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ANNEX



*NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT*

**MULTI-ANNUAL INDICATIVE PROGRAMME  
(2021-2027) FOR ARMENIA**

# Multiannual Indicative Programme 2021-2027 for Armenia

## 1 The overall lines of the EU international cooperation in the partner country/region

### 1.1 Basis for programming

EU-Armenia relations are based on the **EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA)**, which fully entered into force on 1 March 2021, and on the EU-Armenia Partnership Priorities, agreed in February 2018. CEPA promotes approximation, economic integration and respect for common values, while the Partnership Priorities continue to shape the cooperation agenda and remain a solid programming basis for the period 2021-2027. This document is consistent with the objectives of the Eastern Partnership policy, as presented in the March 2020 Joint Communication “The Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all”<sup>1</sup> and confirmed by the EU and Eastern Partnership leaders in June 2020. It is fully aligned with the Joint Staff Working Document “Recovery, resilience and reform: post 2020 Eastern Partnership priorities”<sup>2</sup> setting out on the post-2020 Eastern Partnership agenda, published on 2 July 2021, including its Economic Investment Plan and the five flagship initiatives to support socio-economic recovery and strengthen the country’s resilience.

The Government of Armenia is committed to CEPA implementation as a blueprint for strategic reforms. It confirms the relevance and validity of the existing Partnership Priorities as being directly aligned with Government policy objectives and with the five policy objectives of the Eastern Partnership. In September 2020, the Prime Minister presented an outline of the Armenia Transformation Strategy 2050<sup>3</sup>, introducing the country’s 16 long-term mega goals - broad development objectives, consistent with the above cooperation framework.

The peaceful revolution of 2018 paved the way for a new Government with a comprehensive reform agenda based on democracy, the rule of law and good governance, which includes transparency, fight against corruption, elimination of monopolies, delivering on justice and accountability to citizens, and ensuring equal economic, employment and social opportunities to all. Economic development, along with unlocking the human potential, enhancing inclusion and access to health, education and quality social services, climate agenda and environmental preservation, are also prioritised. Cooperation on migration and security is another key component of EU-Armenia relations.

Armenia faced a very challenging year in 2020 due to the global COVID-19 pandemic and the hostilities in and around Nagorno-Karabakh, which created a humanitarian crisis and affected political stability. Beyond immediate humanitarian aid, the short-term focus of EU assistance will therefore need to be on socio-economic recovery, in line with the humanitarian-development-peace nexus, while building long-term resilience through continuous support to reforms and green investments, digitalisation and enhanced social cohesion. Early parliamentary elections took place in June 2021, and appear to have brought relative stability. The government programme for 2021-2026 marks a continuation of an ambitious reform

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<sup>1</sup> JOIN(2020) 7 final.

<sup>2</sup> SWD(2021) 186 final.

<sup>3</sup> [PM: “We perceive the development and implementation of Armenia’s Transformation Strategy as an all-national movement based on our national values and goals” - Press releases - Updates - The Prime Minister of the Republic of Armenia](#)

agenda, including on justice and police reforms, development of small and medium entrepreneurship, digitalisation, connectivity, and human capital development.

In line with CEPA, the main EU objectives *vis-a-vis* Armenia are to support reforms to consolidate and institutionalise democracy, rule of law, respect for human rights and good governance, as well as to promote a functioning market economy with a favourable business environment and investment climate. The EU will support the strengthening of the rule of law and resilient institutions through an incentive-based approach ('more for more' and 'less for less') in line with the Joint Communication on the Eastern Partnership. Future reforms should be based on recommendations of relevant international bodies such as the Venice Commission and the Group of States against Corruption. There will be an emphasis on regional and local development, green growth, digital agenda and approximation with EU norms and standards, while empowering youth and women, and promoting decent work and social inclusion. This programme will be a driver of both direct and indirect support for Armenia in meeting its commitments under CEPA, including for trade and sustainable development.

This MIP is **fully aligned with the European Commission's Political Guidelines 2019-2024**<sup>4</sup>. It supports the delivery of key global policy objectives, including the Paris Agreement on Climate Change, and the UN 2030 Agenda for sustainable development and its Sustainable Development Goals. Furthermore, it is fully sequenced with the needs deriving from the COVID-19 pandemic, including support to sustainable socio-economic recovery and health resilience. In line with the EU gender action plan (GAP) III, gender equality will be mainstreamed throughout all programmes and actions, together with a focus on youth. The twin green and digital transitions will also be mainstreamed in all programmes and actions.

All actions taken under this programming exercise shall comply with EU legislation, in particular EU restrictive measures (sanctions) adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.

## 1.2 Status of joint programming

Enhanced in-country coordination with EU Member States has been achieved in terms of joint analysis, priority setting and messaging in key policy areas. There are currently twelve EU Member States present in Armenia, with additional further twelve holding non-resident embassies. At least four EU Member States currently have a significant cooperation portfolio and/or a pro-active role in policy dialogue.

Beyond the aspirational Armenia Transformation Strategy 2050, there is still the need for a more detailed strategic framework towards 2030, a mid-term recovery plan, as well as a full set of sectoral strategies in line with CEPA, the Sustainable Development Goals, and other international standards and commitments. Once such a strategic framework is formulated, the EU could elaborate a joint response and advance the idea of joint results, synchronised as far as possible with the government's planning cycle. The uncertainty and instability associated with the COVID-19 pandemic and post-war period have unavoidably distracted the attention from strategic planning, formulation and implementation of reforms, with a more immediate focus given to humanitarian and early recovery assistance. A first step towards such planning is the Government Programme 2021-2026, which was approved by the National Assembly on 26 August 2021. This MIP is fully in line with the Government Programme.

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<sup>4</sup> [https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission\\_en\\_0.pdf](https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission_en_0.pdf)

With the launch of the Team Europe approach, the EU Delegation, EU Member States, the European Investment Bank and the European Bank for Reconstruction and Development have intensified dialogue and coordination to promote COVID-19 and post-war humanitarian response and overall recovery efforts.

### **1.3 Priority areas for EU cooperation with the partner country/region**

The EU's cooperation with Armenia is aligned with the **five priorities** of the Commission and those of the future Eastern Partnership policy as presented in the March 2020 Joint Communication and confirmed by the EU and Eastern Partnership leaders on 18 June 2020. The priority areas are: resilient, sustainable and integrated economies; accountable institutions, the rule of law and security; environmental and climate resilience; resilient digital transformation; resilient, fair and inclusive societies.

The EU will ensure that all Neighbourhood, Development and International Cooperation Instrument (NDICI) targets are met. Particular attention will be given to the NDICI climate target, which will be directly supported through interventions foreseen in the third priority sector, but also through cross-cutting climate actions in the other priority sectors. In line with the EU Gender Action Plan (GAP III), gender equality will be mainstreamed across all sectors of the MIP, together with a focus on youth. Synergies with regional programmes and thematic interventions will be ensured, with a special focus on stable, peaceful and sustainable development in the South Caucasus. The Sustainable Development Goals are also fully integrated throughout all priority sectors of the MIP.

The MIP is aligned with and contributes to the priorities and targets of the Economic and Investment Plan and the flagship initiatives for Armenia. Thus, EU support will aim to facilitate and leverage public and private investments, by joining forces with European and International Financial Institutions (IFIs), the Development Finance Institutions (DFIs) of EU Member States, the Armenian government, municipalities, and – where relevant – private investors. The European Fund for Sustainable Development (EFSD+) will play a critical role in mobilising private sector investment. To ensure these investments lead to a sustainable impact, they will also be made in innovation and human capital sectors. Considering the limited fiscal space, it will be important to develop a single project pipeline for Armenia, to ensure lending possibilities are targeted to these strategic investments. All these investments will be **underpinned by support to the country's reforms in the rule of law, good governance and justice sectors** in line with EU values and will continue to be conditional upon continued progress in these areas.

Any communication activities on the actions in the framework of this MIP should take into consideration the risks of potentially related disinformation attempts and ways of countering these, as disinformation might undermine the Union's efforts and image in the country.

### **1.4 Justification and context**

The five priorities of this MIP build on a consensus that emerged from consultations with the government of Armenia, representatives of civil society and the private sector, IFIs as well as key bilateral donors. A virtual programming mission led jointly by the European External Action Service and DG NEAR took place on 15-19 February 2021.

- Resilient, sustainable and integrated economy

In 2020, the COVID-19 pandemic and the Nagorno-Karabakh war had a negative impact on the economy, with the GDP contracting by around 7.6%.<sup>5</sup> After dynamic growth in recent years, many Armenian businesses have now suffered profound losses in turnover and employment, experienced liquidity problems, and more. **Strengthening the socio-economic recovery**, including through enhanced connectivity, fostering decent work and improved employability, education research and innovation, transitioning towards a low emissions economy and working on regional development, are confirmed as short- and medium-term priorities, and could help build future resilience. Support to green transition will also offer opportunities in terms of growth and job creation.

- Accountable institutions, rule of law and security

Reforms in the judiciary and strengthening the capacity of the public administration to **better shape and implement key reforms** are essential for Armenia's resilience and sustainable economic growth. Moreover, in the aftermath of the 2020 war, renewing efforts on post-war recovery, conflict transformation, peace and security are equally key priorities for the short- to medium-term.

- Environment and climate resilience

The EU is one of the leaders of the green agenda through its commitments and investments under the European Green Deal<sup>6</sup>, and it recognises the need for all countries to play an active part in the solution of the global climate crisis. The MIP will therefore help Armenia to successfully reach its mitigation and adaptation goals and to effectively increase investments in **environmental protection and climate resilience**, not only to minimise the costs of transitioning to more sustainable practices, such as clean energy and energy efficiency, but also to reap the benefits of an expanding green economy – all in line with Armenian commitments under the Paris Agreement including as detailed in Armenia's Nationally Determined Contribution 2021-2030.<sup>7</sup> Environmentally sound and climate neutral solutions will be promoted and mainstreamed across all areas of EU support to Armenia.

- Resilient digital transformation

Many solutions within the economy, governance, society, climate, and environmental spheres, originate from the **digital transformation**. This ongoing phenomenon provides both great opportunities in socio-economic development and cohesion, but also risks of exclusion and unequal access to content and services. Such issues need to be comprehensively addressed to ensure the inclusion of disadvantaged groups. The MIP, in full recognition of the impressive progress Armenia made in the digital agenda in recent years, will help further intensify this transformation, expand the e-realm, and assist Armenia in joining the new industrial revolution, including, including in the areas of e-governance, science, technology and innovation, digital skills, ICT, big data, artificial intelligence, advanced engineering, and manufacturing.

