



EN

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX I

of the Commission Implementing Decision on the multiannual action plan in favour of the Republic of Armenia for 2022-2023

Action Document for EU support to education in Armenia

MULTIANNUAL ACTION PLAN

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan/measure in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	EU support to education in Armenia Multiannual action plan in favour of Republic of Armenia for 2022-2023 OPSYS business reference: NDICI-GEO-NEAR/2022/ACT-61467 ABAC Commitment level 1 number: JAD.1049150, JAD.1056224 (2023) Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Republic of Armenia.
4. Programming document	EU-Armenia Multiannual Indicative Programming Document (MIP) 2021-2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Priority area 1 - Resilient, sustainable and integrated economy Specific objective 3. Developing human capital and supporting modernisation of education Expected result 3. Developing human capital and supporting modernisation of education
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	110 Education, 111 Education, Level Unspecified, 113 Secondary Education
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

¹ Commission implementing decision adopting a multiannual indicative programme for Armenia for the period 2021-2027 C(2021)9435 on 16.12.2021

	Other significant SDGs (up to 9) and where appropriate, targets: SDG 5. Achieve gender equality and empower all women and girls SDG 10. Reduce inequality within and among countries SDG 13. Take urgent action to combat climate change and its impacts			
8 a) DAC code(s)	11110 - Education policy and administrative management 50% 11320 - Secondary education 20% 11130 - Teacher training 15% 11120 - Education facilities and training 15%			
8 b) Main Delivery Channel	12000 – Recipient government			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

12. Amounts concerned	<p>Budget line(s) (article, item): 14.020111 Eastern Neighbourhood</p> <p>Total estimated cost: EUR 32 000 000</p> <p>Total amount of EU budget contribution EUR 32 000 000 of which EUR 29 300 000 for budget support and EUR 2 700 000 for complementary support.</p> <p>The contribution is for an amount of EUR 20 000 000 from the general budget of the European Union for 2022 and for an amount of EUR 12 000 000 from the general budget of the European Union for 2023, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>
------------------------------	--

MANAGEMENT AND IMPLEMENTATION

13. Implementation modalities (type of financing and management mode)	<p>Budget Support</p> <p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Procurement <p>Indirect management with entity(ies) selected in accordance with the criteria set out in section 4.4.2</p>
--	---

1.2. Summary of the Action

The Action aims to increase the competitiveness of the Armenian education system, in line with the education reforms set in the Government Programme 2021-2026 and in particular the State Education Development Programme of the Republic of Armenia until 2030 approved by the Government on 25 July 2022 (hereafter referred to as “the Education Strategy”) and its forthcoming Action Plan 2022-2026. This Action supports these reforms through enhanced policy dialogue, provision of funding and technical assistance. It will focus in particular on improving the quality of STEM (Science, Technology, Engineering,

and Math) teaching and learning, bringing together formal and innovative non-formal education to make high quality educational services more accessible in rural communities.

The specific objectives of this Action are: (1) the number of students participating in higher quality secondary education services in rural areas with a focus on girls is increased; and (2) the efficiency and accountability in the management of secondary education system are improved.

The Government plans to replicate the models and achievements of the EU-funded EU4INNOVATION project 2019-2023 in all schools of 3 vulnerable marzes (Ararat, Kotayk and Gegharkunik) and 13 schools of Kapan in Syunik marz. In total, up to 337 schools will have renovated and equipped STEM labs, trained teachers and renewed training methodology. This action aims to improve the quality of STEM teaching in regions, increasing attractiveness of STEM studies and percentage of young girls and boys that will continue their study of STEM subjects in Vocational Education Training (VET) or Higher Education institutions. The latter, would contribute to the increase of qualified STEM subject teachers in marzes, securing multiplier effect. This action also works on curriculum reforms in selected STEM subjects.

The Government also targets optimisation and modernisation of the national school network, and intends to start with a pilot in 13 schools in Kapan region of Syunik marz. The trend of migration from rural communities is increasing², and the situation led to an increasing number of small size schools (31.5% of existing schools are with less than 100 students). Students take classes in multi age classrooms, with children of 2 or even 3 different levels of knowledge, without specified methodical standards. The low quality of instruction and inefficient management and maintenance led to the low quality of education in these schools.

