at the early stage of sector reform however, after passing initial phase of development the problem of internal contradictions arise. Without strong support of evidence and political will, further reform efforts are bound to less outcome and impact.

There is also a continuous **need to improve the overall governance of justice system**. More focus should be put on better budgeting, management practices, institutional set up, and human resources. Currently, the budget for judicial activities and legal aid tends to be rather a sum of requests than an exercise of analysis, planning and forecasting. The overall management practices and institutional set up do not favour full independence of justice, and human resources are often not recruited and trained according to their needs.

The **efficiency of justice** is still a problematic issue. The **workload of Armenian judges** persists as an overarching problem affecting the quality of judicial decisions and often leading to prorated trials. Armenia has currently 226 judges in total, i.e. around 6.7 judges per 100,000 inhabitants compared to the European average 21. According to limited data provided by the Judicial department, the number of new cases received in courts has increased dramatically (in 2014 169.650 new civil and administrative cases were received, in 2015 – 207.868, in 2016 – 209.150 and the number continues to increase). The growing court case backlog increases the length of judicial processes.

Some of the standard solutions (e.g. default decision, when the respondent is not appearing and is not sending written reply), although partially envisaged in Armenian legislation, are practically not used. **Change of policy and more effective use of available solutions**, could save much time in the courts. Besides in some cases it could be necessary to foresee written

procedures (e.g. when neither the claimant, nor the respondent are present in the court, the Judge still conducts formal hearing not to breach due process rules, although formal conducting of court hearing without parties is not anyhow supporting due process).

The **quality of judgements** is not always up to standards, as majority of judges are not trained on how to write highly qualified decisions which show why or how they have reached a particular opinion in the case. In most criminal and civil, and some administrative cases the judges just mention the evidence in the case, insert the provisions from the law and declare their decision without proper justification/substantiation on why that particular law was applied in that particular way to those particular facts. In terms of predictability, this is a problem especially in criminal and civil, and less in administrative cases, as the same judges tend to vary drastically in their interpretations of the law with regards to the same facts.

There is a clear **need to intensively invest in technology** in the area of Justice and judicial activities to increase effectiveness, transparency and accountability and to build a culture of independence and exemption.<sup>4</sup> Substantial number of information requests are being sent to the Judicial department by different administrative bodies, which consumes substantial resources. Particularly, as all those **requests are processed on paper**, the replies are prepared on paper and sent via mail. This could be easily automatized, while still managing the personal data protection concerns.

There is **no constant monitoring and evaluation** within the judiciary, and despite the existence of sophisticated e-justice software, statistical data is not collected and analysed on comprehensive and continuous bases. This in return further increases the corruption risks and prevents Civil Society Organisations (CSOs) from conducting their monitoring activities.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Lack of political will	M	The reform measures aimed at solution of the above-mentioned problems should be included in the envisioned judicial reform strategy 2018-2022.
Lack of cooperation between the judiciary, government and civil society	M	More cooperation and actions with the judiciary (Judicial department, judicial self-governing bodies) should be undertaken. Participation of civil society and Ministry of Justice in these processes is also important to ensure public awareness, proper dissemination of results and political backing of reforms.
<b>Assumptions</b>		

<sup>4</sup> Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia carried out in March 2017

- The Government has necessary political will to undertake the reforms;
- The Judiciary, the Ministry of Justice and civil society will be cooperative, and will have aligned goals of reaching higher degree of independence and accountability of the judiciary, increasing the efficiency and implementing e-justice solutions;
- Judiciary will be willing to implement the necessary e-justice solutions, aimed at decreasing the workload of judges and enacting standardized procedures for standard claims. The implementation will not in any way impair the ECHR and CoE standards on human rights on fair trial and due process rights and it will not breach the privacy and personal data protection right.

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

As a result of the EU-funded support programs the following lessons learnt have been identified:

- The adoption of necessary legislation is not followed by effective implementation; there is a lack of commitment to reforms. Thus, more focus and efforts should be dedicated to implementation, analysis/review, and monitoring of implementation of reforms and legislations;
- The necessary solutions tend to be adopted without proper policy and financial analysis and evidence, thus some reforms and solutions are not sustainable in the long run;
- There is no broader agreement over the necessary steps for deeper reform, which raises concerns over lack of political will. Thus, it is important to develop necessary tools for identifying reform needs based on hard evidence. For a more evidence-based policy development and making, it is important to focus on technical issues, increase efficiency, and improve necessary statistical and perception analysis.

#### **3.2 Complementarity, synergy and donor coordination**

The ongoing reforms in justice sector are supported by the EU, World Bank, USAID, individual EU and non-EU countries (the Netherlands, Germany, Sweden, Switzerland, Japan, etc.) via direct instruments or by supporting the efforts through CoE or UNDP.

The main and long-standing objective of the EU support in Armenia has been to ensure a judicial system, which is fair, efficient, accountable to the public and protects the civil, economic and social rights of the people and their safety.

The EU has implemented two Budget Support programmes and technical assistance projects which have resulted in the construction of court buildings, development of legal framework, installation of over 26 electronic information terminals that allow sending complaints via e-mail and provide information on the timetable of cases, introduction of court document management system, facilitation of access to justice for socially vulnerable groups of population, establishment of e-Population registry system that is fully deployed in all 54 branches of Civil Status register, etc. In the framework of a joint project with the Council of Europe, efforts were made to strengthen the independence and professionalism of the Armenian justice system and to facilitate institutional and legislative reforms related to the Armenian judiciary in line with European standards.

The proposed program builds on these achievements and takes into account the ongoing projects such as Strategy and Court Monitoring program, Council of Europe program (Programmatic Cooperation Framework (PCF) as well as other projects undertaken by CoE)

and projects funded by the State Department of the USA in penitentiary, criminal justice areas, and establishment of the probation service.

The proposed programme also seeks harmonisation with other cross-cutting EU-funded projects. In particular, the planned actions will benefit from the development of e-Identity services and the integration of different governmental services into the e-government infrastructure (interoperability system). The e-justice systems shall be updated where necessary, in line with overall e-government development strategy, to make the information and document exchange between different courts and court sites, as well as between the courts and other stakeholders more efficient.

Most importantly, the programme will work in close collaboration and contribute to the technical assistance programme, which will be launched in the end of 2017 and is aimed to prepare the EU support planned through AAP2019 for the upcoming new stage of justice reform.

### **3.3 Cross-cutting issues**

The programme will contribute to enhancing good governance, democracy and human rights as well as gender equality. Further strengthening of the predictability, efficiency and effectiveness of judiciary as well as further automation of processes and services (courts, prosecution, registries and notaries) will greatly contribute to good governance. The justice reforms supported by the programme will also have an impact on fundamental human rights, through contributing to the Right to Fair Trial. Through enhancing the independence of justice, the proposed programme will also contribute to improving the overall business environment.

Gender Equality will be an important factor throughout the proposed programme. Mechanisms to collect statistical data will be designed in a manner that sex-disaggregated data will be available.

The Government's plans to further enhance e-Governance in Armenia, through creating an interoperability system and supporting the creation of new e-services, will further contribute to the successful implementation of the proposed actions, in particular the e-Justice tools, as well as overall public administration reform.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

The action is aimed at increasing independence, transparency, efficiency and effectiveness of justice, through capacity building and exchange of experience between EU and Armenian institutions, as well as through development of e-Justice.

The **overall objective** is to support Armenia justice reform process and strengthening the independence, transparency, predictability, accountability and efficiency in the Armenian justice system in line with EU's best practices.