While some positive aspects of digitalisation in Armenia are noted,<sup>8</sup> further efforts are indispensable to ensure full digital inclusion, which could include accessibility, digital literacy

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<sup>5</sup> <https://www.armstat.am/>

<sup>6</sup> [https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:b828d165-1c22-11ea-8c1f-01aa75ed71a1.0002.02/DOC_1&format=PDF)

<sup>7</sup> [https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Armenia%20First/](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Armenia%20First/NDC%20of%20Republic%20of%20Armenia%20%202021-2030.pdf)

[NDC%20of%20Republic%20of%20Armenia%20%202021-2030.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Armenia%20First/NDC%20of%20Republic%20of%20Armenia%20%202021-2030.pdf)

<sup>8</sup> E.g. the percentage of women working in the IT sector in Armenia is 30%, compared to the EU average of 17%.

capacity building and inclusive digital contents and services. Under this priority area, the EU will aim to leverage resources in cooperation with the European Investment Bank, the European Bank for Reconstruction and Development and EU Member States, contributing to the targets of the Economic and Investment Plan (EIP). The relevant EIP flagship initiative is ‘Investing in digital transformation, innovation, science and technology’.

- Resilient, gender-equal, fair and inclusive society

Promoting a **just and inclusive society** is a strong focus of this MIP, with important measures to make sure that no one is left behind. This includes supporting evidence-based, responsive, participatory, and inclusive government policies and assisting disadvantaged groups to improve their economic conditions and livelihoods. A special focus will be dedicated to people in vulnerable situations – including those living in remote rural areas, and conflict-affected populations.

EU cooperation under the NDICI remains guided by the 2030 Agenda and the Sustainable Development Goals, the European Green Deal, the Paris Agreement, the Addis Ababa Action Agenda, the Global Strategy for the European Union’s Foreign and Security Policy<sup>9</sup> and the new European Consensus on Development<sup>10</sup>. Given the deepening of various dimensions of inequalities, the green and digital transitions need to be assisted by integrative and inclusive policies and processes, with a strong push for eradication of poverty and other disparities, as well as the application of principles of “do no harm”, including to climate an environment, and “build back better”.

The NDICI will promote sustainable development, contribute to addressing climate change, and defend a rules-based order, as well as peace and stability, in the EU neighbourhood. Cooperation under NDICI will be complemented by the Economic and Investment Plan for the Eastern Partnership, which will focus on investments for resilient and integrated economy, and a green and sustainable post-COVID-19 socio-economic recovery. The External Action Guarantee and the European Fund for Sustainable Development Plus are other key complementary instruments in this regard. In line with the humanitarian-development-peace nexus, the future programmes will also remain complementary to the EU humanitarian and early recovery support provided following the outbreak of hostilities in late 2020, and will help ensure a gradual transition from immediate humanitarian assistance to medium and long-term recovery. As soon as conditions allow, the EU is ready to support regional connectivity and broader peacebuilding and reconciliation work. Where relevant, work on this will be mainstreamed in relevant flagship initiatives.

### **1.5 Duration of the MIP and option for synchronisation**

The Multi-annual Indicative Programme will have a duration of seven years – 2021-2027. It will be subject to a mid-term review and possibly ad-hoc reviews, as needed. Synchronisation will be done through jointly agreed documents. In case of a new or updated joint document, the MIP may be reviewed accordingly.

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<sup>9</sup> [https://eeas.europa.eu/sites/default/files/eugs\\_review\\_web\\_0.pdf](https://eeas.europa.eu/sites/default/files/eugs_review_web_0.pdf)

<sup>10</sup> [https://www.consilium.europa.eu/media/24004/european-consensus-on-development-2-june-2017-clean\\_final.pdf](https://www.consilium.europa.eu/media/24004/european-consensus-on-development-2-june-2017-clean_final.pdf)

## **2 EU support per priority area and proposals of Team Europe Initiatives**

In addition to the priority areas and Team Europe Initiatives, a series of flagship initiatives for Armenia have been included in the 2 July 2021 Joint Staff Working Document (JSWD), “*Recovery, resilience and reform: post 2020 Eastern Partnership priorities*”. These are concrete projects with tangible results that have been jointly identified with the partner countries, taking into account their priorities, needs and ambitions, and are closely linked with the priorities outlined in the MIP. The five Flagships for Armenia are presented in Annex 3.

### **2.1 Priority area 1 - Resilient, sustainable and integrated economy**

This priority area will support Armenia’s transformation to a more resilient, sustainable and integrated economy - thus contributing to economic recovery following the COVID-19 pandemic and the 2020 war in the spirit of “building back better”. Actions under the priority area align primarily with SDG 1 (no poverty), SDG 2 (zero hunger), SDG 4 (quality education), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production) and SDG 13 (climate action).

#### **2.1.1 Specific objectives related to the priority area**

##### **1. Enabling business environment, investment climate and inclusive MSMEs development.**

This objective centres on facilitating a sustainable post-pandemic and post-war recovery, including through export diversification, integration into international value chains, and promoting improved economic governance and decent work. Work will also be undertaken on digitalisation and internationalisation of small and medium-sized enterprises, trade facilitation, customs cooperation, promotion of tax good governance, as well as regional integration. Special attention is foreseen for women-owned businesses and women’s entrepreneurship. Support will also be provided to vulnerable conflict-affected population, including host communities, spontaneously displaced persons and veterans, to encourage their inclusion in the labour market and society at-large. In addition, the transition of micro, small and medium-sized enterprises to a green and circular economic and business model will be prioritised.

##### **2. Strengthening connectivity (transport, energy, and digital)**

This objective will seek to strengthen connectivity – particularly in the transport sector –, including through the implementation of priority projects identified in the Indicative Trans-European Transport Network TEN-T Investment Action Plan. The application of EU standards in sustainable transport – including land (road and rail), aviation<sup>11</sup> and aviation safety – will be encouraged, while also exploring possibilities to scale up engagement on the digitalisation of key TEN-T transport corridors. Smart and sustainable mobility will also be promoted.

##### **3. Developing human capital and supporting modernisation of education**

This objective will aim to foster improved employability, including better quality skills for jobs, particularly in the green and digital economy, thereby preparing girls and boys, and

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<sup>11</sup> Aviation relations are covered by the Common Aviation Area Agreement.

women and men, for today's and tomorrow's labour market challenges and opportunities. In this regard, special attention will be given to people with disabilities and those from a marginalised or poor background. The digitalisation of educational programmes, as well as the strengthening of science and technology, engineering, and mathematics (STEM) subject delivery at schools, will be supported in cooperation with research institutions, with the aim of improving access to equitable and inclusive education for all, and preparing young people for the future of work. Enhancing European and international cooperation and exchange will also be prioritised. Importantly, work-based learning, career guidance, counselling and job search support will be facilitated, as will increased digital, entrepreneurial, and environmental literacy and skills among children, youth and adults. Research and innovation opportunities and capacities will be enhanced to stimulate business, support diversification of the economy, and shift production towards more knowledge-intensive and higher value-added products.

#### **4. Enhancing resilience of Armenia's regions and promoting balanced, sustainable regional development**

Under this objective, women, youth, and disadvantaged groups (displaced people, veterans, persons with disabilities, minorities, and other poor or vulnerable groups) will be empowered to participate in the development and leadership of local communities. Green and sustainable agriculture and agro-processing, with rational water management systems and infrastructures and advanced agro-technologies, will be promoted and supported, alongside sustainable tourism. Access to public services and the opportunities of the digital transition will be improved by expanding the use and availability of e-government tools in the regions, and fostering the development of local ICT and creative sectors and light industry. Supporting the sustainable socio-economic integration of the regions – specifically the most peripheral and challenged territories – will be prioritised.

### **2.1.2 Expected results per specific objective**

#### **1. Enabling business environment, investment climate and inclusive micro, small and medium-sized enterprises development:**

- Enhanced regulatory frameworks, conducive to doing business, investment and trade, in line with tax good governance standards
- Enhanced access to finance, skills and knowledge for micro, Small and medium-sized enterprises, specifically targeting the most vulnerable categories (e.g. businesses run by women in rural settings)
- Enhanced access to markets, diversified production and trade of goods and services (including low-carbon), global and European value chain integration; increased number of products/sectors exported to the EU
- Professionalised and sustainable business incubators and accelerators and pipeline of investable, innovative and high added value start-ups, early-development stage micro, small and medium sized enterprises and scale-ups in sectors with high growth or export, and employment potential
- Developed economic clusters using smart specialisation approach, e.g. in green, agri-food, education, health, ICT and other sectors with high growth or export, and employment potential



- Developed financial markets through development of innovative financial instruments (e.g. green and social impact bonds, fintech, angel investment, equity, etc.)
- Enhanced pipelines in impact investment, purpose-driven businesses and social entrepreneurship, green ventures, private sector environmental, social and governance (ESG) practices and corporate social responsibility
- Decent work, improved protection for labour rights (legislation and enforcement), in line with international labour standards and strengthened social dialogue.
- Improved quality infrastructure services, in line with international standards
- Better leveraged diaspora private sector expertise, knowledge and resources.

## **2. Strengthening connectivity (transport, energy, and digital):**

- Improved land transport connectivity along the indicative extension of the core Trans European Transport Network (road and rail) with selection of sustainable project pipelines
- Greater digitalisation along the indicative extension of the core Trans European Transport Network
- Improved road safety
- Implementation of the Common Aviation Area Agreement
- Improved aviation safety
- Improved sustainable, urban transport and implementation of sustainable urban mobility plans in five key five cities (as per the Eastern Partnership Joint Staff Working Document)
- Enhanced and climate-proof physical infrastructure for trade.

## **3. Developing human capital and supporting modernisation of education:**

- Enhanced higher education, Vocational Education and Training (VET) and work-based learning programmes, entrepreneurial programmes and Science, Technology, Engineering and Mathematics (STEM) delivery, teaching skills infrastructure and collaboration with the research and business sectors, specifically programmes linked to green, ICT and other sectors with high growth or export, and employment potential, improved employability in a life long learning perspective
- Enhanced women's education and active involvement in STEM through start-ups
- Enhanced digitalisation and quality standards at all levels of education, combined with expansion of intake of students in: natural science, engineering and technology, medical and health, and agricultural sciences
- Improved access to inclusive and equitable early childhood for girls and boys, primary, secondary and tertiary education and tutoring, specifically in underserved communities and by individuals and groups at risk, including novel solutions, additional infrastructure and equipment, financial assistance, and pilot interventions
- Increased capacities in science, technology, research and innovation among universities, research institutions and private sector, and reformed public science and research institutions and governance structures for innovation policy design and implementation
- Expanded European and international cooperation and exchanges in education and research among institutions, teachers, researchers and students

- Development of green research, development, and innovation.