This Action aims to enhance access to education in the four marzes selected by the Government (Ararat, Kotayk, Gegharkunik, and Syunik) and support the implementation of the Government's optimisation action plan, including related building and renovation of schools. The action will also work on improving the national student learning outcomes assessment system. A school transportation system will be developed and piloted as part of this action. The maximum distance between villages and schools will be aimed at being no longer than 12 km, to secure a maximum of 20 minutes travel duration for students per trip³.

The Action will also provide complementary technical assistance aimed at supporting MoESCS at all levels, from national to local levels, to ensure efficient implementation of the new "State Program for Development of Education of the Republic of Armenia until 2030". It supports reforms of the institutional framework for the improved management of education sector, to strengthen capacity at central and decentralised levels for implementation and monitoring of education sub-programmes, and to tackle challenges related to planning and budgeting. Will strengthen policy advocacy and communication to accompany effective introduction of new policy reform initiatives and facilitate international expertise access.

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, while also contributing to SDG 5. Achieve gender equality and empower all women and girls, SDG 10. Reduce inequality within and among countries, and SDG 13. Take urgent action to combat climate change and its impacts.

² Population living in rural areas has gone down from 36.7% in 2013 to 36.1% in 2021. A significant proportion of the youth is not in employment, education or training (NEET). According to the Armenian statistical committee estimates, in 2020, 9.5% of 15-19-year-olds, 36.2% of 20-24-year-olds, and 44.5% of 25-29-year-olds were NEET. Among 15-29-year-olds, the proportion of men in NEET was 22.6%, while among women – 39.9%. By type of settlement, the NEET rate among 15-29-year-olds was 28.0% in urban settlements and 34.9% in rural settlements (Statistical Yearbook of Armenia 2021). According to Education Sector Analysis for Armenia report, in Yerevan, the population of lower and upper secondary age will increase by one tenth and one third respectively, significantly driven by internal migration from rural and other urban areas. This sharp increase in upper secondary age population will greatly strain the available resources, given that school resources in Yerevan are already strained, as disproportionately more schools in Yerevan operate in two or three shifts than in the marzes (Education Sector Analysis for Armenia report, 2022).

³In practice, depending on the availability and conditions of the roads this could however be significantly longer.

2. RATIONALE

2.1. Context

Armenia is a landlocked country, bounded to the north and east by Georgia and Azerbaijan, and to the southeast and west, respectively, by Iran and Turkey. Borders with two of its neighbours, namely Azerbaijan and Turkey are currently closed. Based on OECD/DAC criteria Armenia is classified as an upper middle-income country with projected GDP per capita of USD 5.080 (2022), with a population of approximately 3 million out of which 64% live in urban areas (over half of the urban population living in the capital city of Yerevan⁴) and 36% live in rural areas. Poverty rate in 2019 amounted to 44%⁵.

Following the 2018 peaceful anti-government protests, the new leadership put forward an ambitious comprehensive agenda of reform based on the rule of law, protection of human rights, fight against corruption and good governance. However, the COVID-19 pandemic together with the hostilities in and around Nagorno-Karabakh have slowed down greatly the smooth implementation of many reforms in the country. This has also affected the pace of development of national education reform, which is now detailed in the new Education Strategy approved by the Government on 25 July 2022.

Armenia has a high number of schools with less than 100 students (31.5%)⁶. The quality of instruction at these institutions is unsatisfactory and management is inefficient. Students study in multi-aged classrooms, there is a gap of teaching methodologies at these schools, and the same teacher teaches multiple subjects. Overall the quality, efficiency and effectiveness of teaching needs to be strengthened. Extracurricular activities are also lacking in these schools. During the initial stage of COVID-19 pandemic, the schools worked remotely and resumed partially face-to-face instruction in the 2020–2021 academic year. The hostilities in and around Nagorno-Karabakh had a devastating impact on schools located in the bordering regions due to security concerns. In particular in the underdeveloped Syunik marz which has been most affected and has now a considerable amount of displaced people, teachers and pupils had to travel long distances to get to school.