The **specific objectives** and results of the program are:

#### **Objective 1 – To support Armenia's justice reform process**

*Result 1.1 Developed justice reform program in line with EU best practices and agreed by all stakeholders;*

*Result 1.2 Reinforced evidence-based policy making including through improved statistical data analysis and monitoring system.*

**Objective 2 – To increase the independence, accountability, predictability and efficiency of justice in line with the EU Peer Review recommendations**

*Result 2.1 Increased level of independence of justice system and further implementation of anti-corruption measures;*

*Result 2.2 Increased quality of judgements and efficiency of court proceedings;*

*Result 2.3 Improved governance of judiciary through better budgeting, management practices, and institutional set up;*

*Result 2.4 Enhanced transparency and efficiency of justice system, including judicial proceedings via provision of better quality public services and further development of e-Government and e-Justice tools.*

## **4.2 Main activities**

The planned activities include technical assistance to the Ministry of Justice, the judiciary, the penitentiary, the Prosecutor's office, the Judicial department and the law enforcement agencies and other stakeholders provided through EU Member States' institution(s) supporting the reform of Armenia justice system. Support will also be provided to develop e-Justice software solutions.

### **Component 1. Support Armenia's justice reform process**

The planned TA will assist with the preparation of a new, **deeper justice reform programme**, which is in line with EU's best practices and is based on screening of judges and court procedures, more in depth information and court data analysis, as well as includes institutions such as prosecutors' office, bailiffs, CES and attorneys.

In light of the preparation of deeper reform, the action will focus on development of technical solutions and relevant capacity in **collecting and analysing data** necessary for evidence-based policy making. With the EU's support, the mechanism for regular statistical data collection, necessary for situation analysis and evidence-based policy making is established. The quality of statistics for Justice sector will be revised and systematised through various e-tools such as e-classification with statistical deviation recognition capacity.

The preparation, discussion and adoption of deeper reform programme will in addition provide valuable insights to planning further potential EU support to the justice sector.

### **Component 2. The independence, accountability, predictability and efficiency of justice**

The envisioned activities under this component will build on the results of EU Budget Support activities and findings of the EU Peer Review as well as complement past technical assistance programmes (Council of Europe, Twinning, TAIEX, and service contracts).

Strengthening and increasing **independence of judiciary** remains a top EU priority in Armenia. The envisioned activities will include the implementation of EU Peer Review recommendations such as ensuring the full independence of courts through adopting necessary legal amendments, regulations, standard operation procedures and relevant training in line with the requirements of the reformed Constitution. Furthermore, the planned activities will include implementation of **anti-corruption measures** (e.g. promotion of e-justice with paperless courts).



The programme will promote and enhance knowledge exchange with the EU Member States' counterparts and provide advice/coaching to judges/penitentiary officials to enhance their capacity to write **quality judgements**. The **efficiency of court proceedings** will be increased through implementation of e-Justice solutions, as well as through promoting alternative dispute resolution as a mean to deflate litigation.

Through exchange of experience and know-how, the TA will also significantly contribute to improving the overall **governance of the judiciary**, in particular the organisational, procedural, administrative, technical and resource management capacities, and the case management capabilities.

In addition to support to the preparation of a reform package and capacity building activities, the programme, through a service contract, will further support the **efficiency, transparency and predictability of justice** through investing in technology and promoting the change to a full e-justice system by developing services such as e-filing for the submissions of claims and motions, e-platform to access decisions of Judicial self-governing bodies (including the ones of Court of Cassation), and other e-tools which aim at providing better services to the population, as well as support the implementation of anti-corruption measures.

### 4.3 Intervention logic

The EU is committed to supporting the development of Justice sector in Armenia. To further build on the extensive past support as well as the lessons learnt, the proposed programme will focus on building the capacity to **develop justice reform programme in line with EU standards**, as well as support designing of the technical solutions for collecting and analysing data necessary for **evidence-based policy making**. A credible justice reform plan in line with EU's best practices, taking into consideration the EU Peer Review recommendations<sup>5</sup>, and agreed by all the relevant stakeholders will be developed and will be the basis for increasing the independence, transparency, predictability, accountability and efficiency in Armenian justice system.

To **increase the independence, predictability and efficiency of justice**, this program will concentrate on implementation of **organizational and procedural improvements** within the judiciary as well as **designing and upgrading necessary e-justice solutions**. Those components will be supported through a grant with a public body of an EU Member State, as well as through service contract for developing e-justice solutions. A team of experts led by EU Member State body will work with local counterparts to improve their organisational, administrative, technical and resource management, as well as case management capacities. The proposed programme will support experience exchange between servants of Judicial department and judges on practical issues of organization of work, communication strategy on justice and justice reform issues, as well as on use of default decision and written proceedings. E-tools such as e-filing and e-classification systems will be designed and introduced to automatize standard cumbersome procedures.

To allow enhanced monitoring of the administration of justice, both as a measure for anti-corruption, as well as a tool to increase public awareness on judicial activities, the proposed programme will support the design and implementation of a **monitoring system** which will include developing an e-platform which allows access to all decisions of Judicial self-governing bodies, including the ones of Court of Cassation and provides access to statistical data and potential deviations.

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<sup>5</sup> *Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia* carried out in March 2017

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1.1 Grants: call for proposals “Consolidation of the Justice System in Armenia (direct management)”**

##### ***(a) Objectives of the grants, fields of intervention, priorities of the year and expected results***

Linked to the specific objectives of the proposed programme, this Call for Proposals aims at supporting the Armenian justice reform process and improving the overall governance of judiciary with the focus on better budgeting, management practices, institutional set up, and human resources. It will also support increasing the independence and efficiency of justice, including through facilitating the efficiency of court proceedings and improving the quality of judgements (inter alia through extensive coaching by senior advisors), as well as enhancing the monitoring system.

Furthermore, the expected results will also include Cross-cutting issues, related to: Adoption of the Programme and the Measures, and CPT recommendations; Separation of powers (executive, legislative and judicial); Cooperation with civil society organisations; Zero-tolerance against corruption; etc.

##### ***(b) Eligibility conditions***

In order to be eligible for a grant, the applicant must:

- Be a competent Government Department, Public body, or relevant mandated body of a Government
- Department or public body authority of a European Union Member State in the fields related to this action
- Be established in a Member State of the European Union
- Be directly responsible for the preparation and management of the action with the co-applicant(s) and affiliated entity (ies), not acting as an intermediary

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 2,200,000 and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 24 months.

##### ***(c) Essential selection and award criteria***

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

***(d) Maximum rate of co-financing***

The maximum possible rate of co-financing for grants under this call is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

***(e) Indicative timing to launch the call***

Third quarter of 2018

**5.3.1.2 Procurement (direct management)**

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Support for development of e-justice software solutions	Service	2-3	Q3 2018 – Q4 2019
Assistance for launching the grant	Service	1	Q1 2018
Audit and evaluation	Service	1-2	Q2 2018, 2019
Communication and Visibility	Service	1	Q1 2018

**5.4 Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## **5.5 Indicative budget**

	<b>EU contribution (amount in EUR)</b>
5.3.1.1. Call for proposals “Consolidation of Justice system in Armenia” (direct management)	2,200,000
5.3.1.2. Procurement – total envelop under section 5.3	1,500,000
5.8 Evaluation, 5.9 Audit	150,000
5.10 Communication and visibility	100,000
Contingencies	50,000
Totals	4,000,000

## **5.6 Organisational set-up and responsibilities**

Oversight of the overall programme will be entrusted to a Steering Committee co-chaired by the Ministry of Justice and Ministry of Economic Development and Investments. Among others, the Steering Committee will include the staff of the Government, Judicial department, representative of judiciary suggested by the Court of Cassation, the EU Delegation, the Chamber of Advocates, and representatives of other relevant governmental and non-governmental actors and International Organisations such as WB, UNDP, GIZ. This set up will ensure a structured policy and technical dialogue and close coordination among all stakeholders during implementation.

The Committee will meet at least twice a year to review the progress made and decide on any proposed modification to the programme.

This process should result in strengthening the coordination between Government, the donor community and non-state actors in this area.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the importance of the action, a final or ex-post evaluation will be carried out for this action or its components contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the good implementation of this project coupled with clear political will of the government to carry on deeper justice reform, explored during this project may lay foundation for a more extensive programme in justice sector.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in the last quarter of implementation.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in the last quarter of implementation.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations shall be included in the financing agreements or delegation agreements.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this

action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Armenia" umbrella initiative..