#### **4. Enhancing resilience of Armenia’s regions and promoting balanced, sustainable regional development:**

- Increased roles of secondary cities as true socio-economic hubs, including promotion of a more diversified, greener specialised economy, establishment and clustering of micro, small and medium-sized enterprises, presence of higher and vocational education, cultural and administrative functions, etc.
- Integrated regions, specifically the most peripheral and challenged territories, into the national economy, in particular by linking them through the smart specialisation approach and inclusive social, environmental and economic policies.
- Women and men from regions have access to quality administrative, education, health, culture and other services that correspond their needs and interests.
- Better inclusion, reducing aid-dependency and, in the long-term, enhancing resilience of those displaced from Nagorno-Karabakh to Armenia.

### **2.1.3 Indicators**

Below is a list of key indicators envisaged under this priority area, arranged by specific objective. For the full list of indicators, and details on targets and baselines, please refer to Annex 1 – Intervention Framework.

#### **1. Enabling business environment, investment climate and inclusive MSMEs development:**

- Number of beneficiaries, disaggregated by sex, with access to financial services with EU support: a) firms b) individuals
- Number of start-ups and early-development stage micro and small and medium sized enterprises accessing EU-supported services (such as advisory and small grants): a) women-led b) men-led c) co-led by men and women
- Number of entities implementing impact investments, social entrepreneurship, including women led social enterprises, governance and Corporate Social Responsibility (CSR) projects with EU support: a) firms b) individuals.

#### **2. Strengthening connectivity (transport, energy, and digital):**

- Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways
- Total length of core digital network (new or upgraded with EU support)
- Number of city transport systems improved by smart and sustainable solutions with EU support.

#### **3. Developing human capital and supporting modernisation of education:**

- Number of men and women who have benefited from institution or workplace based VET/skills development interventions supported by the EU, disaggregated for digital skills
- Proportion of young women and men (aged 15-24 years) not in education, employment or training (percentage)
- Number of university and VET students, disaggregated by sex, enrolled in studies in natural science, engineering and technology, medicine and healthcare, and agricultural sciences, with EU support.

#### **4. Enhancing resilience of Armenia’s regions and promoting balanced, sustainable regional development:**

- Number of comprehensive urban development strategies a) developed, b) implemented, with EU support
- Number of smart specialisation strategies (especially those aiming to reduce social and economic inequality), disaggregated by sex
- Percentage of population from regions, disaggregated by sex, who are satisfied with access to administrative, education, health, culture and other services
- Share of conflict-affected persons, disaggregated by sex, who, thanks to EU-funded initiatives supporting inclusion of displaced people into Armenian society, have found sustainable housing/income.

##### **2.1.4 Possible use of blending and guarantees for investment under EFSD+**

This Priority links (inter alia) with the following Flagships of the EIP: Flagship 1 – Supporting a sustainable, innovative and competitive economy, Flagship 2 – Boosting connectivity and socio-economic development, and Flagship 4 – Building resilience in the southern regions, to be funded under the EFSD+ and, where appropriate, via bilateral/regional allocations under the NDICI-Global Europe.

## **2.2 Priority area 2 - Accountable institutions, rule of law and security**

This priority area will support further strengthening the rule of law and resilient institutions in Armenia with an incentive based approach (‘more for more’ and ‘less for less’). It will also support conflict transformation, peace and security. Actions under the priority area align primarily with SDG 5 (gender equality), SDG 10 (reduced inequalities), and SDG 16 (peace, justice and strong institutions).

### **2.2.1 Specific objectives related to the priority area**

#### **1. Improving transparency, accountability and effectiveness of public administration**

Actions under this objective will aim to support public finance management reform in all its dimensions, including revenue generation, spending, debt management, controls and audit, budget transparency, and macro-financial stability. The greening of the public finance management system and budgeting processes will also be encouraged. A further priority will be to assist with public administration reform, including civil service reform, initiatives to enhance the skills and capacities of civil servants, promotion of non-discrimination and gender equality, and improvements to the overall human resource management of public administration. Best practices from the EU and beyond will be drawn upon to boost evidence-based policy-making, through increased availability of reliable statistics, including sex-disaggregated statistics.

#### **2. Strengthening the rule of law**

Under this objective, particular focus will be given to reform of the judiciary and the police (in line with European standards) with an aim to promote and support an efficient, transparent, independent, open and accountable justice and security systems, and promote access to equal justice for all – particularly the poor, and persons and groups in vulnerable

situations including children and women. Support will also be provided to constitutional reform, anti-corruption efforts, and the protection of human rights (in line with European standards).

### **3. Enhancing security, post-war recovery, and confidence-building**

The fight against gender-based violence and against serious and organised crime (including trade in illicit drugs, trafficking of human beings, cybercrime, and money laundering), notably in the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT), will be prioritised under this objective. Further priorities include countering terrorism (including financing of terrorism) and preventing violent extremism. Armenia's cooperation with both Europol and CEPOL will also be enhanced. The strategic cooperation agreement between Europol and Armenia signed in September 2021 will facilitate cooperation to combat cross-border criminal activities. The EU's support under this objective will aim at contributing to conflict transformation, notably by encouraging implementation of UN Security Council Resolution 1325, and by assisting with the protection of and support to civilian populations living close to border area. Capacities to prevent and prepare for natural and human hazard induced disasters and their underlying structural risks will also be improved – including through enhanced early detection and warning systems, and early action and response mechanisms to crisis, disasters, violence and conflict.

#### **2.2.2 Expected results per specific objective**

##### **1. Improving transparency, accountability and effectiveness of public administration:**

- Enhanced public finance management reform with improved revenues mobilisation and greater budget transparency and introduction of green and gender-responsive budgeting
- Greening of the public finance management system through environmental fiscal reform, natural capital accounting and green budgeting, fossil fuel subsidy reforms, and other relevant mechanisms
- Reliable and timely official statistics are available for policymakers and end users
- Enhanced collaboration with EU counterparts on issues of macro-financial stability, taking into consideration environmental and climate risks
- Progressed civil service reform, including areas of human and institutional capacities of public administration and promotion of gender equality and anti-discrimination

##### **2. Strengthening the rule of law:**

- Completed and evaluated comprehensive reform of the judiciary (including enhanced probation system, enhanced access to justice and reduced pre-trial detention), anti-corruption reform, and police reform in line with European standards.
- Effective and targeted communication of reform agenda and its results

##### **3. Enhancing security, post-war recovery and confidence building:**

- Reduced overall criminality
- Reduced gender-based violence and enhanced capacity to support victims
- Enhanced border management capacities, infrastructures and overall systems

- Enhanced disaster risk management and emergency management systems for natural and human induced hazards
- Increased capacity to more efficiently fight against / counter / prevent serious and organised crime, illicit drugs, trafficking in human beings, money laundering, cybercrime, terrorism (including its financing) and violent extremism,
- Enhanced cooperation with CEPOL and Europol
- Promoted conflict resolution.

### **2.2.3 Indicators**

Below is a list of key indicators envisaged under this priority area, arranged by specific objective. For the full list of indicators, and details on targets and baselines, please refer to Annex 1 – Intervention Framework.

#### **1. Improving transparency, accountability and effectiveness of public administration:**

- Indicators on enhanced revenue mobilisation and transparency in public finance management to be agreed with the government
- Indicators of gender and green responsiveness in public financial management to be agreed with the government
- Number of new statistical indicators disseminated by the National Statistical Office with disaggregation by sex with EU support.
- World Bank Governance effectiveness indicator

#### **2. Strengthening the rule of law:**

Indicators will include issues such as:

- Availability of legal aid and level of court fees contributing to enhanced access to justice and number of persons, disaggregated per gender and region, accessing justice services
- Average time of pre-trial detention
- Clearance rate of resolving cases
- Percentage in reduction of judicial backlog and improved alternative dispute resolution (ADR) mechanisms resulting in backlog reduction
- General public perception of judicial independence.

Progress will be mainly assessed through the Council of Europe European Commission for the efficiency of justice (CEPEJ) Eastern Partnership Dashboard and the World Bank Governance Indicator “Rule of Law”, but also through the World Justice Project, Freedom House, Transparency International, Economist Intelligence Unit, Reporters Without Borders) as well as the level of compliance of the legal framework with Council of Europe recommendations (Venice Commission and Group of States Against Corruption). Baselines and target will be discussed and agreed with the government in 2022.

#### **3. Enhancing security, post-war recovery and confidence building:**

- Number of justice, police and social services staff trained on prevention and repression of sexual and gender-based violence and on support to victims
- Number of state institutions and non-state actors supported on security, border management, countering violent extremism, war prevention, protection of civilian

population and human rights and implementation of UN Security Council Resolution 1325

- Number of victims of trafficking in human beings identified and referred to assistance, support and protection services, taking into account the gender and child-sensitive dimension of the crime
- Number and impact of internal and external reconciliation and war resolution initiatives supported by the EU

#### **2.2.4 Possible use of blending and guarantees for investment under EFSD+**

Priority area 2 is currently not considered for implementation through blending or guarantees.

### **2.3 Priority area 3 - Environmental and climate resilience**

The European Green Deal requires urgent action by the EU and partner countries on existing and future environmental and climate challenges. The post-COVID recovery offers an opportunity for Armenia to modernise its economy, making it more sustainable and circular. Actions under this priority area align primarily with SDG 3 (good health and well-being), SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 15 (life on land).

#### **2.3.1 Specific objectives related to the priority area**

##### **1. Sustainable use of natural resources, biodiversity protection and improvement of environmental quality of life**

This objective will focus particularly on the greening of urban areas, improved management of solid waste and wastewater, expansion and sustainable management of protected areas and restoration of damaged ones, better management of the environmental challenges in the mining sector, and improved seismic safety, while also reinforcing Disaster Risk Reduction efforts.

##### **2. Enabling frameworks for Inclusive Green Economy (IGE) and promoting green growth and jobs for women and men**

Ensuring coherence between economic and environment policies across relevant areas such as the business environment, finance and investments will be addressed under this objective, while also seek to support the development of green skills for green employment, and to promote a circular economy with effective waste management, sustainable consumption and production, and sustainable agriculture and food-production. Support will also be provided for businesses transitioning towards greener products, processes and practices, inspired by the European Green Deal.