School buildings with less than 100 students in Armenia are largely outdated, have inadequate capacity to educate children with special educational needs and to ensure inclusiveness and disaster risk management. Renovations are required in 455 schools, or 31.7% of all schools, while regular repair/maintenance are required in 383 schools, or 26.7%⁷.

Armenia has signed in November 2017 the Comprehensive and Enhanced Partnership Agreement (CEPA) with the European Union (EU), which entered into force on 1 March 2021. Armenia committed to CEPA implementation through domestic reform and building stronger cooperation with the EU, including in the field of education and training to approximate the education and training systems in Armenia with policies and practices of the EU. The EU has been a leading donor when it comes to support to the educational sector reform in Armenia. This is in line with the **policy priorities of the Commission**⁸ targeting education and skills, human development, human rights/fundamental values and digital skills as well as the Joint Communication on the Eastern Partnership policy beyond 2020⁹ and the Staff Working Document Recovery, resilience and reform post 2020 Eastern Partnership priorities¹⁰. **Education** is also one of the core components of the Multi-Annual Indicative Programme (2021-2027) for Armenia¹¹, which emphasises the importance of developing human capital and supporting modernisation of the education system.

Education is a clear priority of the Armenian Government's 2021-2026 plan. The plan emphasises an inclusive educational environment, curriculum modernisation, infrastructure modernisation, extensive use of

⁴National Statistical Committee of the Republic of Armenia: The Demographic Handbook of Armenia https://www.armstat.am/file/article/demog_2021_2_.pdf

⁵Poverty rate described as income equal or less than USD 5.5/day 2011 purchasing power parity (PPP) terms; IMF: <https://www.imf.org/en/Countries/ARM>

⁶ Social situation in RA for 2020, https://www.armstat.am/file/article/soc_vich_2020_e_2.pdf

⁷ Social situation in RA for 2020, https://www.armstat.am/file/article/soc_vich_2020_e_2.pdf

⁸ [political-guidelines-next-commission_en_0.pdf \(europa.eu\)](https://www.europa.eu/press-communications/infographic/infographic-political-guidelines-next-commission_en_0.pdf)

⁹ JOIN(2020) 7 final.

¹⁰ SWD(2021) 186 final.

¹¹ [C_2021_9435_F1_ANNEX_EN_V2_P1_1621110.PDF \(europa.eu\)](https://www.europa.eu/press-communications/infographic/infographic-political-guidelines-next-commission_en_0.pdf).

technology in education and education governance systems, strengthening the "education-science-labour market" links and promoting lifelong learning.

The Government approved on 25 July 2022 the State Education Development Programme of the Republic of Armenia until 2030, which soon will become law. This is an education strategy that covers all educational levels from pre-school to higher Education. The strategy was subject to intragovernmental consultations and public discussion. The strategy specifically underlines the issue of optimisation of rural school's network, given the small number of students and need for effective financing/management modalities for schools with small students' population.

This Action aims to enhance access to education in four marzes selected by the Government (Ararat, Kotayk, Gegharkunik, and Syunik). It will support the implementation of the Government's optimisation action plan, including related building and renovation of schools. Besides secondary education, the Government plans that the schools will provide also pre-primary, primary and secondary educational services to optimise the network usage, as well as offer after school extra-curricular services for students. The schools will have an advanced management system with intensive ICT usage. Teachers will receive training on working with multi-aged classrooms in line with the guidelines developed based on best EU practices and approved by the Ministry of Education, Science, Culture and Sport (MoESCS). The school optimisation will give possibility for savings on maintaining school infrastructure and to invest the saved money in providing high quality education and making multiple educational services available in the rural areas.

The Prime Minister's decision No 1250-L of November 4, 2021, approved the programme ensuring access to quality educational services in Syunik marz. There are 117 schools in the Syunik marz, of which 78 (66,7%) have less than 100 students, 16 have 100-300 students, 15 have 300-500 students, and 8 have more than 500 students. Therefore, optimisation of educational network in the Syunik marz is a government priority. Furthermore, the government carried out a study on the conditions of the school infrastructure in Syunik marz and performed calculation of necessary costs, including the road renovation, transportation and school refurbishment costs. The overall cost of the project is estimated at 9 billion Armenian drams (around EUR 21.6 million as of July 2022) and the government already included road renovation cost in its budget.