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<b>Overall objective: Impact</b>	To support Armenia justice reform process and strengthening the independence, transparency, predictability, accountability and efficiency in the Armenian justice system in line with EU's best practices.	1. World Economic Forum "Worldwide Governance Indicator on Rule of Law"*** 2. User satisfaction and legal needs surveys 3. CEPEJ report (relevant indicators to be selected) and 2017 Peer Review recommendation	1. 43 (2015) 2. 2017 user satisfaction survey - EU financed Justice Monitoring Project 3. 2016 CEPEJ report's indicators and 2017 Peer Review	1.Improved percentile rank by at least 3 points 2. Increased satisfaction 3. Improvement, To be defined during initial implementation stage of the action	1. Worldwide Governance Indicators; 2.Surveys by the Ministry of Justice based on the methodology and guidelines elaborated by the EU financed Justice Monitoring Project 3. CEPEJ report	Political willingness to implement proposed measures; Local ownership of the involved Armenian institutions
<b>Specific objective(s): Outcome(s)</b>	1. To support Armenia's justice reform process	1. Implementation rate of the Justice Reform Programme and/or its operational plans	1. Currently no approved new Justice Reform Programme and M&E system in place	1. New justice Reform Programme is in place, M&E system is functional.	1.Regular monitoring reports of the MoJ	Political willingness and consensus to agree on a set of reforms for the Armenian justice system; M&E system will be put in place
<b>Specific objective(s): Outcome(s)</b>	2. To increase the independence, accountability, predictability and efficiency of justice in line with the EU Peer Review recommendations	1. Rate of implementation of EU Peer Review <sup>6</sup> recommendations;	1.( 0)	1. Significant progress	Report of the evaluation mission;	Commitment by the judiciary to implement the recommendations

<sup>6</sup> Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia carried out in March 2017

Outputs	1.1. Developed Justice Reform Programme in line with EU best practices and agreed by all stakeholders	Justice reform programme and action plan(s) containing specific measures, indicators and targets has been adopted	No programme and action plan(s)	Programme and action plan(s) adopted	Relevant government decision;	Political will to adopt the programme, stakeholders are consulted in time
Outputs	1.2. Reinforced evidence-based policy making through improvement of statistical data analysis and monitoring system	1. Statistics for Justice sector is revised and systematised 2. Regular and standardised Court monitoring reports and satisfaction surveys publicly available	1. Most of the data is fragmented and not automatized 2. No standardised reports and/or surveys publicly available	1. 90% of data is generated via e-tools 2. Reports and surveys published annually	Reports and surveys published by the Ministry of Justice;  Report of the evaluation mission	Commitment to implement new tools and methods
Outputs	2.1 Increased level of independence of justice system and further implementation of anti-corruption measures	1. Global Competitiveness Report Indicator on Judicial Independence	1. 101 (2016-2017)	1.Improved ranking	2. Global Competitiveness Report	Reforms are implemented
Outputs	2.2. Increased quality of judgements and efficiency of court proceedings	1. Number of default judgements; 2. Number of written procedures (and necessary legislation); 3. Number of claims sent electronically; 4. Clearance rate, case disposition time and number of pending cases;	1. (0) 2. (0) and lack of legislation 3. 0 4. Statistic currently not available	1.Scope for application of default judgements is defined and for defined cases all judgments are based on default ones. 2. Scope of cases for written procedure is defined and for defined cases written procedure is used. 3. At least 33%	Report of the evaluation mission; Official statistics and reports by the MoJ and Judicial department on the performance of courts; Reports by the EU and other international donor organisations.	Commitment by the judiciary to implement tools and methods to expedite court proceedings



				annually 4. Backlog has decreased by 20% compared to the baseline by the end of the project (last six months compared to initial six months)		
<b>Outputs</b>	2.3. Improved governance of judiciary through better budgeting, management practices, and institutional set up	1. Quality of the judicial processes Index;	1.11.5 (out of 18) in 2017	1. Improved score	1. The World Bank Doing Business Index	Political willingness
<b>Outputs</b>	2.4. Enhanced transparency and efficiency of justice system, including judicial proceedings via provision of better quality public services and further development of e-Government and e-Justice tools	1. Decisions of judicial self-governing bodies are fully published 2. E-classification system with statistical deviation recognition capacity is established	1. The acts are published only partially without search or classification opportunity; 2. The system currently does not exist.	1. All the acts are published with search possibility and classification; 2. The e-classification system is in place and its compulsory usage is ensured by legislation.	Report of the evaluation mission.	The Judiciary, the Ministry of Justice and civil society are cooperative



### **ANNEX 3**

of the Commission Decision on the Armenia Technical Cooperation Facility

#### **Action Document for the Armenia Technical Cooperation Facility**

<b>1. Title/basic act/ CRIS number</b>	Armenia Technical Cooperation Facility <b>CRIS number: 2017 / 040-523</b> financed under European Neighbourhood Instrument	
<b>2. Zone benefiting from the action/location</b>	Armenia The action shall be carried out at the following location: Yerevan, Armenia	
<b>3. Programming document</b>	Armenia Single Support Framework 2017-2020	
<b>4. Sector of concentration/ thematic area</b>	Economic Governance	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total estimated cost: <b>EUR 7,500,000</b> Total amount of EU budget contribution: <b>EUR 7,500,000</b> The contribution is for an amount of <b>EUR 7,500,000</b> from the general budget of the European Union for 2018 subject to the availability of appropriations following the adoption of the relevant budget.	
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management: <ul style="list-style-type: none"> <li>• grants – calls for proposals</li> <li>• grants – direct award</li> <li>• procurement of services</li> </ul> Indirect management	
<b>7 DAC code(s)</b>	15110 – Public Sector Policy and Administrative Management 15111 – Public Finance Management 24010 – Financial Policy and administrative management 25010 – Business support services and institutions	

8. Markers	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	■
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	■	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	■	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	N/A			
9. Global Public Goods and Challenges (GPGC) thematic flagships				

## SUMMARY

This Technical Cooperation Facility (TCF) has been developed jointly with the World Bank (WB) and the European Bank for Reconstruction and Development (EBRD). It is based on the current state of cooperation with those organisations in the country and builds on EU ongoing cooperation in Armenia. Other organisations are also mentioned as part of the effort to better coordinate EU interventions at regional and national level. Those organisations are also considered as possible implementing partners.

The areas of intervention proposed are in line with the sectors mentioned in the Single Support Framework (SSF) and mainly reflect the expertise of the different organisations mentioned below but as well based on the different Agreements signed between the EU and Armenia (mainly Armenia EU Comprehensive and Enhanced Partnership Agreement CEPA).

The areas are clustered in four pillars due to their interlinkages and in order to ensure the highest complementarity/ division of labour amongst the different implementing partners. The pillars also reflect the different political priorities (Global strategy, the conclusion of the Eastern Partnership Summit in Riga in 2015 and in particular the 2020 deliverables, and the CEPA).

## **I. Economic governance: Attracting Public and Private Investment**

- Support to Public Investment and Debt Management
- Universal Public Private Partnership (PPP) Law and Implementation
- Implementation of the new Public Procurement law
- Support to Local Currency and Capital Market Development

## **II. Business and investment climate:**

- Support to Regulatory Impact Assessment (RIA)
- Establishment of “Business Ombudsman” functionalities
- Support business climate eco-system for SMEs
- Finalization of the risk-based inspection reform

## **III. Trade and Market opportunities/access**

- Intellectual Property Rights
- Customs
- Quality infrastructure (QI)

## **IV. Connectivity and energy**

- Aviation - support implementation of the European Common Aviation Area
- Energy efficiency and renewable energy market development

In addition to supporting the areas mentioned above, other areas considered necessary for the implementation of the new Comprehensive and Enhanced Cooperation Agreement and the Partnership Priorities with Armenia are eligible under in the action through a **Twinning facility**.

