

ACTION FICHE ARMENIA

1. IDENTIFICATION

	Title	Twinning and Technical assistance Facility in support of the EU-Armenia European Neighbourhood Policy Action Plan – CRIS n° ENPI/2009/021-198		
	Total cost	EUR 9.7 million		
	Aid method / Management mode	Project approach Centralised management		
	DAC-code	43010	Sector	Multi Sector

2. RATIONALE

2.1. Sector context

By agreeing on a European Neighbourhood Policy (ENP) Action Plan (AP) on 14 November 2006, Armenia and the EU have committed to develop deeper economic integration and to strengthen bilateral political cooperation. With the announcement of the Eastern Partnership (COM (2008) 823 of 3 December 2008) the EU has committed itself to deepen its relationship further with some of the eastern neighbours, Armenia included.

On the basis of the priorities of the ENP Action Plan, the Commission has developed a Country Strategy Paper (CSP) for the period 2007-2013 and a National Indicative Programme (NIP) covering the period 2007-2010 identifying the main priorities for the EC assistance to Armenia. The NIP identifies the three following main priorities: i) Strengthening of democratic structures and good governance (rule of law and reform of the judiciary; public administration reform, including local self government; public finance management; human rights and fundamental freedoms, civil society, people-to-people contacts); ii) Support for regulatory reform and administrative capacity building (approximation of legislation, rules and standards, other sector-specific regulatory aspects) and iii) Support for poverty reduction efforts (education, regional development and social services).

On its side, the Government of Armenia has designed and adopted an ENP Implementation Tool, updated yearly, prioritizing the actions to be undertaken to foster ENP implementation under the guidance of the Ministry of Economy.

In August 2008 the Minister of Economy was appointed National Coordinator for EU assistance. The National Coordinator supervises directly the activities of the National Coordination Unit (NCU - previously in the Ministry of Finance and Economy) and of the Project Administration Office (PAO) dealing with Twinning, TAIEX and Sigma instruments. In addition, the Presidential Administration presented in February 2009 a 2009-2011 reform plan for activities that should be undertaken by the government in relation to Armenia's integration into EU structures and norms. The Government will elaborate the detailed prioritisation and new action plans for the implementation.

In the aftermath of the political crisis following the February 2008 Presidential elections and the fatal 1 March confrontation between authorities and supporters of the opposition, the President of Armenia asked the European Commission to intensify its help to the country's reform process and thereby help enhance stability. As a result, the EU Advisory Group was set up funded by the Instrument for Stability. Under the Instrument for Stability, the EU Advisory Group will provide personal advisors to Armenian ministers (including the Prime Minister's Office, the Minister of

Economy, Minister of Foreign Affairs, Energy and Transport Minister) and to the Human Rights Defender (ombudsman), the President's Office and to the National Assembly.

2.2. Lessons learnt

Twinning has been available to Armenia since early 2007 and from the very beginning the Government of Armenia expressed strong interest in the instrument and has thus undertaken all necessary measures to introduce it to a large number of administrations. In particular, the PAO that was set up in the Ministry of Finance in end-2006 has established an effective network of contact points within all the administrations of the country. Several seminars and visibility events were organised in 2007 at the initiative of the PAO and in close cooperation with the EC Delegation to present this new instrument to all contact points and to the public in general. A dedicated seminar formally launching the Twinning instrument in Armenia was held in November 2007 with the support of the Commission.

Although Armenia has made extensive use of the TAIEX instrument (more than 100 participations in the first one and half year), the country does not yet benefit from the full potential of Twinning with only three realistic proposals formulated in 2008. It is expected that the further staffing of the PAO and the high level advice from the EU Advisory Group will enhance the capacity to formulate, request and implement twinning activities in the years to come.

The EU Advisory Group initially funded under the Instrument for Stability, has received significant attention from both the Armenian authorities and from the EU Member States. Implementation is, however, still at an early stage.

2.3. Complementary actions

Under TACIS AP 2006, the EC is funding a 5th phase of AEPLAC whose activities will be closely coordinated with those of the EU Advisory Group (initially financed from the Instrument for Stability) and who will play a decisive role in the identification of further relevant Twinning projects.