##### **3. Decarbonisation, scaling up renewable energy generation and improving energy efficiency and security, and mitigation and adaptation to climate change impacts**

Under this objective, priority will be given to reducing air and water pollution and their effects on human health and well-being, and to contributing to decoupling economic growth from environmental degradation, inspired by the European Green Deal. These efforts will

need to be combined with establishing a roadmap for the phasing out of fossil fuels and towards CO<sub>2</sub> neutrality. In line with Armenia's updated Nationally Determined Contribution to the Paris Agreement, the EU will support the country's efforts in limiting emissions from industry, the transport and agriculture sectors, and efforts linked to climate change adaptation across the economy.

### **2.3.2 Expected results per specific objective**

#### **1. Sustainable use of natural resources, biodiversity protection and improvement of environmental quality of life:**

- Number of cities with climate change and/or disaster risk reduction strategies: a) developed, b) under implementation with EU support (SDG11)
- Improved green areas in urban settings by revitalisation and expansion of parks, tree planting, etc., and clean-up of heavily polluted areas as well as conversion of obsolete post-industrial areas into mixed green-urban use
- Improved management of municipal solid waste and waste water treatment by improved governance combined with investments, new technologies, and smart solutions
- Expanded protected areas and forests, with restoration of damaged natural areas and enhanced sustainable environmental management systems, in particular in the Lake Sevan basin
- Improved regulations and oversight of mining operations planning and exploitation of resources
- Improved seismic safety by implementation of comprehensive thematic programmes, including investments
- Enhanced resilience to the impact of disasters and climate change by integrating climate change aspects in disaster risk assessment and emergency planning.

#### **2. Enabling frameworks for Inclusive Green Economy (IGE) and promoting green growth and jobs:**

- Economic and social public policies influenced by environmental and climate change adaptation considerations
- Promoted green and circular economy, climate-smart production, effective waste management, sustainable consumption and production, specifically in agro- and food-production
- Green growth and jobs equally available to women and men
- Development of green skills, both inter-disciplinary and specific/technical for several economic sectors (agriculture, manufacturing, services, construction, energy and extractive industries, transportation, recycling, etc.).

*Note: Green companies and jobs are also supported under Priority Area 1: Resilient, sustainable knowledge-based and integrated economy.*

#### **3. Decarbonisation, scaling up renewable energy generation and improving energy efficiency and security:**

- Increased generation of energy from renewable sources, specifically solar and wind, both through energy producers (larger installations) and prosumers (micro installations), leading to new skills, jobs and services and to reduction of pollution,

- Promotion and support to switching from non-sustainable heating and energy generation by households
- Improved interconnectivity and security of energy supply corridors, and nuclear energy safety
- Support to improve emissions monitoring and verification and of introducing a carbon pricing system and other means to limit greenhouse gases emissions, in particular in energy sector and industry.

### **2.3.3 Indicators**

Below is a list of key indicators envisaged under this priority area, arranged by specific objective. For the full list of indicators, and details on targets and baselines, please refer to Annex 1 – Intervention Framework.

- 1. Sustainable use of natural resources, biodiversity protection and improvement of environmental quality of life:**
  - Number of individuals with access to improved drinking water sources and/or sanitation facilities with EU support
  - Number of improved municipal solid waste and waste water management systems, with a focus in particular on treatment in the Lake Sevan Basin
  - Areas of terrestrial and freshwater ecosystems under a) protection b) sustainable management with EU support (ha)
  - Number of cities with climate change and/or disaster risk reduction strategies: a) developed, b) under implementation with EU support.
- 2. Enabling frameworks for Inclusive Green Economy (IGE) and promoting green growth and jobs:**
  - Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, where environmental and climate change aspects are taken into consideration
  - Number of micro, small and medium-sized enterprises applying sustainable consumption and production practices with EU support
  - Number of smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land
  - Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (km<sup>2</sup>).
- 3. Scaling up renewable energy generation and improving energy efficiency in mitigation and adaptation to climate change impacts:**
  - Renewable energy generation capacity installed (MW) with EU support
  - Greenhouse Gas (GHG) emissions avoided (tonnes CO<sub>2</sub>eq) with EU support
  - Number of measures on interconnectivity and security of energy supply and nuclear energy introduced with EU support.



### **2.3.4 Possible use of blending and guarantees for investment under EFSD+**

This Priority links (inter alia) with the following Flagships of the EIP: Flagship 1 of the Economic and Investment Plan – Supporting a sustainable, innovative and competitive economy, and to Flagship 5 – Investing in a green Yerevan, to be funded under the EFSD+ and, where appropriate, via bilateral/regional allocations under the NDICI-Global Europe.

## **2.4 Priority area 4 - Resilient digital transformation**

The development of digital infrastructure and e-governance are priorities for both Armenia and the EU. Actions under this priority area align primarily with SDG 4 (quality education), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 10 (reduced inequalities).

### **2.4.1 Specific objectives related to the priority area**

#### **1. Enhancing policy environment and infrastructure for digital transformation**

This objective will seek to improve the efficiency, effectiveness and governance of economic activities and of public and private services through digital solutions, specifically through the development of e-governance systems, allowing for open and participatory government, accessible public e-services, etc. Efforts will also be made to enhance cybersecurity, and contribute to the sustainability agenda (green economy, energy, transport, etc.).

#### **2. Accelerating digital transformation of the private sector**

Under this objective, actions will seek to improve the access of enterprises – specifically micro, small, and medium-sized enterprises – to e-services, and promote investments in and adoption of digital solutions, by providing information, training, and policy incentives to private sector operators, with a focus on priority or growth sectors.

#### **3. Reducing digital divide**

In line with this objective, EU support will aim to narrowing gender and urban-rural digital disparities, promoting secure and affordable e-connectivity (last mile investments), inclusive digital skills development, and inclusive digital services and content, especially for disadvantaged groups. E-accessibility (connectivity) and digital skills need to be accompanied by inclusive digital services and content (for example by fostering the use of openly licensed digital resources).

### **2.4.2 Expected results per specific objective**

#### **1. Enhancing policy environment and infrastructure for digital transformation:**

- Improved regulations and policies, allowing rapid and resilient digitalisation across government (national, regional and local authorities) and private sectors, including those for environment and climate (e.g. energy efficiency, e-waste management)
- Expanding e-government tools throughout the country via the Governmental Interoperability Platform developed with earlier EU support. Advanced e-governance systems involving expansion of public e-services and stronger cybersecurity levels, with combined: skills, infrastructure, technology and management sub-systems.

## **2. Accelerating digital transformation of private sector:**

- Digitally transformed and innovative traditional micro, small, and medium-sized Enterprises in all regions of Armenia, with improved digital skills and access to the national and European research ecosystems, with focus on priority/growth sectors
- Further development and growth of the tech start-up ecosystem; Incubation, acceleration and investments in a sustainable pipeline of ICT companies
- Intensified growth and advancement of the digital sector through incubation, acceleration and investments in/by high-growth ICT companies, linking software and hardware development sub-sectors
- Promoted world-class e-skills and research, development, and innovation for digitalisation
- Investment in digital skills of the workforce in micro, small, and medium-sized enterprises
- Enhanced e-commerce.

## **3. Reducing digital divide:**

- Improved secure and affordable e-connectivity ('last mile' investments)
- Inclusive digital skills development
- Inclusive digital services and content, especially for disadvantaged groups, narrowing gender, urban-rural digital disparities.

### **2.4.3 Indicators**

Below is a list of key indicators envisaged under this priority area, arranged by specific objective. For the full list of indicators, and details on targets and baselines, please refer to Annex 1 – Intervention Framework.

#### **1. Enhancing policy environment and infrastructure for digital transformation:**

- Digital-related policies/strategies/laws/regulations developed, revised, or implemented with EU support
- Number of men and women supported by the EU with enhanced access to digital government services, particularly in regions.

#### **2. Accelerating digital transformation of private sector:**

- Number of new and growing female-led and male-led companies in the ICT sector supported by the EU
- Number of micro, small, and medium-sized enterprises with digitally transformed-commerce platforms developed with EU support
- Number of micro, small, and medium-sized enterprise employees which received digital skills training, with EU support
- Number of measures for development of tech start-up ecosystem implemented with EU support

#### **3. Reducing digital divide:**

- Number of people, disaggregated by sex, with internet access due to EU support

- Number of people, disaggregated by age and sex, who obtained basic digital skills with EU support.

#### **2.4.4 Possible use of blending and guarantees for investment under EFSD+**

This Priority links (inter alia) with the following Flagships of the EIP: Flagship 3– Investing in digital transformation, innovation, science and technology, to be funded under the EFSD+ and, where appropriate, via bilateral/regional allocations under the NDICI-Global Europe.

### **2.5 Priority area 5 - Resilient, gender-equal, fair and inclusive society**

This priority area will support Armenia’s transition towards a more active, vibrant and inclusive civil society – essential to furthering democracy and the rule of law. It will also seek to secure the proper functioning of the visa facilitation and readmission agreements, as key steps to ensure greater mobility and people-to-people contacts. Additional investments in health resilience will also be made under this priority area, in light of the COVID-19 pandemic. Actions under the priority area align primarily with SDG 3 (good health and well-being), SDG 4 (quality education), SDG 5 (gender equality), SDG 10 (reduced inequalities), SDG 11 (sustainable cities and communities), and SDG 16 (peace, justice and strong institutions).

#### **2.5.1 Specific objectives related to the priority area**

##### **1. Improving trust in representative democracy and inclusiveness of the democratic process**

Supporting constitutional and electoral reforms, parliamentary and oversight bodies, and political dialogue and reconciliation will be prioritised under this objective. Further priorities will include protecting and promoting human rights and freedoms (including by supporting the work of the Ombudsman), promoting gender equality and the prevention of domestic violence( supporting Armenia in steps leading to ratification of the Istanbul Convention), and supporting child protection, anti-discrimination, and the inclusion of children and adults living with disabilities. Investments will also be made in independent media and civil society, empowerment of youth and disadvantaged groups, civic education, and supporting evidence-based, inclusive dialogue and policies.

##### **2. Supporting migration and mobility**

Under this objective, efforts will be made to address irregular migration and the issues of unfounded asylum applications and abuse of asylum for the purpose of obtaining costly medical health care abroad in EU Member States. Effective implementation of the Visa Facilitation and Readmission agreements will be encouraged and supported, in view of the potential future launch of a visa liberalisation dialogue. Legal migration will be promoted in line with EU and Member States’ competences, including in the context of the Talent Partnerships proposed under the New Pact on Migration and Asylum, with additional support to strengthening border management and cooperation with Frontex, too. Fight against migrant smuggling should be in line with the renewed EU action plan against migrant smuggling (2021-2025)<sup>12</sup>.