The modalities considered for this action are **Twinning instrument**, **PAGODA** with international organisations and **procurement** for Technical Assistance (service contracts).

## **1 CONTEXT**

### **1.1 Country context**

During the last few years Armenia’s overall economic performance has been worsening with the lowest point in 2016. Armenia’s economic performance has worsened from 7.1 per cent GDP growth rate in 2012 to expected 2.4 per cent in 2016, according to the IMF<sup>1</sup>. This was largely due to the economic crisis in Russia and its effects on Armenia. The accession to the Eurasian Economic Union (EEU) in January 2015 so far has not brought to Armenia the expected economic benefits. The outlook is more favourable from 2018 on as the recovery in Russia strengthens and budgetary pressures ease. The unemployment rate in Armenia is expected to increase from 17.7 per cent in 2015 to 18.0 per cent in 2017<sup>2</sup>. The unemployment and more generally the lack of economic opportunities have contributed to significant outflows of economically active population. Today the key social challenges that Armenia faces are – unemployment (17.7 per cent in 2015); poverty (30 per cent in 2015); and

<sup>1</sup> <http://www.imf.org/external/pubs/ft/scr/2016/cr16380.pdf>

<sup>2</sup> <http://www.imf.org/external/pubs/ft/weo/2016/02/pdf/text.pdf>

emigration (2.5 per cent of the total population annually). Thus, creating and sustaining quality jobs is the key imperative to the economy of the country.

### ***1.1.1 Public Policy Assessment and EU Policy Framework***

Currently reforms are implemented in the framework of the Armenia Development Strategy (ADS) 2014-2025 that was adopted by the Government in March 2014. The ADS states that improved quality of Public Administration (PA) plays "*a key role in the social and economic development of the country*". It also includes a specific chapter on establishing and strengthening a modern system of public administration, with a comprehensive list of reforms in the fields of electronic administration, inspection systems, local self-governance, public finance management, public investment, civil service, judicial reform and anti-corruption, business and investment climate, among others.

While facing important macroeconomic challenges over the past years with high risk of currency depreciation (influenced by weaker regional currencies), lower remittances and exports, a high current account deficit and dollarization, Armenia has still made some progress in structural reforms. Armenia's average transition indicator score is comparable to that of the EU candidate countries of south-eastern Europe, reflecting progress over the years in privatisation and price liberalisation. The government increased **transparency of public services** by introducing e-based systems, including e-government and e-signature, and made significant progress on e-procurement.

The government adopted a **new tax code in 2016** to reduce tax privileges and high tax compliance costs and to redesign the tax system to foster growth. The new compulsory funded **pension** pillar has been set up. Armenia also showed its willingness to open its market in some sectors. For instance, in the **aviation sector** some 15 bilateral aviation agreements, including the **Comprehensive Air Transport Agreement** (integration of Armenia in the EU Common Aviation Area), are being negotiated and can attract European low-cost carriers, boosting the hospitality industry and tourism revenues. In the **energy sector**, Armenia has opened its small hydropower station to private operators and is now enabling the environment to develop photovoltaic power station.

Nevertheless, Armenia still needs to implement and/or enforce many regulatory reforms in the areas of **public finance management** and **business and investment climate**.

### ***EU-Armenia Policy framework***

EU relations with Armenia are still based on the EU-Armenia Partnership and Cooperation Agreement, which was signed in 1996 and entered into force in 1999. The Agreement provides for wide-ranging cooperation in the areas of political dialogue, trade, investment, economy, law making and culture. Armenia was preparing for signing the Association Agreement / Deep and Comprehensive Free Trade Area (AA/DCFTA) with the EU. However, in 2013, Armenia decided not to sign this agreement, and it took a turn to the Eurasian Economic Union (EEU). The Accession Treaty to EEU was signed by Armenia in October 2014. In January 2015, Armenia joined the EEU.

Since 2014 under the current Single Support Framework (SSF), the EU has committed more than 77 Million Euros to Public Administration Reforms and support to Private Sector Development

From AAP 2014 to AAP 2016, the EU is funding projects in various areas Public administration (PFM, e-governance, Civil service reforms) 30M euros and Private sector (SME support, VET, Agriculture) 47M euro.

Following the Joint Declaration of the Eastern Partnership Countries adopted in Riga in May 2015. On 21st May 2017, Armenia and European Union initialed the Armenia-EU Comprehensive and Enhanced Partnership Agreement. It will strengthen the political dialogue and set a solid basis for the continuation of economic and social reforms. The above-mentioned documents set out the following priorities that will determine the Single Support Framework for Armenia from 2017-2020 that will mainly cover the strengthening institutions and good governance; economic development and market opportunities; connectivity, energy efficiency, environment and climate action; and Mobility and people-to-people contacts.

### ***1.1.2 Stakeholder analysis***

It is of key importance to have the Prime Minister Office commitment to the proposed actions, in particular to ensure arbitrage between the different sectoral policies and ensure implementation of the legal changes. Key stakeholders will also include the Centre for Strategic Initiatives that coordinate reforms under the leadership of the deputy Prime Minister. The Ministry of Finance and State Revenue Committee will play a key role in the reforms targeted under economic governance pillar and business and investment climate pillar; the Ministry of International Economic Integration and Reforms will play its role of coordination for the reforms targeting business and investment climate; The Central Bank of Armenia is a leading institution in the local currency and capital market development; the Ministry of Energy Infrastructures and Natural Resource and the General Department of Civil Aviation of the Republic of Armenia will be mainly involved in the implementation of the pillar four.

To ensure success of the action, donor coordination will be essential, in particular with the International Financial Institutions, OECD, GIZ and SIGMA.

### ***1.1.3 Priority areas for support/problem analysis***

This TCF will cover areas under sector 1, 2 and 3 of the new SSF 2017-2020, respectively, Economic development and market opportunities; Strengthening institutions and good governance; Connectivity, energy and climate action. This TCF will also cover the implementation of the trade related chapters of the new Framework Agreement.

### ***Economic Governance***

Public Finance Management has made substantial progress over the last couple of years. From strategies to legal acts, the Armenian authorities have adopted the majority of the tools to enable them to manage adequately their public finance.

Armenian authorities are still lagging behind in some key areas related to PFM. One of the main issues over the last couple of years has been the rapid increase of the external public debt. The lack of a proper debt management strategy and its implementation has led to an increase pressure on debt sustainability.

Until very recently, Armenian authorities have shown very little willingness to prioritize their key infrastructure projects in a single pipeline. This is even more important as the EU has provided significant support to Armenian public infrastructures over the last decade mainly through its Neighbourhood Investment Facility. Therefore there is an urgent need to support the capacity of the Government **Public Debt Management** and **Public Investment Management**.

Linked to the above, **Public Procurement** (PP) has an important role to play to ensure a more efficient usage of public resources, and improve investment climate. Although, the PP legislative framework is being upgraded and is getting more robust, **Public Private Partnership** and concessions are not subject to a dedicated single legal act. Relevant provisions are scattered across various sector specific laws and regulations. The absence of a clear legal and regulatory framework is an obstacle to structuring and funding projects, although notable achievements have been made implementing PPP arrangements, particularly with respect to water companies, Zvartnots International Airport and Hay Post.

#### *Market opportunities - Business and investment climate*

The private sector plays an increasingly important role in Armenia's economy – it contributes to more than 80 per cent of GDP and accounts for about 80 per cent of total employment. Therefore, a *favourable business environment and support to industries with high growth potential and high value-added* is the key to private sector growth along with support to formal activities and employment due to the high level of informal economy and employment (50% of total employment). Armenia can be credited for supporting it through various policy improvements. As to the ease of doing business, in 2016 Armenia ranked 38<sup>th</sup> out of 190 countries, according to the World Bank's Doing Business report. Similarly, according to the World Economic Forum's Global Competitiveness rankings, Armenia improved to the 79<sup>th</sup> place in 2016-2017 out of 138 countries surveyed. However, these achievements have not translated into substantial increases in business activity or in investment due to several systemic constraints.