During 2019-2021 with EU support, Armenia developed new STEM subject standards, currently piloting them in Tavush marz with all schools now equipped with STEM labs, teachers trained in usage of lab equipment and new teaching methodologies. In 2021, the Armenian Government with EU assistance, approved a new national curriculum and revised STEM subject standards, which are currently being piloted in the Tavush region. However, the lack of laboratories and teacher competency in other regions have a negative impact on STEM education. Only in Tavush marz all schools are currently equipped with STEM laboratories. Ararat, Kotayk and Gegharkunik marzes have been prioritised by MoESCS as these marzes mainly have big schools and an adequate number of teaching staff. Thus, the optimisation efforts in these marzes will be a smaller challenge, compared to other marzes. Therefore, it is expected that improved infrastructure in these 3 marzes would have quicker tangible results in improving STEM teaching in Armenia.

In addition to education policy discussions, this Action will build on previous EU actions within the EU4INNOVATION project by rolling out STEM teaching principles and developing a new replicable model for the management of small village schools in line with the EU best practices. This Action will also target after-school activities bringing synergies of EU actions under the Economic and Investment Plan (EIP) flagship initiatives for Armenia¹² as well as the Team Europe Initiative of Resilient Syunik. The Country Level Implementation Plan (CLIP) for Armenia also sets the objective to strengthen the economic and social rights and empower girls' and women' s advancing for equal participation in leadership and gender equality in education.

¹² See SWD(2021) 186 final.

2.2. Problem Analysis

Problem analysis

The Armenian education system is experiencing a number of challenges. The analysis hereafter focuses on some of the major issues especially those that are relevant for the secondary schools.

Problem 1. Deteriorating school infrastructure, particularly in rural areas

Armenia's school infrastructure is in somewhat dire condition, in particular in rural areas with small schools built more than 30 years ago. According to the report on Social Situation of Republic of Armenia in 2020¹³, 455 (31.7%) of Armenian schools require capital repairs/reconstruction, and another 383 (26.7%) require regular repairs. According to the Government's plan, 300 schools and 500 pre-schools would be renovated by 2026, including with support from the World Bank and Asian Development Bank. With regards to the breakdown of 300 schools, approximately 10% of these are high schools, which include 10th-12th grades, 30% - basic schools which include 1st-9th grades and 60% - secondary schools from 1st-12th grades. State institutions are enhancing their capacities to build schools that meet modern requirements. In small settlements, the Government is constructing modular schools that would also provide pre-school education and community services.

Due to huge maintenance cost/staff salaries and inadequate level of teaching in particular in the rural areas, the optimisation of the schools network of the country has become both a necessity and an urgency. According to the education strategy, schools with less than 100 students account for 31.5% of all schools in Armenia. The number of such schools should be decreased through consolidation, increasing their significance to serve also as a community centre, offering cultural, sports, and leisure services. According to the above approach, construction of 20 modular schools started in 2020. These schools are expected to also provide pre-school and, if necessary, some vocational and extra-curriculum educational programmes.

In this respect the most deteriorating situation is in the Syunik marz. Youth at the age 15-29 constitutes 4.5% of total population in Syunik¹⁴. Out of 117 schools in Syunik, over 78 (66.7%) schools have less than 100 students, 16 schools have 100-300 students, 15 schools have 300-500 students, and only 8 schools have more than 500 students¹⁵. Therefore, the optimisation of educational network in the Syunik marz was treated by the Government as a priority to pave the way for further extension all over the country. The Prime Minister's decision No 1250-L of 4 November 2021¹⁶, approved the programme of ensuring access to quality educational services in the Syunik marz. Furthermore, the Government carried out a study on the conditions of the schools infrastructure in the Syunik marz, including calculation of the required costs, such as the renovation of roads, transportation and schools' refurbishment. This Action through budget support aims to indirectly support implementation of that school infrastructure plan in 31 communities in the Kapan region of the Syunik marz, with a view to make it a replicable model for other communities and marzes.

