

ACTION FICHE FOR ARMENIA - ENPI AAP 2008

1. IDENTIFICATION

	Title	Twinning and Technical assistance Facility in support to the EU-Armenia ENP AP implementation – CRIS n° ENPI/2008/019-752		
	Total cost	€ 6 million		
	Aid method / Management mode	Project approach (twinning and technical assistance) Centralised management		
	DAC-code	43010	Sector	Multi Sector

2. RATIONALE

2.1. Sector context

By agreeing on an ENP Action Plan on 14 November, 2006, Armenia and the EU have committed to develop deeper economic integration and to strengthen bilateral political cooperation. The main actions foreseen under the ENP AP are grouped under the 8 following priority areas: (i) Strengthening of democratic structures, of the rule of law, including reform of the judiciary and combat of fraud and corruption; (ii) Strengthening of respect for human rights and fundamental freedoms in compliance with international commitments of Armenia (PCA, CoE, OSCE, UN); (iii) Encourage further economic development, enhance poverty reduction efforts and social cohesion, thereby contributing to the long term objective of sustainable development, including the protection of the environment; (iv) Further improvement of investment climate and strengthening of private sector-led growth; (v) Further convergence of economic legislation and administrative practices; (vi) Development of an energy strategy, including an early decommissioning of the Medzamor Nuclear Power Plant (MNPP); (vii) Contribute to a peaceful solution of the Nagorno-Karabakh conflict; (viii) Enhanced efforts in the field of regional cooperation.

On the basis of those priorities, 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 of EC assistance to Armenia in 2007-2013. The NIP identifies the three following main priorities for EU assistance to Armenia in 2007-2010: 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 Trade. In the Ministry of Finance and Economy, the National Coordinating Unit (NCU) is still responsible for the identification and programming of EC assistance to Armenia in the framework of the ENP. It was supported in the past with several TACIS projects but the high turnover among the team and the novelty of the ENP instruments speaks for further support to this unit.

Although the Government of Armenia has set up a Project Administration Office (PAO) within the Ministry of Finance and Economy as early as end-2006 (the head of the NCU is as well head of the PAO), no Twinning project has been formally launched so far. The first Twinning projects in Armenia are therefore likely to be launched in mid-2008, using the funds foreseen in the 2006 and subsequently 2007 National Action Programmes.

The Twinning facility proposed under this 2008 Action Programme will provide the necessary resources to launch several Twinning projects supporting the priorities identified by the Government of Armenia to foster ENP and PCA implementation and will further support capacity building within the NCU via a dedicated technical assistance component.

2.2. Lessons learnt

The Twinning instrument has proved in the 12 new EU member states to be flexible and effective enough to sustain a smooth institutional building and administrative capacity development thanks to a privileged long-lasting cooperation between administrations of candidate countries and those of the EU member states. This instrument has been available in Armenia since early 2007. The Government of Armenia has immediately expressed a strong interest for the Twinning facility (specifically with new Members states with whom Armenia might share some common features - Baltic countries, Romania or Bulgaria for instance) and has undertaken all necessary measures to introduce it to a large number of administrations. In particular, a PAO (Project Administration Office) has been set up in the Ministry of Finance in end-2006 and has established a 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 participation of EuropeAid Headquarter. Many administrations confirmed their interest for the Twinning instrument during this seminar. It was agreed that the PAO will submit to the EC Delegation a list of pre-selected Twinning proposals in end-January – early February 2008.

2.3. Complementary actions

The EC has been implementing under TACIS AP 2004-2005 and/or TACIS AP 2006 several projects in the area of legal approximation and institutional capacity building aimed at fostering PCA implementation (notably AEPLAC, support to judiciary reforms projects, support to regional development or support to Vocational Education reforms). The upcoming Twinning operations will complement and build on the experiences gained by the above TACIS projects.

TA is provided to support the PAO in identifying priority projects in the light of the experience of the new Member States or other ENP countries.

2.4. Donor coordination

The Ministry of Finance and Economy (MFE) is the leading institution coordinating donors' financial support in Armenia. Within the MFE, a National Co-ordinating Unit (NCU) is more specifically in charge of the coordination of EC assistance with other Donors and line ministries. This unit deals as well with the TAIEX and Twinning projects since 2006, since the

National Coordinator (the Minister of Finance) has appointed the NCU Director as Head of the Twinning-TAIEX Project Administration Office (PAO).

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. Donors' coordination can therefore be assessed as satisfactory.

Coordination with EU Member States is relatively formal and ensured mainly through monthly EU Heads of Mission meetings hosted by the EU embassy representing locally the Council's presidency.

3. DESCRIPTION

3.1. Objectives

General Objective

The project general objective is to contribute to Armenia meeting the objectives of the EU-Armenia ENP Action Plan.

Specific Objectives

- To build the capacity of a number of selected Armenian ministries and 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 provision of the PCA and ENP AP and to progressive economic integration between Armenia and the EU;
- To enhance the capacity of the national Coordinating Unit, facilitating thereby the identification and coordination of further EU assistance to Armenia in the framework of the ENP;
- To assist at various stages of the EU-funded project cycle management (hereafter PCM-related TA), notably in the preparation of sector-wide support, in the priority sectors of the 2007-2010 NIP.

3.2. Expected results and main activities

The project expected results are:

- 3 or 4 Armenian institutions develop an efficient peer to peer relation with a similar administration of an EU Member state, paving the way to a long lasting cooperation between those two institutions, thus improving Armenian capacities to deal with PCA and ENP implementation issues;
- Clear progresses in implementation of the ENP AP and PCA;
- Deeper economic and commercial integration with the EU market with direct positive impact on economic growth and poverty reduction;
- Improved capacity of the NCU to deal with identification and programming issues,

through provision of TA;

- Enhanced quality of EU assistance through provision of TA in the management of the project cycle (notably design of Sector Policy Support Programmes).

3.3. Stakeholders

The beneficiaries will be a number of selected Armenian administrations directly concerned with the implementation of the PCA and ENP AP. Special attention will be given to the line ministries directly responsible for planning and implementing reforms, i.e. Ministry of Foreign Affairs, Ministry of Finance and Economy, Ministry of Trade, Ministry of Justice, Ministry of Agriculture, Ministry of Education.

3.4. Risks and assumptions

Risks:

The project may face challenges linked to the novelty of the Twinning instrument, although the PAO and the EC delegation have undertaken their best efforts to introduce it to a large audience during the whole year 2007

Assumptions:

Continued commitment, from the new Armenian Government to be formed after the February 2008 presidential elections, to the PCA and ENP AP implementation

It is also assumed that the Armenian beneficiaries will contribute to the logistical arrangements in order to ensure the successful implementation of this programme

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	✓	
Good Governance	✓	
Democracy, Human rights	✓	
Integration in world economy	✓	
Environment	✓*	✓
Gender		✓

* in case environment is identified by the Commission and the Government of Armenia as a direct objective of some of the measures

4. IMPLEMENTATION ISSUES

4.1. Implementation method

Centralised management.

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.

4.3. Budget and calendar

The programme foresees an envelope of EUR 6 million, to be indicatively broken down between € 4.5m – 5.0m for twinning contracts and € 1 – 1.5m for contracts linked to the Project Cycle Management-related TA and support to the PCA and ENP AP implementation.

Each above-mentioned component should include the necessary provision for audit, evaluation and communication/visibility activities (see sections 4.5 and 4.6 below).

The operational duration should indicatively be of 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

Proper communication and visibility of the measure will be achieved via widespread dissemination of project achievements and results, as well as international visibility of twinning projects.