The Armenian authorities continue to make efforts to upgrade commercial, tax and financial legislation in order to improve the business environment. Starting a new business has been made easier. However, significant gaps in the legal and regulatory framework remain. In addition, as is often the case in early transition countries, implementation of the law by courts and officials is uneven and affected by corruption<sup>3</sup>. A lack of capacity and funding, the quasi disappearance of the labour inspection, and the absence of digitalisation or low level of e-sophistication in some areas (e.g. enrolment in higher education, environment related permits, lack of coordination and collaboration across agencies has led to poor integration of systems and limited exchange of data, etc.)<sup>4</sup> also constitute impediments to an effective application of laws and regulations.

Despite significant progress in the past, the business environment in Armenia remains uneven.

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<sup>3</sup> Corruption Perception Index 2016 of Transparency International: in 2016, Armenia received 33 points and held 113<sup>th</sup> place among 176 countries.

<sup>4</sup> Based on current status report on E-Services Interoperability Framework and Building Policy Analysis, 2015, Armenia.

According to the 2012-2013 Business Environment and Enterprise Performance Survey (BEEPS), top obstacles faced by Armenian firms include **access to finance, tax administration** and political instability. Young firms complained heavily about **customs and trade regulations**. **Unfair competition** is one of the core constraints of growth in Armenia as are poor working conditions and labour standards. In this context, the most problematic factors are unfair **tax and customs administration and inspection**; weak regulation of market competition; insufficient **justice** independence and **corruption**.

In 2015, Armenia has implemented a Regulatory Guillotine Programme, aimed at reducing administrative costs and the regulatory burden on businesses, but this seems not sufficient to ease of doing business. Nevertheless a proper **Regulatory Impact Assessment** is not yet functional.

In 2016, more efforts have been put to create **Public Private Dialogue** in order to address the constraints to business operations, nevertheless companies are still under-represented in those dialogues, and disputes are still often resolved through political connections, judiciary system or worse, corruption. Over the last two years, there has been an attempt to establish a business Ombudsman that would be revived as well as other Alternative Dispute Resolutions (ADR) mechanisms would be developed.

In terms of **access to finance**, despite all efforts made by development partners through concessional loans to commercial banks, **capital markets** still remain underdeveloped especially in terms of legislation, much remains to be done to establish a robust legal infrastructure for capital markets and derivatives transactions.

In terms of **trade**, Armenia has, to a limited extent, benefitted from its accession to the Eurasian Economic Union. Many constraints concern customs procedures, logistics and to a lesser extent technical barriers to trade. The EU is still trying to support Armenian exporters in entering the EU market through the promotion of GSP+ as well as the collaboration with EU chambers of commerce but the main constraints are the quality and the quantity. Armenian producers are still lagging behind in terms of compliance with technical regulations which hampers the EU objective to promote the internationalisation of SMEs. Therefore, more effort is required to support the development of the **quality infrastructure/system**. At the same time, it is important also to ensure the proper implementation of the recently initialled EU- Armenia Framework Agreement and more specifically the trade related chapters. A special focus will be provided to the implementation of the provisions under the **Intellectual Property Rights (IPR)** chapter.

#### *Connectivity and energy*

Over the last 5 years, the EU has invested more than 39 M euro in transport (including public transport and border crossing infrastructure) and 20 M euro in energy projects through the Neighbourhood Investment Fund (NIF).

In the **transport sector** the EU has provided support for the development of regional road network (TEN-T), notably to the North-South corridor. Further support to road infrastructure is already envisaged under the current NIF. Also, the WB jointly with the EU is currently providing support to EaP countries to prioritize transport infrastructure projects. Besides road transport, the air transport has been high in the Armenian Government agenda with the current



negotiation on the Comprehensive Air Transport Agreement which will require support for its implementation.

The **energy sector** in Armenia has a potential to bolster Armenia's resilience and economic development as well as reduce energy dependence. In the energy sector, the Government recognises the need to enhance energy efficiency. An improvement of the existing legal and regulatory framework is a pre-condition to a successful energy efficiency program.

There is a substantial potential for renewable energy development in Armenia in wind, solar, hydro and geothermal resources as an alternative to traditional sources of energy (Gas and Nuclear) that are still monopolizing the entire sector.

## 2 RISKS AND ASSUMPTIONS

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Corruption in the judiciary and ineffective system; Independence of judiciary; Law enforcement Perception of corruption remains very high; High profile cases of corruption are not tackled; The apparatus against anti-corruption (Prosecutor General, Investigative Committee, Police, Courts, Ethics Commission for High Public Officials) is not independent.	H	Enhancing dialogue around Justice BS operations and other donors' support (WB, CoE, EU technical assistance); Supporting coordination mechanisms among actors within the criminal justice chain; Supporting accountability mechanisms.
Ineffective Civil Service Policy (recruitment, promotion, mobility and training).	M	An EU programme to support Civil Service Reforms will start in 2017.
Macro-economic stability Over exposure to foreign debt; Under spending in capital projects; High dollarisation of the economy.	M	Improvement of eco-system for thriving SMEs; Deepening domestic capital market; Increasing efficiency and effectiveness of public investment; Ensuring adequate external borrowing strategy, in particular of concessional financing from various donors.
Public finance management Public procurement, Audit, budgetary programming.	M	Multiple EU support to be implemented with a focus on enforcement.
<b>Assumptions</b>		
- There is strong and continuous political commitment to the implementation of key economic reforms which started in 2016 with the appointment of a reform oriented Prime		

Minister.

- Civil service reforms contribute to the professionalization of government staff and allow attracting competences to implement targeted reforms under this TCF.
- Performance monitoring indicators will be discussed and agreed with key stakeholders.

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

A high fragmentation of EU technical assistance in different related reform areas did not allow for optimal coordination of different support and to create the synergies required to have an optimal policy dialogue with all development partners in Armenia. In some key areas of reforms unanticipated requirements to fast track some of those reforms led also to a standstill in the implementation of some budget support conditionality which affected the effectiveness of this instrument. A flexible tool to fill gaps based on ad hoc needs, capable to mobilize rapidly high level expertise, is also something that was missing from the EU cooperation instruments.

Another related lesson learnt concerns the cross-conditionality of different development partner's budget support which could be resolved through a more coordination-driven technical assistance.

It is also important to underline that many of the technical cooperation projects in the past were focusing on legal/policy and institutional frameworks but the institutional capacity development was often failing in ensuring proper enforcement of those reforms. This TCF should mainly focus on concrete enforcement of the legal and policy frameworks.

#### 3.2 Complementarity, synergy and donor coordination

This TCF will complement (bridge gaps) ongoing EU support under previous SSF covering areas that have not been covered by previous Annual Action Plan (including budget support areas) as well as other regional initiatives with OECD for instance. This TCF will also highly contribute to the improvement of donor coordination by working jointly with two leading and reform oriented development partners in Armenia (WB and EBRD), complementing their respective financial cooperation instruments such as lending facilities and other budget support operations.

#### 3.3 Cross-cutting issues

All areas identified in this TCF are contributing directly to **trade development**, good governance and **Anti-corruption reforms**. Other cross-cutting areas of intervention include Statistics and in particular the need to have sex disaggregated data, which will contribute towards ensuring Gender Equality.

The proposed programme will also contribute, as well as benefit from the ongoing e-Governance and public administration reforms in Armenia, in particular the creation of interoperability system and further digitalisation of government services.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

**The general objective of this Action is to support key economic reforms in areas that have been identified as economic growth constraints or opportunities.**

The specific objectives are to:

- (i) improve the Economic Governance in order to manage and attract Public and Private Investment;
- (ii) improve the Business and investment climate for daily business operations;
- (iii) improve Trade and Market opportunities/access for Armenian businesses; and
- (iv) enhance connectivity and energy efficiency.