The EC is funding as well a EUR 1 million project "Support to PAO" aiming at increasing the use of Twinning, TAIEX and Sigma to assist Armenia implement the ENP AP.

2.4. Donor coordination

The Ministry of Economy is the leading institution coordinating donors' financial support in Armenia. Within this ministry, the National Co-ordinating Unit is in charge of the coordination of EC assistance with other Donors and line ministries, whereas the PAO deals exclusively with the Twinning, TAIEX and Sigma projects. General Donor's coordination in Armenia is however ensured mostly in the framework of the PRSP, the major forum for dialogue and co-ordination of Donors in Armenia. Donors meet regularly in general coordination meetings or in sectoral working groups and as often as necessary at project level.

EU internal donor coordination is ensured mainly through monthly EU Heads of Mission meetings (hosted by the EU embassy representing locally the Council's presidency) and by regular information meetings, briefings or roundtables organized by the EC Delegation.

3. DESCRIPTION

3.1. Objectives

General Objective

The overall objective is to support Armenia in the implementation of Armenia's reform agenda and relevant international commitments with a particular focus on Armenia's commitment to the EU-Armenia ENP Action Plan.

Specific Objectives

EU Advisory Group:

- *To provide high level advice aimed at strengthening the capacity of the Presidency, the Legislative, Executive, and Judiciary powers of Armenia;*
- *To assist at various stages of EC-funded project activities, including implementation of ongoing activities and identification of future support in the priority sectors of the existing 2007-2010 NIP and the upcoming 2011-2013 NIP.*

EU Advisory Group and Twinning:

- *To improve the capacity of a number of Armenian ministries or agencies to comply effectively with the commitments set forth in the EU-Armenia ENP Action Plan, as well as in their national reform and development programmes;*
- *To contribute to the harmonisation of Armenian legislation to EU principles, norms and standards according to the provisions of the PCA and ENP AP and to progressive economic integration between Armenia and the EU.*

3.2. Expected results and main activities

The project expected results are:

- *Timely and cost-effective implementation of Armenia's reform agenda and enhancement of overall EU assistance through provision of Twinning, TA and high level advice;*
- *Strengthening the capacity of the Presidency, the Legislative, Executive and Judiciary powers;*
- *An estimated up to 5 Armenian institutions will develop an efficient peer to peer relation with a twin administration of an EU Member State, paving the way to a long lasting cooperation, thus improving Armenian capacities to deal with PCA and ENP implementation issues;*
- *Accelerated implementation of the ENP AP and PCA also providing the Commission with an additional instrument to monitor ENP AP progress;*
- *Deeper economic and commercial integration with the EU market with direct positive impact on economic growth and poverty reduction;*
- *Enhancing the coordination of all donor activities related to integration into EU structures.*

The project main activities are:

Component 1: EU Advisory Group

EU Advisers will support Armenia in the implementation of the ENP AP, and in establishing an internal mechanism that will allow the Armenia to monitor the ENP AP progress, in close consultation with the EC Delegation and with Commission HQ in Brussels as necessary. The monitoring mechanism will help Armenia to ensure that sufficient progress is made in all chapters of the ENP AP. Where relevant, the Advisory Group could coordinate the drafting of a strategy for implementing medium term reforms in line with the ENP AP. The activities of the Advisory Group will be coordinated with other EU projects and other donors' projects as appropriate. In undertaking this activity the EU Advisers will work closely with the Interdepartmental Commission created by the Armenian President and all other coordinating bodies and structures of Armenia for the implementation of the ENP AP.

EU Advisers will provide an optimal mix of policy, legal and institutional advice to be delivered through transfer of know-how and best practices. Special emphasis will be put on capacity building.

Component 2: Twinning

The Twinning facility of this Action Programme will support up to an estimated 5 Armenian administrations to reach their respective objectives in terms of reforms and ENP implementation through long lasting exchange of know-how and experience with a twin administration in the EU. The Armenian administrations to be twinned under this Action Programme are expected to be identified in the course of 2009, with the assistance of the Support to PAO project and under the guidance of both the EU Advisory Group and the Delegation.