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<sup>12</sup> COM(2021)591 final.

### **3. Increasing social inclusion through equitable access to public services and socio-economic integration**

Actions under this objective will work on improving access of women and men of different ages, residence, economic, social and health statuses to public education, social services, information, and culture, and to employment. The integration of migrants and displaced persons, as well as the reintegration of returning nationals (in line with the EU strategy on voluntary return and reintegration), into society and the economy will also be supported. Ensuring needs-based public administration services is a further priority. Access to public service and socio-economic opportunities need to be considered at national, regional and local levels, and be fully integrated into the Public Administration Reform agenda in Armenia.

### **4. Enhancing health resilience**

This objective recognises that the public health system in Armenia faces evident challenges which require enhancing, among others, personnel skills and protection, infrastructure and supplies, and provision of adequate medical care for serious conditions (cancer, dialysis, etc.). This includes the establishment of a well-equipped diagnostic centre, enhanced information and management, improved access to health (including mental health) services, and improved sanitary and epidemiological regulations across all other sectors (commercial production and services, public services, etc.).

## **2.5.2 Expected results per specific objective**

### **1. Improving trust in representative democracy and inclusiveness of the democratic process:**

- Improved protection and promotion of gender equality, human rights and freedoms
- Enhanced constitutional and legal framework for independent work of oversight bodies, including parliament and improved effectiveness of parliamentary functions
- Increased public participation, including of women and underrepresented groups, in the overall democratic process
- Improved electoral operational efficiency, integrity and accuracy of electoral processes
- Enhanced enabling environment and capacity for the media to operate without interference and for the civil society, including social partners, to fully engage in political, social, economic and environmental spheres
- Increased number of media with sound policies against gender stereotypes and hate speech.

### **2. Supporting migration and mobility, strengthening border management**

- Improved migration management, including institutional reforms and large-scale digitalisation in migration related areas.
- Enhanced cooperation with the EU on migration and mobility, including addressing irregular migration, fight against migrant smuggling and the issue of unfounded asylum applications / abuse of asylum for the purpose of obtaining costly medical health care; support for internally displaced persons
- Effective implementation of the Visa Facilitation / Readmission agreements (also in view of a possible future launch of a visa liberalisation dialogue)
- Promotion of legal migration including in the context of the Talent Partnerships proposed under the New Pact on Migration and Asylum

- Strengthened border management and cooperation with Frontex.

### **3. Increasing social inclusiveness through equitable access to public services and facilitating socio-economic (re)integration:**

- Enhanced public administration policies and practices in delivery of public services, including facts- and needs-based, gender-sensitive, and overall inclusive planning and implementation, starting from improved access to education, social assistance, employment, information and culture
- Facilitated integration of migrants and displaced persons, as well as sustainable reintegration of returning nationals into the society and economy.

### **4. Enhancing health resilience:**

- Enhanced public health systems in all aspects of planning, delivery, preparedness for emergencies and pandemics and preparedness of the health system for climate change (in relation to the Armenian Nationally Determined Contribution for 2021 under the Paris Agreement)
- Improved access to public health by the population, specifically by the underserved categories and minorities, also by expanding vaccination programmes
- Improved sanitary and epidemiological regulations in all public policies
- Provision of adequate medical care for serious conditions (cancer, dialysis), including an establishment of a well-equipped diagnostic centre
- Improved access to specific mental health and psychosocial support linked to conflict-related trauma.

#### **2.5.3 Indicators**

Below is a list of key indicators envisaged under this priority area, arranged by specific objective. For the full list of indicators, and details on targets and baselines, please refer to Annex 1 – Intervention Framework.

#### **1. Improving trust in representative democracy and inclusiveness of the democratic process**

- Number of government policies developed or revised with civil society organisation participation through EU support
- Number of EU funded initiatives supporting public participation by women and underrepresented groups
- Number of victims of human rights violations, including human rights defenders, directly benefiting from assistance funded by the EU
- Number of censorship actions by the government against civil society organisations and the media.

#### **2. Supporting migration and mobility, strengthening border management:**

- Visa refusal rate for applicants from Armenia
- Number of multiple-entry visas issued to Armenian citizens
- Fulfilment of conditions for a possible future visa liberalisation dialogue
- Number of return orders issued and number of effectively returned Armenian citizens.

### **3. Increasing social inclusion through equitable access to public services and facilitating socio-economic (re)integration:**

- Number of EU-funded initiatives supporting the implementation of political, economic, and social reforms
- Number of disadvantaged people, disaggregated by sex, including persons with disabilities, victims of violence, and other vulnerable groups, reintegrated into employment with EU support
- Number of migrants, refugees and internally displaced people or individuals from host communities, as well as returning nationals, disaggregated by sex, protected or assisted with EU support.

### **4. Enhancing health resilience:**

- Number of processes related to partner country public health, sanitary, and epidemiological policies and practices improved with EU support
- Number of 1-year olds fully immunised with EU support
- Number of medical care centres for serious conditions supported by the EU
- Number of conflict-affected people benefiting from specific psycho-social support; number of health professionals trained in mental and psycho-social support.

#### **2.5.4 Possible use of blending and guarantees for investment under EFSD+**

The use of blending or guarantees under the EFSD+ is not currently envisaged under this priority area but could be added at a later stage if deemed appropriate, in particular to strengthen public health systems and enhance preparedness for emergencies and pandemics.

#### **2.6 Proposals for country/multi-country/regional Team Europe Initiatives**

The Team Europe approach, launched to respond to the COVID-19 pandemic as well as to the post-war humanitarian situation, has allowed for the strengthening of the cooperation with EU Member States. For the period 2021-2027, the **Team Europe approach** around the **COVID-19 response and recovery** will continue. Additionally, the following areas hold potential for further cooperation under the Team Europe approach in Armenia: **Targeted recovery initiatives in Southern Armenia and Green growth, environment, innovation, and jobs** to be further explored depending on the maturity of the action .

**EU Member States, development agencies, and European IFIs** are interested in further engagement, bringing together different cooperation instruments, expertise, and other resources to **collectively maximise added-value with Team Europe approach**.

### **Targeted recovery initiatives in Southern Armenia – Syunik region**

The EU MS under Team Europe approach have agreed to pay particular attention to enhancing resilience in the Syunik region of Southern Armenia, with an aim to strengthen the economic recovery, competitiveness, and the social service delivery system. The region has been significantly affected by the recent hostilities in and around Nagorno-Karabakh and its aftermath, witnessing an influx of displaced people – over 4000 of which have remained in the region for permanent residence and are in need of housing, jobs, education and training, and overall integration. Following the war, in access to intercity roads, previously utilised irrigation resources, and agricultural and pasturelands is either limited or impossible in certain areas, creating a need for new infrastructure and a rethinking of agriculture and land management.

Through the Team Europe approach, a balanced regional development model will be promoted by applying the smart specialisation approach to identify region’s strengths and assets, to define a shared vision for regional innovation, and, through partnerships and a bottom-up approach, support the implementation of long-term growth initiatives. Support will be provided to micro, small, and medium-sized enterprises in Syunik, with skills development opportunities targeted to increase the employability of disadvantaged groups. Facilitating the integration of displaced populations in Syunik, and addressing the existing vulnerabilities and inequalities of the local population, could also be important areas of engagement.

This proposed Team Europe Initiative will leverage the resources of the European Union, its Member States, and IFIs, in line with the targets and priorities of the Economic and Investment Plan for the Eastern Partnership. In particular, it links with Armenian Flagship 4 of the Economic and Investment Plan – Building resilience in the southern regions.

The EU’s indicative contribution to this TEI is subject to the confirmation of the Team Europe partners’ indicative meaningful contribution as early as possible. In the absence thereof, the EU’s indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.

### **Green growth, environment, innovation and jobs**

As part of the EU Green Deal agenda, natural resource management, proper waste reduction, decarbonisation and climate resilience systems and the broader bio-economy are key to making economic and social development more sustainable. In Armenia, several large-scale projects in the area of sustainable rural development and improved livelihood opportunities set a solid basis for enhanced agricultural value chains, and for the establishment of a circular economy – which is so far rather under-developed, as most decision-makers and private sector actors do not yet consider these as growth opportunities. Similarly, there is little common understanding of the green jobs agenda or of priorities in the educational sector to support the transition to a green economy. Several projects were launched by EU Member States and IFIs under previous programming, addressing serious environmental challenges in and around Lake Sevan (the epicentre of the Armenian green economy), upon which a new set of joint actions could be built.

When it comes to innovation, after three decades of reform and economic transition, Armenia is facing the challenge of shifting from an economy dominated by relatively low value-added

products and services to an innovation-based development model. This would enable sustained improvements in productivity, income per head, living standards and overall well-being. Further progress towards a more knowledge-based economy is impeded by significant gaps that remain in the national innovation system, including weak investment in research and development (R&D), low levels of competitiveness and business sophistication, low quality of education, a low level of innovation absorption capacity, and skills mismatches in the labour market.

Developing Armenia as a regional innovation hub through science, technology and innovation (STI) across both the private sector and public sector dimensions is a priority of the Armenian government in its economic growth programme. Skills and jobs in Science, Technology, Engineering and Mathematics are expected to become a significant source of growth as the country transitions towards a predominantly innovation-led and knowledge-based economy.

The maturity of this Team Europe Initiative should be further confirmed. It could focus on encouraging private and public investments in research, innovation and science in prioritised domains of economic activity, by integrating STI into these ecosystems and value chains. Deep tech, agri-food, bio-economy, health, education, climate, and the environment are all potential sectors worthy of consideration for this. Armenia's participation in the European research ecosystem, and in particular in the Horizon programme, is highly relevant in this regard.

This proposed Team Europe Initiative if successfully implemented will leverage the resources of the European Union, its Member States, and IFIs, in line with the targets and priorities of the Economic and Investment Plan for the Eastern Partnership. In particular, it links with Armenian Flagship 5 of the Economic and Investment Plan – Investing in a green Yerevan.

The EU's indicative contribution to this TEI is subject to the confirmation of the Team Europe partners' indicative meaningful contribution as early as possible. In the absence thereof, the EU's indicative contribution may be redirected in accordance with the priority areas of the MIP and their allocations. The obligation of the Union and the Member States to coordinate their development policies following initiatives by the Commission to this effect, as per article 210 TFEU, always applies.