In addition to supporting the areas mentioned above, other areas considered necessary for the implementation of the new Comprehensive and Enhanced Cooperation Agreement and the Partnership Priorities with Armenia are eligible under in the action through a Twinning facility.

### **4.2 Main activities**

#### **Component 1: Economic governance: Attracting Public and Private Investment**

##### **1. Support to Public Investment and Debt Management**

The EU has been providing assistance to this area with programmes coming to an end in 2017. The action will support Public Investment and Debt Management either through partners mentioned under this project or through other Technical Assistance (TA) under direct management. In this regards, the action will complement support to Public Private Partnership and Public Procurement activities. It will support the implementation of the public debt management strategy (MTDS) with the introduction of a methodology for the Central Bank of Armenia and Standard Operation Procedures (SOP) for Public investment projects. The action will address concern about the fiscal space and the need to prioritize Government investment into a single pipeline. Specific activities may include, but not be limited to: Technical Assistance (TA) and policy dialogue to converge the technical streams of assistance coming from the IMF and other partners to ensure a technically coherent and robust legal and regulatory environment in which to implement the MTDS and the to-be-revised Fiscal Rule; TA and policy dialogue to carry forward the emerging recommendations of previous EU assistance on public investment management (PIM) and project prioritization; and the development of database-centred prioritization solutions along with the necessary legal and regulatory mechanisms to anchor them, and capacity building to institutionalize them.

##### **2. Universal Public Private Partnership (PPP) Law and Implementation**

Over the last year the EU and EBRD have advocated to introduce a PPP framework as part of their effort to promote foreign investment and transparency in the public investment sector. The PPP framework is highly fragmented between line ministries and requires a common approach. Activities will focus on drafting a universal PPP law and a secondary legislation, supporting the establishment of a PPP unit in order to ensure PPP

Project preparation and selection. The whole process will be embedded in the general Public Investment Management framework.

### **3. Implementation of the new Public Procurement law**

The EU has provided support to this sector both through SIGMA/OECD and budget support. The activities of the action will complement the implementation of the law with the introduction of e-tools and procedures in line with the WTO GPA and the EU-Armenia Comprehensive and Enhanced Partnership Agreement. EBRD will support the implementation of an e-procurement system, while other TA might cover other activities in coordination with SIGMA. A top up of ongoing support could also be envisaged.

### **4. Support to Local Currency and Capital Market Development**

Since 2011, EBRD has been working with the Central Bank of Armenia (CBA) on reforming the local capital market. A high level steering committee involving all major stakeholders is active and many reforms have been already implemented. The activities of the action will contribute to the implementation of the CBA Action Plan (development of interbank repo market, the derivative market, bonds market and security trading, etc.) and will build on activities aiming at improving SME access to capital markets.

## **Component 2: Business and investment climate:**

### **1. Support to Regulatory Impact Assessment (RIA)**

RIA was initially supported by EU, then building on EU programme output, a multi-donor group helped the Government implement a guillotine exercise on the overall regulatory framework. While the WB together with EU and member states support, was able to leverage some ‘quick wins’ from the initial guillotine exercise, to date the RIA is still not fully functional as an institution, and there is still a need for significant regulatory simplification and a the lack of an institutional champion to push for reforms. Activities would cover a broad range of ministries and regulatory bodies and will also contribute to the institutionalisation of Public Private Dialogue, making it more effective. Taking into account its involvement in the previous multi-donor group, WB is considered as possible implementer for this task.

### **2. Establishment of “Business Ombudsman” functionalities**

EBRD and EU have been engaged jointly with the Government on the possibilities to develop those functionalities. In 2015-2016 the EBRD supported the Government in the development of law on a Business Ombudsman. Unfortunately, the process was put on hold as some legal and financial constraints appeared. Activities will build on the cooperation between the EBRD and the Government and will be highly complementary to the overall development of Public Private Dialogue receiving support from EU (Annual Action Plan 2014 and East-Invest 2).

### **3. Improve the eco-system for SMEs**

The EU has been providing support to SMEs in various programs and through the SME Finance & Advice Facility being implemented by EBRD. As a complement to these past and ongoing efforts, this “eco-system” component will focus on selected regulatory functionalities, institutional and market practices, and it will target legal and regulatory reforms needed to improve business environment and to help level the playing field. Key areas of focus may include the following: (a) improved implementation of Armenia’s

insolvency regime with emphasis on making reorganization work over liquidation, and related market practices at the deal initiation stage (e.g. evaluation of risk on going-concern basis, inter-creditor collateral agreements, etc.); (b) strengthening of corporate governance with emphasis on shareholder rights (both the legal framework and corporate level practice); and (c) should the Armenian Authorities demonstrate consistent commitment to level the playing field, further support the competition authority/anti-monopoly effort.

#### **4. Finalization of the risk-based inspection reform**

WB (IFC) and EBRD have been supporting the reforms for the last four years. Although some progress has been made, there is still a lack of political will to enforce reforms. Inspections from different State bodies are considered as source of corruption and harassment for businesses. Should the Authorities commit to finalize the reform in a reasonable time-frame (say 24 months), resources may be needed to (a) consider appropriate adjustments in light of experience garnered to date, and then (b) fully implement the agreed institutional changes and their enforcement: these could include creation of and secretariat services to a transparent public-private dialogue process, analytical support to measure the benefit from reduction of inspection burden, and exploitation of synergies with the Phase II IFC Investment Climate Advisory Services project and re-establish State inspections on a sounder basis. More public private dialogue should be considered around those reforms, and the involvement of the EU in those reforms could trigger more political willingness to implement changes.

### **Component 3: Trade and Market opportunities/access**

#### **1. Intellectual Property Rights**

The EU supported the Armenian Intellectual property rights agency in the past and even conducted an assessment of the Geographical Indication (GI) system in Armenia in view of the implementation of the DCFTA. With the signature of the Comprehensive and Enhanced Framework Agreement, the EU pledged to support Armenian authorities to implement the provision related to the protection of EU GI in Armenia. Activities will mainly concern the implementation of an action plan towards a phasing out of the use of GI by different Armenian companies. A specific TA or twinning could be considered for the implementation of the activities.

#### **2. Customs**

The EU has provided in the past substantial support to Customs reforms through twinning projects and budget support. With Armenia joining the Eurasian Economic Union (EEU), EU support to the sector for the last three years has been targeting the creation on a custom/ border single window. The EU approached the custom reforms through two different angles, e-governance and Public Private Dialogue. There are still key reforms that need to be implemented and procedures to be enforced. Customs is considered as the main impediment for business development in the country. Activities would be linked to the inspection reforms and the development of e-governance based procedures as well as linked to the implementation of the WTO MC8 Trade Facilitation Agreement (TFA). A specific TA or twinning could be considered for the implementation of the activities.

### **3. Quality infrastructure (QI) and system**

Following the decision of Armenia to join the Eurasian Economic Union (EEU) in 2013, the EU had stopped its support to the sector. The WB has been providing support to the QI system over the last three years without much success. The main impediment for Armenian companies is the lack of capacity to upgrade their production process in order to respond to the EU market requirement. Activities would complement a regional project with the International Trade Center (ITC/WTO) as well as other initiatives implemented at regional level and work mainly on the bottlenecks to export. A specific TA or twinning could be considered or a top up of a regional project for the implementation of the activities.

## **Component 4: Connectivity and energy**

### **1. Air transport - support to the integration in the ECAA**

The signature of the Comprehensive Air Transport Agreement related to the integration of Armenia in the European Common Aviation Area (ECAA) will require support for its implementation. This might cover various areas such as economic regulation, social aspects and consumer protection activities, as well as Airworthiness, Air Crew, Air Operations, ATM/ANS, Aerodromes and Safety Management. The support can be topping up a regional project implemented by European Aviation Safety Agency (EASA) or complement through a TA or twinning project.