3.3. Stakeholders

The beneficiaries will be all Armenian administrations concerned by the implementation of the PCA and ENP AP and other international commitments. Attention will be given to the line ministries directly responsible for planning and implementing reforms, e.g. Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economy, Ministry of Justice, Ministry of Agriculture, Ministry of Education – as well as those institutions concerned with enhancing democratic structures and the respect for fundamental human rights.

An Advisory Board will be in place to guide the work of the EU Advisory Group concerning the quality and adequacy of its tasks. The Board will also assist with respect to strategic and operational planning as well as review achievements of objectives and implementation.

The Advisory Board will include representatives of the Government, the National Assembly, and the European Commission. Certain international organisations, representatives of the EU Presidency and the EU Special Representative for South Caucasus will be invited as observers.

3.4. Risks and assumptions

Risks:

Political stability in Armenia is a prerequisite for a successful and sustainable implementation of the reform agenda supported by the EU Advisory Group and Twinning. A continued or worsened political crisis can undermine the overall assistance objectives.

The lack of political will to cooperate fully with the EU advisors and/or the lack of willingness to allocate the necessary resources to work with the advisors and Member States can jeopardize the successful outcome.

The successful implementation of the interventions both under the EU Advisory Group and under the Twinning instrument also hugely depends on the support from the EU Member States.

Assumptions:

- Continued commitment from the Armenian Government to PCA and ENP AP implementation;
- The advice delivered by the EU advisors is reflected in the Government programmes and promoted via the relevant public structures; including the work programme and the legislative acts of the National Assembly;
- NCU and PAO adequately staffed for the coordination of assistance, including the timely preparation of Twinning fiches;
- High quality advice is provided by EU Member States administrations, including the willingness of the Member States to engage in twinning activities and second an adequate number of advisors.

3.5. Crosscutting Issues

The impact of the measure on cross-cutting issues can be summarised as follows:

Development/crosscutting objectives	Directly targeted objective	Significant indirect impact
Poverty reduction		X
Good Governance	X	
Democracy, Human rights	X	
Integration in world economy	X	
Environment		X
Gender		X

Environment and gender related issues will be addressed indirectly. On a demand driven basis they can be targeted directly, whereas the remaining cross cutting issues are already directly targeted by the continuation of the EU Advisory Group activities.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Twinning component: Centralised management.

EU Advisory Group: Joint Management (UNDP is foreseen).

Currently, UNDP is the sole International Organisation present in Armenia with the capacity to act as implementing partner for the EC for this demanding intervention.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. The activities of the EU Advisory Group will be implemented via a contribution agreement with an International Organisation. The contract(s) must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the International Organisation concerned.

4.3. Budget and calendar

The programme foresees an envelope of EUR 9.7 million.

The modality of implementation of the technical assistance components of the programme might include engagement of individual Member States, or consortium of Member States, via grant contract(s) and/or twinning arrangements, and/or contribution agreement(s) with international organisation(s), as appropriate. The indicative allocation is EUR 5.5 million for Twinning and EUR 4.2 million for EU Advisory Group. Within this allocation, supply and work contracts will be used where appropriate and necessary to ensure meeting the overall objectives.

The foreseen operational duration is 48 months as from signature of the Financing Agreement. Evaluation and audit activities may take place after this period.

4.4. Performance monitoring

The project will be monitored according to standard EU procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting Authority and Project Partners.

4.5. Evaluation and audit

Each of the sub-projects to be defined under the measure will undergo financial audit, as foreseen by the standard procedures, which foresee that such audit be properly budgeted under each of such sub-projects. Evaluation can also take place, if so decided by the Commission.

4.6. Communication and visibility

Commission visibility guidelines will be followed and proper communication and visibility will be ensured via widespread dissemination of project achievements and results. In the case of contribution agreements with UN organisations, the special provisions in the FAFA will be respected.