### **3 Support measures**

#### **3.1 Measures in favour of civil society**

These measures will initially focus on the EU-Civil Society Roadmap 2021-2027 that is currently being drafted and its priorities in Armenia. These include addressing the human rights agenda, democratisation, policy monitoring and dialogue, oversight capacity of civil society organisations over government actions, and monitoring of CEPA implementation. Support to migration and mobility, engagement with citizens (particularly women, youth and the most vulnerable groups – including conflict-affected populations), and supporting greater sustainability of civil society organisations are further priorities, alongside promoting gender equality, an inclusive and tolerant society, resilience, and engagement in environmental and climate issues. Core support to civil society, including capacity building assistance and support to strengthen the CSO enabling environment, is included under Priority area 5: Resilient, gender-equal, fair and inclusive society, while civil society engagement is mainstreamed throughout all sectors.

#### **3.2 Cooperation facility**

Extra support could be devoted to help with advancing joint programming, and facilitate coordination of Team Europe initiatives at the country level, encouraging close cooperation with EU Member States in particular. Renewed efforts may be also needed in the areas of strategic communication and overall CEPA implementation.

### **4 Financial overview**

Although the duration of this MIP is seven years, the indicative allocations for Armenia and for each of the priority areas and support measures laid down in the table below are provided for the 2021-2024 period only. The indicative allocations for 2025-2027, as well as the possible modification of other substantial elements of this MIP, will be subject to a decision by the EU. This decision should be preceded by a review of the implementation of this MIP, which should include a dialogue with the authorities and other stakeholders of Armenia.

<b><i>Priority area 1: Resilient, sustainable and integrated economy</i></b>	<i>EUR 54 million</i>	<i>30%</i>
<b><i>Priority area 2: Accountable institutions, rule of law and security</i></b>	<i>EUR 36 million</i>	<i>20%</i>
<b><i>Priority area 3: Environmental and climate resilience</i></b>	<i>EUR 36 million</i>	<i>20%</i>
<b><i>Priority area 4: Resilient digital transformation</i></b>	<i>EUR 18 million</i>	<i>10%</i>
<b><i>Priority area 5: Resilient, gender-equal, fair and inclusive society</i></b>	<i>EUR 27 million</i>	<i>15%</i>
<b><i>Support measures</i></b>	<i>EUR 9 million</i>	<i>5%</i>
<b><i>TOTAL for initial period</i></b> <sup>13</sup>	<i>EUR 180 million</i>	

<sup>13</sup> The initial period covers 2021-2024

## **Annexes**

1. Intervention framework
2. Donor matrix with current indicative allocations per sector
3. Economic and Investment Plan Flagships for Armenia

## Annex 1. Intervention framework

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
<b>Priority area 1 - Resilient, sustainable, knowledge-based and integrated economy</b>				
<b>SO1 Enabling business environment, investment climate and inclusive MSMEs development</b>	- Enhanced regulatory frameworks, conducive to doing business, investment and trade, in line with tax good governance standards	Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced (SDG8)	0	3
	- Enhanced access to finance, skills and knowledge for MSMEs, specifically targeting the most vulnerable categories (e.g. businesses run by women in rural settings)	Number of new beneficiaries, disaggregated by sex, with access to financial services with EU support: a) firms b) individuals (SDG8)	0	a) 2,500 b) 1,000
	- Enhanced access to markets, diversified production and trade in goods and services (including low-carbon), goods and services, global and European value chain integration; increased number of products/sectors exported to the EU	Domestic credit to private sector (% of GDP) (SDG8)	60%	65%
	- Professionalised and sustainable business incubators and accelerators and pipeline of investable, innovative and high added value start-ups, early-development stage MSMEs and scale-ups in sectors with high growth or export, and employment potential	Number of new beneficiaries disaggregated by sex with access to business advisory services with EU support: a) firms b) individuals (SDG8)	a) 0 b) 0	a) 5,000 b) 1,000
	- Developed economic clusters using smart specialisation approach, e.g. in green, agri-food, education, health, ICT and other sectors with high growth or export, and employment potential	Number of new start-ups and early-development stage MSMEs with access to comprehensive EU support including a small grants component: a) women-led b) men-led c) co-led by men and women (SDG8)	a) 0 b) 0 c) 0	a) 1,000 b) 1,000 c) 1,000
	- Deepened financial markets through development of innovative financial instruments (e.g. green and impact bonds, fintech, angel investment, equity, etc.)	Number of new beneficiaries, disaggregated by sex, in economic clusters with EU support: a) clusters b) firms within clusters (SDG8)	a) 0 b) 0	a) 7 b) 500
	- Enhanced pipelines in impact investment, purpose-driven businesses and social entrepreneurship, green ventures, private sector environmental, social and governance (ESG) practices and corporate social responsibility	Number of new beneficiaries disaggregated by sex with access to financial services with EU support: a) firms b) individuals (SDG8)	a) 0 b) 0	a) 500 b) 700
		Number of entities implementing impact investments, social entrepreneurship, including women led social enterprises, governance and CSR projects with EU support: a) firms b) individuals (SDG8)	a) 0 b) 0	a) 500 b) 700
		Number of MSMEs applying sustainable consumption and production practices with EU support (SDG12)	0	300
		Number of processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced (SDG8)	0	5
	Number of conformity assessment, accreditation bodies and calibration laboratories, whose results are internationally recognised with EU support (SDG9)	0	10	

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	<ul style="list-style-type: none"> <li>- Decent work, improved protection for labour rights and strengthened social dialogue</li> <li>- Improved quality infrastructure services, in line with international standards</li> <li>- Better leveraged diaspora private sector expertise, knowledge and resources</li> </ul>	<p>Number of new projects significantly involving Diaspora know-how and resources implemented with EU support (all SDGs)</p> <p>Number of new initiatives with EU support improving labour rights and social dialogue (SDG 8)</p>	<p>0</p> <p>0</p>	<p>20</p> <p>2</p>
<b>SO2 Strengthening connectivity (transport, energy, digital)</b>	<ul style="list-style-type: none"> <li>- Improved land transport connectivity along the indicative extension of the core TEN-T network (road and rail) with selection of sustainable project pipelines</li> <li>- Greater digitalisation along the indicative extension of the core TEN-T network</li> <li>- Improved road safety</li> <li>- Implementation of the CAAA</li> <li>- Improved aviation safety</li> <li>- Improved sustainable urban transport and ongoing implementation of the sustainable urban mobility plans in key five cities (as per EaP JSWD)</li> <li>- Enhanced and climate-proof physical infrastructure for trade</li> </ul>	<p>Total length of transport infrastructure supported by the EU (kms): a) roads; b) railways; c) waterways (SDG9)</p> <p>Length of road network (ESTAT)</p> <p>Total length of core digital network new or upgraded with the EU support (SDG9)</p> <p>Total length of high voltage transmission lines new or upgraded with EU support (SDG9)</p> <p>Number of new road safety measures introduced with EU support (SDG9)</p> <p>Number of new aviation safety measures introduced with EU support (SDG9)</p> <p>Number of city transport systems improved by smart and sustainable solutions with EU support (SDG9)</p>	<p>a) a: 86.25 km b) TBD</p> <p>175 km</p> <p>0</p> <p>TBD</p> <p>0</p> <p>0</p> <p>0</p>	<p>a) a: 130 km b) + 30 %</p> <p>250km</p> <p>TBD</p> <p>+ 30 %</p> <p>2</p> <p>2</p> <p>5</p>
<b>SO3 Developing human capital and supporting modernisation of education</b>	<ul style="list-style-type: none"> <li>- Enhanced higher education, VET and work-based learning programmes, entrepreneurial programmes and STEM delivery, teaching skills infrastructure and collaboration with the research and business sectors, specifically programmes linked to green, ICT and other sectors with high growth or export, and employment potential</li> <li>- Enhanced women's education and active involvement in STEM through start-ups</li> <li>- Enhanced digitalisation and quality standards at all levels of education, combined with expansion of intake of students in: natural science, engineering and technology, medical and health, and agricultural sciences</li> </ul>	<p>Number of new young women and men (aged 15-29 years) who have benefitted from workplace based VET/skills development interventions and individualised services for career guidance, counselling, and job searches, with EU support (SDG8)</p> <p>Proportion of young women and men (aged 15-24 years) not in education, employment or training (SDG 8.6.1) (Percentage)</p> <p>Number of women in STEM programmes combined with entrepreneurship/business start-up programmes with EU support (SDG4)</p> <p>Number of new digital educational programmes/curricula developed with EU support (SDG4)</p> <p>Number of new university and VET students, disaggregated by sex, enrolled in studies in natural science, engineering and technology, medicine and healthcare, and agricultural sciences, with EU support (SDG4)</p>	<p>0</p> <p>35</p> <p>0</p> <p>0</p> <p>0</p>	<p>5,000</p> <p>25</p> <p>500</p> <p>increasing</p> <p>1000</p>

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	<ul style="list-style-type: none"> <li>- Improved access to inclusive and equitable early childhood for girls and boys, primary, secondary and tertiary education and tutoring, specifically in underserved communities and by individuals and groups at risk, including novel solutions, additional infrastructure and equipment, financial assistance, and pilot interventions</li> <li>- Increased capacities in Science, Technology, Research and Innovation among universities, research institutions and private sector, and reformed public science and research institutions and governance structures for innovation policy design and implementation</li> <li>- Expanded European and international cooperation and exchanges in education and research among institutions, teachers, researchers and students, among others under EU flagship programme Erasmus+, European Solidarity Corps, EU4Youth</li> <li>- Development of green R&amp;D and innovation, among others under EU flagship programme Horizon Europe</li> </ul>	<p>Number of technology transfer roadmaps developed</p> <p>Number of new female and male participants from Armenian Higher Education Institutions in international cooperation and exchanges in education, including exchanges with the EU (SDG4)</p> <p>Number of new major R&amp;D&amp;I projects with EU support</p>	<p>0</p> <p>0</p> <p>0</p>	<p>1</p> <p>3000</p> <p>3</p>
<b>SO4 Enhancing resilience of Armenia's regions and promoting balanced, sustainable regional development</b>	<ul style="list-style-type: none"> <li>- Increased roles of secondary cities as true socio-economic hubs, including promotion of a more diversified, greener specialised economy, establishment and clustering of MSMEs, presence of higher and vocational education, cultural and administrative functions, etc.</li> <li>- Integrated regions, specifically the most peripheral and challenged territories, into the national economy, in particular by linking them through the smart specialisation approach and inclusive social, environmental and economic policies.</li> <li>- Women and men from regions have access to quality administrative, education,</li> </ul>	<p>Number of new comprehensive urban development strategies a) developed, b) implemented, with EU support (SDG11)</p> <p>Number of smart specialisation strategies implemented with EU support (SDG8, SDG9)</p> <p>Number of persons directly benefiting from EU supported interventions that aim to reduce social and economic inequality disaggregated by sex (under smart specialisation strategy initiatives) (SDG10)</p> <p>Percentage of population from regions, disaggregated by sex, who are satisfied with access to administrative, education, health, culture and other services (SDG10)</p> <p>Share of conflict-affected persons, disaggregated by sex, who, thanks to EU-funded initiatives supporting inclusion of displaced people into Armenian society, have managed to increase their resilience (SDG 10)</p>	<p>a) 0 b) 0</p> <p>0</p> <p>TBD</p> <p>TBD</p> <p>TBD</p>	<p>a) 5 b) 5</p> <p>1</p> <p>10,000</p> <p>80%</p> <p>50%</p>