### **2. Energy efficiency and renewable energy market development**

The WB is one of the most active development partners in the energy sector in Armenia in terms of policy reforms as well as infrastructure development. In tight coordination with the EU4Energy regional programme, the WB would provide assistance in a range of areas, possibly including but not limited to: building increased capacity to prepare, finance, participate, and implement energy efficiency projects; building and increased capacity of energy efficiency market intermediaries to design and test financial models and facilities to implement energy efficiency projects especially for residential buildings; design and launch a flagship energy-efficient multi-family residential programme in a pilot region; and TA to set standards and instruments for measuring energy efficiency performance.

## **4.3 Intervention logic**

This Technical Cooperation Facility (TCF) has been developed jointly with the World Bank the European Bank for Reconstruction and Development and is based on the current state of cooperation with those organisations and the EU in the country.

The World Bank, as a potential partner in the following areas, offers a long track-record of sustained partnership with relevant government bodies as well as a deep intellectual platform developed through sector analyses: WB has worked with the Government of Armenia for more than 21 years on a steadily more sophisticated agenda of macrofiscal reforms, including debt management (action 1 of component 1); for the last 8 years, a series of policy-based WB lending has advanced the reform agenda on regulatory simplification and inspection reform (actions 1 and 4 of component 2); and WB has pioneered the first large-scale entirely financially self-sustaining model for energy efficiency upgrades to public buildings, one which is notable for requiring no cross-subsidy from Government or donors in the form of grant funds (action 2 of component 4).

The European Bank for Reconstruction and Development has set its main priorities in its 2015 Strategy for Armenia which are to: (i) Improve access to finance through the development of capital markets and promoting local currency financing; (ii) Enhance private sector competitiveness by strengthening capacity, increasing corporate transparency and improving the business environment through policy dialogue; (iii) Develop sustainable and commercialised public utilities. The priorities are based on a joint diagnostic with the rest of the donor community and with the EU joint analysis. The EBRD has proven to be a leading partner in those key areas, therefore EBRD will be entrusted with the implementation of those activities.

Other organisations are also mentioned as part of the effort to better coordinate EU interventions at regional and national level. Those organisations are also considered as possible implementing partners. Taking into consideration the sensitivity of certain areas of interventions mentioned, the EU might also consider implementing certain actions directly through a TA or a twinning project.

The areas are clustered in four pillars due to their interlinkages, and in order to ensure the highest complementarity and a certain division of labour amongst the different implementing partners. The pillars also reflect the different political priorities (Global strategy, Riga priorities, Partnership Priorities, 2020 deliverables).

The TCF would cover the following types of Technical Assistance :

- Policy advisory (drafting legal documents, ...)
- Implementation of reforms (training, coaching)
- Sector Study (in collaboration with the Centre for Strategic Initiatives and EU strategic support)
- Feasibility study for riskier infrastructure projects or other alternatives
- Organisation of events linked to sector policy dialogue

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### *5.3.1 Grants: up to 5 calls for proposals for twinning projects (direct management)*

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The Twinning modality via a call for proposals will be used for up to 5 actions in areas supporting the implementation of the new Comprehensive and Enhanced Cooperation Agreement and the Partnership Priorities with Armenia.

(b) Eligibility conditions

In line with Article 4(10)(b) of Regulation (EU) No 236/2014, participation in Twinning calls for proposals is limited to public administrations of the EU member States, being understood as central or regional authorities of a Member State as well as their bodies and administrative structures and private law bodies entrusted with a public service mission under their control provided they act for the account and under the responsibility of that Member State.

(c) Essential selection and award criteria

The essential selection criterion is the operational capacity of the applicant.  
The essential award criteria are the technical expertise of the applicant and the relevance, methodology and sustainability of the proposed action.

(d) Maximum rate of co-financing

The rate of co-financing for Twinning grant contracts is 100%<sup>5</sup>.

(e) Indicative timing to launch the call(s)

First trimester of 2018.

(f) Use of lump sums/flat rates/unit costs

Twinning contracts include a system of unit costs and flat rate financing, defined in the Twinning Manual, for the reimbursement of the public sector expertise provided by the selected Member States administrations. The use of this system of unit costs and flat rate financing, which exceeds the amount of EUR 60 000 per beneficiary of a Twinning contract, is subject to the adoption of a separate, horizontal Commission decision.

#### *5.3.2 Grant: direct award to the World Bank (direct management)*

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

As per section 4.2, the World Bank would initially and indicatively cover action 1 of component 1; actions 1 and 4 of component 2 and action 2 of component 4.

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<sup>5</sup> As provided for in the Twinning Manual.



(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to World Bank.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation in line with Article 190(1)(f) RAP. The World Bank is a leading international organisation in Armenia with a broad experience and trustable mandate. The World Bank group's Country Strategy for Armenia commits to helping reforms in key areas needed for the country to regain competitiveness, maintain macroeconomic stability and sustain growth. Such strategic goals, commitments and engagements with country priorities perfectly well match the objectives of this Action. As practice shows, implementation of activities is smooth and efficient when Armenian authorities work with donor organisations which have their own office in the country, understand the country specifics, and which they consider as "reliable" both from professional and organisational points of view.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

First trimester of 2018

*5.3.3 Indirect management with the European Bank for Reconstruction and Development*

A part of this action may be implemented in indirect management with the European Bank for Reconstruction and Development in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails the implementation of activities as per section 4.2, the EBRD would initially and indicatively cover actions 2, 3, 4 of component 1 and actions 2 and 3 of component 2. This implementation is justified because this action has specific characteristics requiring a specific type of beneficiary for its technical competence and specialisation. The EBRD is a leading international organisation in Armenia with a broad experience and trustable mandate. The EBRD's Country Strategy for Armenia commits to helping reforms in key areas needed for the country to regain competitiveness, support private sector development and sustain growth. Such strategic goals, commitments and engagements with country priorities perfectly well match the objectives of this Action. As practice shows, implementation of activities is smooth and efficient when Armenian authorities work with donor organisations which have their own office in the country, understand the country

specifics, and which they consider as "reliable" both from professional and organisational points of view.

The entrusted entity would carry out the following budget-implementation tasks: recruiting international experts to support the implementation of the tasks and organising different workshops and trainings.

If negotiations with the above-mentioned entrusted entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in sections 5.3.1. or 5.3.4.

#### 5.3.4 Procurement (direct management)

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Ad hoc technical assistance	services	2	First semester 2018

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>
5.3.2 – Direct grant WB (direct management)	1,500,000
5.3.23 – Direct grant EBRD (indirect management)	1,500,000
5.3.1 – Call for proposals Twinning (direct management)	3,700,000
5.3.4 – Procurement (direct management)	500,000
5.8 – Evaluation, 5.9 - Audit	150,000
5.10 – Communication and visibility	150,000
Contingencies	N.A.

<b>Total</b>	<b>7,500,000</b>
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## **5.6 Organisational set-up and responsibilities**

A Steering Committee shall be set up to oversee and validate the overall direction and policy. The Steering Committee shall agree on the annual work plan, and provide comments on technical and financial reports and validate them. The Steering Committee may take the necessary measures to ensure the proper implementation of the project according to the framework of this action.

The project steering committee shall be made up of:

- a representative of the EU Delegation (co-chair);
- a representative of the beneficiary country (co-chair);
- a representative of the WB (co-chair);
- a representative of the EBRD (co-chair);
- representatives of relevant beneficiaries of the action (as members);
- representatives of EU Member States, development partners, business associations and other civil society organisations might be invited (as observers) in order to monitor the programme implementation.

The project steering committee shall meet twice a year.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logical framework matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.8 Evaluation**

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants through a joint mission contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action requires

comprehensive coordination amongst multiple implementation partners as well as the political sensitivity of certain areas of intervention.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in June 2022.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in June 2022.

The financing of the audit shall be covered by another measure constituting a financing decision.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate

contractual obligations shall be included in the financing agreements or delegation agreements.

With regards to the Neighbourhood East, all EU-supported actions shall be aimed at increasing the awareness level of the target audiences on the connections, the outcome, and the final practical benefits for citizens of EU assistance provided in the framework of this action. Visibility actions should also promote transparency and accountability on the use of funds.