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	<p>health, culture and other services that correspond their needs and interests.</p> <ul style="list-style-type: none"> <li>- Better inclusion, reducing aid-dependency and, in the long-term, enhancing resilience of those displaced from Nagorno Karabakh to Armenia.</li> </ul>			
<b>Priority area 2 - Accountable institutions, rule of law and security</b>				
<b>SO1 Improving transparency, accountability and effectiveness of public administration</b>	<ul style="list-style-type: none"> <li>- Enhanced public finance management reform with improved revenues mobilisation and greater budget transparency and introduction of green and gender-responsive budgeting</li> <li>- Greening of PFM system through e.g. environmental fiscal reform, natural capital accounting and green budgeting, fossil fuel subsidy reforms</li> <li>- Reliable and timely official statistics are available for policymakers and end users</li> <li>- Enhanced collaboration with EU counterparts on issues of macro-financial stability, taking into consideration environmental and climate risks</li> <li>- Progressed civil service reform, including areas of human and institutional capacities of public administration and promotion of gender equality and anti-discrimination</li> </ul>	Indicators on enhanced revenue mobilisation and transparency in public finance management to be agreed with the government	TBD	TBD
		Indicators of gender and green responsiveness in public financial management to be agreed with the government	TBD	TBD
		Number of new statistical indicators disseminated by the National Statistical Office with disaggregation by sex with EU support	0	TBD
		World Bank Governance effectiveness indicator	48.56 (2020)	> 51
<b>SO2 Strengthening the rule of law</b>	<ul style="list-style-type: none"> <li>- Completed and evaluated comprehensive reform of the judiciary (including enhanced access to justice and reduced pre-trial detention), anti-corruption reform, and police reform</li> <li>- Effective and targeted communication of reform agenda and its results</li> </ul>	Result of the CEPEJ Eastern partnership rule of law dashboard	baselines and targets to be established in 2022	
		World Bank Governance Indicator “Rule of Law”.	51,92 (2020)	55
		Number of large communication and awareness campaigns on judiciary, anti-corruption and police reforms supported by the EU (SDG16)	0	3
<b>SO3 Enhancing security, post-war recovery</b>	<ul style="list-style-type: none"> <li>- Reduced criminality</li> <li>- Reduced gender-based violence and enhanced capacity to support victims</li> <li>- Enhanced border management capacities, infrastructures and overall systems</li> </ul>	Number of justice, police and social services staff trained on prevention and repression of sexual and gender-based violence and on support to victims	0	increase by 50 %
		Number of state institutions and non-state actors supported on updates and basis of security, fight against SGBV, border management, countering violent extremism, war		

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
<b>and confidence building</b>	<ul style="list-style-type: none"> <li>- Enhanced disaster risk management and emergency management systems for natural and human induced hazards</li> <li>- Increased capacity to more efficiently fight against / counter / prevent serious and organised crime, illicit drugs, trafficking in human beings, money laundering, cybercrime (notably in the framework of EMPACT), terrorism (including its financing) and violent extremism, as well as within the cooperation with both CEPOL and Europol</li> <li>- Promoted conflict resolution</li> </ul>	prevention, protection of civilian population and human rights (SDG16) and implementation of UN1325 Resolution	TBD	TBD
		Number of victims of trafficking in human beings identified and referred to assistance, support and protection services, taking into account the gender and child-sensitive dimension of the crime (SDG16)	0	+ 50 %
		Number of EMPACT operational actions Armenia is participating in (SDG16)	TBD	1
		Conclusion and implementation of the Working Arrangement with Europol (SDG16)	TBD	As many as relevant
		Number of new participants in CEPOL activities	TBD	3
		Number and impact of internal and external reconciliation and war resolution initiatives supported by the EU (SDG16)		
<b>Priority area 3 - Environmental and climate resilience</b>				
<b>SO1 Sustainable use of natural resources, biodiversity protection and improvement of environmental quality of life</b>	<ul style="list-style-type: none"> <li>- Improved green areas in urban settings by revitalisation and expansion of parks, tree planning, etc., and clean-up of heavily polluted areas as well as conversion of obsolete post-industrial areas into mixed green-urban use</li> <li>- Improved management of municipal solid waste and waste water treatment by improved governance combined with investments, new technologies, and smart solutions</li> <li>- Expanded protected areas and forests, with restoration of damaged natural areas and enhanced sustainable environmental management systems, in particular in the Lake Sevan basin</li> <li>- Improved regulations and oversight of mining operations planning and exploitation of resources</li> <li>- Improved seismic safety by implementation of comprehensive thematic programmes, including investments</li> <li>- Enhanced resilience to the impact of disasters and climate change by</li> </ul>	Number of cities with climate change and/or disaster risk reduction strategies: a) developed, b) under implementation with EU support (SDG11)	a) 0 b) 0	a) 3 b) 1
		Number of new pilot actions for conversion and greening of post-industrial areas with EU support (SDG11)	0	2
		Number of individuals with access to improved drinking water source and/or sanitation facility with EU support (SDG6)	846400	plus 200,000
		Number of improved municipal solid waste and waste water management systems, in particular in the Lake Sevan Basin	0	3
		Areas of terrestrial and freshwater ecosystems under a) protection b) sustainable management with EU support (ha) (SDG15)	a) TBD b) TBD	a) 342,000 b) 500,000
		Number of policies and practices in regulation of mining improved with EU support (SDG12)	0	1
		Number of sectoral or thematic seismic safety programmes implemented with EU support (SDG11)	1	2

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	integrating climate change aspects in disaster risk assessment and emergency planning			
<b>SO2 Enabling frameworks for Inclusive Green Economy (IGE) and promoting green growth and jobs</b>	<ul style="list-style-type: none"> <li>- Economic and social public policies influenced by environmental and climate change adaptation considerations</li> <li>- Promoted green and circular economy, climate-smart production, effective waste management, sustainable consumption and production, specifically in agro- and food-production</li> <li>- Development of green skills, both interdisciplinary and specific/technical for several economic sectors (agriculture, manufacturing, services, construction, energy and extractive industries, transportation, recycling, etc.)</li> </ul>	Number of new processes related to partner country practices on trade, investment and business, or promoting the external dimension of EU internal policies or EU interest, which have been influenced by environmental and climate change considerations (SDG8)	0	5
		Number of Micro, Small and Medium Enterprises newly applying sustainable consumption and production practices with EU support (SDG12)	0	200
		Number of small holders newly reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land (SDG2)	0	500
		Agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support (km2) (SDG2)	TBD	100
		Number of persons, disaggregated by sex, who benefitted from green skill development with EU support (SDG8)	0	1000
<b>SO3 Decarbonisation, scaling up renewable energy generation and improving energy efficiency and security, mitigation and adaptation to climate change impacts</b>	<ul style="list-style-type: none"> <li>- Increased generation of energy from renewable sources, specifically solar and wind, both through energy producers (larger installations) and prosumers (micro installations), leading to new skills, jobs and services and to reduction of pollution</li> <li>- Reduced pollution from diminished use of non-renewables, especially in urban areas, with promotion and support to switching from non-sustainable heating and energy generation by households</li> <li>- Improved interconnectivity and security of energy supply corridors, and nuclear energy safety</li> <li>- Improved emissions monitoring and verification and introducing a carbon pricing system and other means to limit greenhouse gases emissions, in particular in energy sector and industry</li> </ul>	Renewable energy generation capacity newly installed (MW) with EU support (SDG7)	0	50
		Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support – emissions by energy producers (SDG13)	0	TBD
		Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support – emissions by households (SDG13)	0	6,000
		Number of new measures on interconnectivity and security of energy supply and nuclear energy introduced with EU support (SDG9)	0	3
		Number of new/improved national monitoring, verification and carbon pricing systems (SDG13)	0	1
<b>Priority area 4 - Resilient digital transformation</b>				
<b>SO1 Enhancing policy environment and</b>	- Improved regulations and policies, allowing rapid and resilient digitalisation across government (national, regional and	New digital-related policies/strategies/laws/regulations developed, revised or implemented with EU's support (SDG9)	0	3



Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
<b>infrastructure for digital transformation</b>	<p>local authorities) and private sectors, including those for environment and climate (e.g. energy efficiency, e-waste management)</p> <ul style="list-style-type: none"> <li>- Expanding e-government tools throughout the country via the Governmental Interoperability Platform developed with earlier EU support. Advanced e-governance systems involving expansion of public e-services and stronger cybersecurity levels, with combined: skills, infrastructure, technology and management sub-systems.</li> </ul>	Number of people supported by the EU with enhanced access to digital government services, particularly in regions (SDG9)	0	As many as 300,000
<b>SO2 Accelerating digital transformation of private sector</b>	<ul style="list-style-type: none"> <li>- Digitally transformed and innovative traditional MSMEs in all regions of Armenia, with improved digital skills and access to the national and European research ecosystems, with focus on priority/growth sectors</li> <li>- Further development and growth of the tech start-up ecosystem. Incubation, acceleration and investments in a sustainable pipeline of ICT companies</li> <li>- Intensified growth and advancement of the digital sector through incubation, acceleration and investments in/by high-growth ICT companies, linking software and hardware development sub-sectors</li> <li>- Promoted world-class e-skills, digitally-rich R&amp;D&amp;I and collaboration for digitalisation</li> <li>- Investment in digital skills of the workforce in micro, small, and medium-sized enterprises</li> <li>- Enhanced e-commerce</li> </ul>	<p>Number of MSMEs newly digitally transformed with EU support (SDG9)</p> <p>Number of the workforce in MSMEs which received digital skills training, with EU support (SDG9)</p> <p>Number of new measures for development of tech startup ecosystem implemented with EU support (SDG9)</p> <p>Number of new and growing female-led and male-led companies in the ICT sector supported by the EU (SDG9)</p> <p>Number of new local female and male ICT specialists and MSMEs excelling internationally with EU support (SDG9)</p> <p>Number of new e-commerce platforms developed with EU support (SDG9)</p>	<p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p> <p>0</p>	<p>1,000</p> <p>3,000</p> <p>3</p> <p>200</p> <p>50</p> <p>10</p>
<b>SO3 Reducing digital divide</b>	<ul style="list-style-type: none"> <li>- Improved secure and affordable e-connectivity (last mile investments),</li> <li>- inclusive digital skills development, and inclusive digital services and content, especially for disadvantaged groups,</li> </ul>	<p>Number of people, disaggregated by sex, with access to Internet with EU support (SDG10)</p> <p>Number of people, disaggregated by sex and age, who obtained basic digital skills with EU support (SDG10)</p>	<p>0</p> <p>0</p>	<p>10,000</p> <p>TBD</p>