Outreaching/awareness raising activities will play a crucial part in the implementation of the action, in the case of budget support the national government shall ensure that the visibility of the EU contribution is given appropriate media coverage. The implementation of the communication activities shall be the responsibility of the implementing organisations, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions. Additional Visibility Guidelines developed by the Commission (European Neighbourhood Policy and Enlargement Negotiations) will be strictly adhered to.

Where relevant, the provisions of the Financial and Administrative Framework Agreement concluded between the European Union and the selected international organisations shall apply.

It is the responsibility of the implementing organisation to keep the EU Delegations and, where relevant, DG NEAR, fully informed of the planning and implementation of the appropriate milestones specific visibility and communication activities.

The implementing organisation shall report on its visibility and communication actions, as well as the results of the overall action to the relevant monitoring committees.

This action will be communicated externally as part of a wider context of EU support to the country, and where relevant to the Eastern Partnership region in order to enhance the effectiveness of communication activities and to reduce fragmentation in the area of EU communication.

The implementing organisation shall coordinate all communication activities with EU Delegations as well as regional communication initiatives funded by the European Commission to the extent possible. All communication strategies developed as part of this action shall ensure they are in line with the priorities and objectives of regional communication initiatives supported by the European Commission and in line with the relevant EU Delegation's communication strategy under the "EU4Armenia" umbrella initiative.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
<b>Overall objective: Impact</b>	The main purpose of this Action is to support key economic reforms in areas that have been identified as economic growth constraints or opportunities.	GDP growth (%)**	GDP growth : 2.4% (2016) <sup>6</sup>	GDP growth: 3.0% (2019)	National Statistics Services (NSS) and Central Bank annual reports, IMF Country Reports.	
<b>Specific objective(s): Outcome(s)</b>	SO.1 Improved Economic Governance and better management and attraction of Public and Private Investment	1. FDI (million USD) 2. Debt to GDP ratio	1. FDI: 162 million USD (2015) <sup>7</sup> 2. Debt to GDP ratio: 55% (2016) <sup>8</sup>	1. FDI: 393 million USD (2022) <sup>9</sup> 2. Debt to GDP: below 58%	1. National Statistics Services (NSS) and Central Bank of Armenia (CBA) annual reports 2. IMF Country Report	The Government maintains the pace of current reforms in business environment. a
	SO.2 Improved Business and investment climate for daily business operations	Doing Business Index (WB)	Doing Business Index: 38 <sup>th</sup> place out of 190 countries (2016)	Improved ranking in Doing Business Index: among top 20 countries (2021)	Doing Business report (WB)	The Government maintains the pace of current reforms in business environment. a

<sup>6</sup> IMF Country Report No 17/226 available at: <https://www.imf.org/en/Publications/CR/Issues/2017/07/19/Republic-of-Armenia-2017-Article-IV-Consultation-and-Fifth-and-Final-Review-Under-the-45107>

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

	SO.3 Improved Trade and Market opportunities/access for Armenian businesses	Foreign trade growth (%)	Foreign trade growth: 7.4% (2016)	Foreign trade growth: 5% annual average (2022)	Eurostat, NSS and CBA annual reports	The Government maintains the pace of current reforms in business environment. a
	1. SO.4 Improved Connectivity and energy	Number of provisions from the ECAA implemented 1. Energy intensity (toe per thousand 2005 USD) 2. Percentage of RE in the total energy generation**	International Energy Agency baseline to be set for 2018; 1. Energy intensity: 0.15 (2013) 6% (2012)	International Energy Agency targets to be set in 2018; 1. Energy intensity: 0.11 (2022) 21% (2020)	1. Report on the implementation of the ECAA 2. International Energy Agency report 3. NSS report	The Government maintains the pace of reforms and investment.
Outputs	<ul style="list-style-type: none"> <li>1.1. The Public Investment and Debt Management functions are improved</li> <li>1.2. Universal Public Private Partnership (PPP) Law approved and being implemented</li> <li>1.3. The new Public Procurement law is being implemented</li> <li>1.4. Local Currency and Capital Market Development roadmap further implemented</li> </ul>	<ul style="list-style-type: none"> <li>1.1. Number of reforms/measures implemented</li> <li>1.2.1. The PPP law adopted</li> <li>1.2.2. Number of PPPs</li> <li>1.3. Percentage of non-objective single source procurement from total procurement value at all levels of government</li> <li>1.4. Interbank Interest rate</li> </ul>	1.1. 0 (2016) 1.2.1. 0 (2016) 1.2.2. TA will define a baseline in 2018 1.3. 19% (2016) 1.4. 6% (July 2017)	1.1. At least 1, e.g. introduction of cost-benefit-effectiveness or similar methodologies (2020) 1.2.1. Law adopted (2019) 1.2.2. TA will define targets in 2018 1.3. 5% (2020) 1.4. 6% or below (2020)	1. Ministry of International Economic Integration and Reforms report Progress reports from GoA, EBRD and WB 2. Procurement Support Centre reports 3. CBA report	The Government maintains the pace of reforms.
	<ul style="list-style-type: none"> <li>2.1. The Regulatory Impact Assessment (RIA) function is revived</li> <li>2.2. "Business Ombudsman" functionalities are established</li> <li>2.3. Support business climate eco-system for SMEs</li> <li>2.4. the risk-based inspection</li> </ul>	<ul style="list-style-type: none"> <li>2.1. Number of legal acts subject to RIA</li> <li>2.2. Business Ombudsman office established</li> <li>2.3. Doing Business Index: paying taxes (WB)</li> </ul>	2.1. TA will define a baseline in 2018 2.2. 0 2.3. 88 <sup>th</sup> place out of 190 (2017) 2.4. 3 (2013)	2.1. TA will define targets in 2018 2.2. 1 (2019) 2.3. Improved ranking in Doing Business Index in paying taxes: among top 60 countries (2021)	2.1. GoA, EBRD, WB progress reports 2.2. Government Decree on the establishment of Business Ombudsman 2.3. Doing Business Report (WB)	

	reform is finalized	<ul style="list-style-type: none"> <li>2.4. Average Number of times firms were inspected by tax officials in the last year</li> </ul>		2.4. 2 (2020)	2.4. EBRD BEEPS report	
	<ul style="list-style-type: none"> <li>3.1. Intellectual Property Rights are correctly protected</li> <li>3.2. Customs services implemented commitments under the MC8 TFA</li> <li>3.3. Quality infrastructure (QI) allows companies to be better prepared for exporting to the EU</li> </ul>	<ul style="list-style-type: none"> <li>3.1. Intellectual property rights index: position out of 127 countries</li> <li>3.2. Number of measures implemented in line with the provisions set in the EU-Armenia Framework Agreement</li> <li>3.3. Total amount of EU- Armenia Trade flow (Million euros)</li> </ul>	3.1. 107 (2017) 3.2. 0 (2017) 3.3. 936M euros (2016)	3.1. Among 80 (2022) 3.2. TA will define the targets in line with Agreement in 2018 3.3 Average annual increase by 3% (2020)	3.1. Intellectual property rights index report 3.2. EU reports on the implementation of the trade related provisions under the EU-Armenia framework agreement;  WTO report on the implementation of the TFA 3.3. Eurostat, NSS and CBA annual reports	
	<ul style="list-style-type: none"> <li>4.1. ECAA agreement fully enforced</li> <li>4.2. Increased capacity of Energy efficiency and renewable energy market intermediaries</li> </ul>	<ul style="list-style-type: none"> <li>4.1. Percentage of EU-Armenia ECAA Agreement regulations adopted</li> <li>4.2. Number of energy-efficient multi-family residential programmes piloted in a region</li> </ul>	4.1. 0% (2017) 4.2. 0 (2017)	4.1. 100% (2020) 4.2. 1 (2020)	4.1. EU/Armenia Government reports 4.2. WB/ Government reports	