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	narrowing gender, urban-rural digital disparities			
<b>Priority area 5 - Resilient, gender-equal, fair and inclusive society</b>				
<b>SO1 Improving trust in representative democracy and inclusiveness of the democratic process</b>	- Improved protection and promotion of gender equality, human rights and freedoms	Number of women and men victims of human rights violations, including human rights defenders, directly benefiting from assistance funded by the EU (SDG16)	200	500
	- Increased public participation, including of women and underrepresented groups, in the overall democratic process	Number of women and men benefitting from EU-funded programmes to counter sexual and gender-based violence (SDG5)	300	2,500
	- Enhanced constitutional and legal framework for independent work of oversight bodies, including parliament and improved effectiveness of parliamentary functions	Number of new government policies developed or revised with civil society organisation participation through EU support (SDG16)	0	3
	- Improved electoral operational efficiency, integrity and accuracy of electoral processes	Number of new EU funded initiatives supporting public participation by women and under represented groups (SDG5)	0	5
	- Enhanced enabling environment for the media to operate without interference and for the civil society, including the social partners, to fully engage in political, social, economic and environmental spheres	Number of independent/oversight bodies supported by the EU	1	3
	- Increased number of media with sound policies against gender stereotypes and hate speech.	Number of new government policies developed or revised with civil society organisation participation through EU support (SDG16)	2	4
		Number of media having developed new policies against gender stereotypes and hate speech with EU support (SDG16)	0	5
<b>SO2 Supporting migration and mobility</b>	- Improved migration management, including institutional reforms and large-scale digitalisation in migration related areas	Number of irregularly staying Armenian citizens in EU MS (SDG16)	TBD	Decreasing
	- Enhanced cooperation with the EU on migration and mobility, including addressing irregular migration, fight against migrant smuggling and the issue of unfounded asylum applications; support for internally displaced persons and reintegration	Number of (unfounded) asylum applications by Armenian citizens in EU MS (SDG16)	TBD	Decreasing
		Visa refusal rate for applicants from Armenia by EU MS	TBD	Decreasing
		Number of multiple-entry visas issued to Armenian citizens by EU MS (SDG16)	TBD	increasing
		Fulfilment of conditions / progress in a possible future visa liberalisation dialogue	TBD	increasing
		Number of return orders issued and number of effectively returned Armenian citizens.	TBD	TBD
	Number of legal migrants accepted in EU MS under New Pact on Migration and Asylum (SDG16)	0	increasing	

Specific Objective	Expected results	Indicator	Baseline (2019/20/21)	Target (2027)
	<ul style="list-style-type: none"> <li>- Promotion of legal migration including in the context of the Talent Partnerships proposed under the New Pact on Migration and Asylum</li> <li>- Strengthened border management and cooperation with Frontex</li> </ul>			
<b>SO3</b> <b>Increasing social inclusion through equitable access to public services and facilitating socio-economic integration</b>	<ul style="list-style-type: none"> <li>- Enhanced public administration policies and practices in delivering public services, including facts- and needs-based, gender-sensitive, and overall inclusive planning and implementation, starting from improved access to education, social assistance, employment, information and culture</li> <li>- Facilitated integration of migrants and displaced persons, into the society and economy</li> </ul>	Number of new EU funded initiatives supporting the implementation of political economic and social reforms (SDG17)	0	3
		Number of disadvantaged people disaggregated by sex, including persons with disabilities, victims of violence, etc., reintegrated into employment with EU support (SDG10)	0	3,000
		Number of migrants, refugees and internally displaced people or individuals from host communities disaggregated by sex, protected or assisted with EU support (SDG1)	TBD	TBD
<b>SO4</b> <b>Enhancing health resilience</b>	<ul style="list-style-type: none"> <li>- Enhanced public health systems in all aspects of planning, delivery, preparedness for emergencies and pandemics and preparedness of the health system for climate change (in relation to Armenian NDC 2021 under the Paris Agreement)</li> <li>- Improved access to public health by the population, specifically by the underserved categories and minorities, also by expanding vaccination programmes</li> <li>- Improved sanitary and epidemiological regulations in all public policies</li> <li>- Provision of adequate medical care for serious conditions (cancer, dialysis), including an establishment of a well-equipped diagnostic centre</li> <li>- Improved access to specific mental health and psychosocial support linked to conflict-related trauma</li> </ul>	Number of new processes related to partner country practices in public health improved with EU support (SDG3)	0	3
		Number of 1-year olds children fully immunised with EU support (SDG3)	TBD	Increase by 5 %
		Number of new processes related to partner country sanitary and epidemiological policies improved with EU support (SDG3)	0	2
		Number of medical care centres for serious conditions supported by the EU (SDG3)	0	3
		Number of conflict-affected people benefiting from specific psycho-social support; number of health professionals trained in mental and psycho-social support with EU support (SDG3)	0	As many as possible

**Annex 2. Donor matrix with current indicative allocations per sector**

Donors and Development Partners	Indicative allocations (millions of EUR)												Remarks
	MIP sector priorities						MIP support measures		MIP Team Europe+ Initiatives			TOTALS	
	Resilient, sustainable and integrated economy and green jobs creation	Accountable institutions, rule of law and security	Environmental and climate resilience	Resilient digital transformation	Resilient, gender-equal, fair and inclusive society	Subtotal	Measures in favour of civil society	Subtotal	Green growth, environment, innovation and jobs	Southern region of Armenia	Subtotal		
EU	54.0	36.0	36.0	18.0	27.0	171.0		0.0			0.0	0.0	
EIB	✓		✓	✓		0.0		0.0	✓	✓	0.0	0.0	
EBRD	✓	✓	✓	✓		0.0		0.0	✓	✓	0.0	0.0	
AFD (France)	15.0	15.0	15.0	15.0	15.0	75.0		0.0	30.0		30.0	105.0	
Austria (ADA)	5.0	3.0	3.0	3.0	2.1	16.1		0.0	✓	✓		16.1	
Czech Republic		0.1				0.1		0.1	0.1		0.0	0.2	Regular financial contribution to IAEA (approx. 100,000 EUR) aimed at strengthening security at Armenia's Metsamor nuclear power plant, which is a long-term CZ priority. Civil society - 2 projects supporting civil society in Armenia, grand total 130,000 EUR, termination 12/2021. Other small local development and transformation projects are allocated funds on a yearly basis, based on internal selection procedure judging all submitted project applications from multiple countries (as

													<i>sno country-specific outlook possible for the upcoming years). Humanitarian aid and grants are not planned ahead, but allocated on an ad hoc basis.</i>
Denmark		0.5			0.5	1.0		0.0			0.0	<b>1.0</b>	<i>Peer-to-peer cooperation with Danish civil society through New Democracy Fund</i>
Sweden	0.9	0.5	0.7			2.1		0.0			0.0	<b>2.1</b>	<i>Through regional funding Sweden provides 6,9 million EUR to the E5P; Through regional funding Sweden provides 1,9 million EUR to the Council of Europe Action Plan for Armenia 2019-2022; For 2022, Sweden envisages a bilateral indicative annual allocation in the range of 6.8-7.8 million EUR</i>
Germany (GIZ)	✓	✓	✓	✓	✓								
Lithuania		✓	✓	✓	✓		✓						
Netherlands	✓	✓	✓	✓	✓		✓						
Bulgaria					✓								
Greece					✓								
Italy					✓								
Poland			✓		✓								
Estonia				✓	✓								
Switzerland	✓	✓	✓		✓		✓						
Development partners						94.3		0.1			30.0	124.4	

Note: Figures as provided by EU Member States. In some cases, support is to be confirmed.

Note: Development Partners are in this context defined as individual EU Member States plus Norway and Switzerland.

## **Annex 3. Economic and Investment Plan Flagships for Armenia**

### *Flagship Initiatives for Armenia*

Flagship 1: Supporting a sustainable, innovative and competitive economy - direct support to 30.000 SMEs

*Promote and diversify access to finance through schemes for greening of Micro, Small and Medium Enterprises including in the regions and those led by women. EU funding will leverage IFI and private sector investments to support 30 000 Armenian SMEs and self-employed people. Armenian diaspora offers additional opportunities.*

Flagship 2: Boosting connectivity and socio-economic development: the north-south corridor

*Building on the indicative extension of the TEN-T core network agreed in 2017 and ongoing works, EU investment will focus on remaining segments of the north-south highway, including further supportive infrastructure and logistics. This will notably include work on the Sisian/Kajaran road tranche including a tunnel.*

Flagship 3: Investing in the digital transformation, innovation, science and technology

*To unleash Armenia' digital potential, investments will support the digital transformation of the public sector / public service delivery, developing digital skills, support tech start-ups and improve ICT companies' access to finance.*

Flagship 4: Building resilience of the Southern regions

*The country's southern regions (notably Syunik) suffer from chronic underdevelopment, poor transport links and a deteriorating environment. This was exacerbated by the war, with an influx of displaced people in need of housing and jobs. A holistic investment approach is being explored to tackle housing, infrastructure, tourism, agriculture, education, health, renewable energy and support for local SMEs*

Flagship 5: Investing in Green Yerevan: energy efficiency and green buses

*Enhancing quality of life in Yerevan by investing in its air quality, waste management, energy efficiency and sustainable transport (through a 'smart-city' package). Inclusion of support to the 'green buses for Yerevan' initiative, to modernise public transport, is also being explored.*

The overall investments for the Flagship Initiatives for Armenia are estimated at EUR 1.6 billion. The EU will use different instruments to support the implementation of the flagships in cooperation with International Financing Institutions: grant, loans, guarantees, blending.