Problem 2. Inadequate STEM subject delivery, including ICT and laboratory infrastructure

Problems on teaching STEM subjects have arisen in recent years. The number of students applying to STEM faculties has decreased, especially in mathematics, physics, chemistry and geography¹⁷. The number of school teachers in particular females, in STEM subjects, has also decreased and it is increasingly difficult for schools to hire STEM teachers. There are also obvious gender differences. Among students in higher educational institutions conducting first degree educational programs in 2020/2021 there were 30% women in information and communication technologies, only 10% in engineering. However, there are 50% among students in mathematics and statistics. The same is true for the students in preliminary vocational and middle vocational

¹³Social Situation of Republic of Armenia in 2020, Statistical Committee of Armenia, https://www.armstat.am/file/article/soc_vich_2020_e_2.pdf

¹⁴ Women and Men in Armenia, 2021 available at: <https://armstat.am/en/?nid=82&id=2439>

¹⁵Social Situation of Republic of Armenia in 2020, Statistical Committee of Armenia, https://www.armstat.am/file/article/soc_vich_2020_e_2.pdf

¹⁶ <https://www.e-gov.am/decrees/item/24047/>, Available only in Armenian

¹⁷ https://docs.google.com/spreadsheets/d/11754-1Z-BuFv68Zz9c_5uwWUy0fvDxgFKbgi2wzY2TQ/edit#gid=0 (available only in Armenian)

educational institutions. There are 25% women among students in preliminary vocational educational institutions studying informatics and information technologies, and only 5% women studying engineering. There are about 30% women among students in middle vocational educational institutions studying informatics and information technologies, and 7% women studying engineering¹⁸. The Education Strategy recognises that the total volume of STEM subjects offered in general education programmes is insufficient, and that more than half of the university students are studying humanities, arts, management and law, whereas the ICT sector is growing by 20% annually.

It is therefore critical to improve the quality of STEM subjects' delivery, including through methodology, training of teachers, laboratories and computers and providing incentives to existing and potential teachers. The student-to-computer ratio in Armenian schools is 1 computer per 16.8 students. A computer lab with more than 13 computers is available in only 25% of schools. Pentium 4 and lower generation PCs account for 52.8% of desktops in schools, while Dual core and higher account for 47.2%.

Under the EU4INNOVATION programme, which is nearing completion, STEM laboratories are being established in all schools of the Tavush marz, STEM revised curricula, textbooks, exam content and contemporary teaching methods are being tested in all schools and teachers are being trained. The EU4Innovation programme has been producing tools such as guidelines and training modules that would be used for replication in the three priority marzes (Ararat, Kotayk, and Gegharkunik). Establishing laboratory infrastructure in all schools is a top priority of the Government as stated in the Government Programme 2021-2026 and reinforced in the Education Strategy. This ought to be a solid prerequisite for enhancing student performance. The Government is trying to secure STEM laboratories and advanced techniques of STEM teaching in all schools by 2026, starting by the 3 priority marzes.

This action through budget support therefore will be targeting STEM reforms in **three prioritised marzes (Ararat, Kotayk, and Gegharkunik) for grades 5-12 with provision of methodology support, training of STEM teachers, curricula reforms, operationalisation of digital solution for teaching and learning as well as reconstruction and provision of equipment of laboratories**. Furthermore, training on environmental and climate-related issues would be strengthened.

The MoESCS recently modified the school budgeting formula to ensure that schools have sufficient budget for laboratory operation and maintenance, which contains a table for laboratory expenses based on quantity of classes and students using the laboratory. The MoESCS is also planning to make sure that all schools in 3 marzes have qualified STEM subject teachers.

Problem 3. Need for more inclusive education

Following amendments made in 2014 to the Law on General Education¹⁹, the Government approved a special programme for all schools to switch to universal inclusive education by 2023. Within the framework of this special programme, teachers have been trained on inclusion, and specialised educators and teacher assistants have been recruited in schools to provide professional assistance in working with children with special needs. Moreover, all newly built schools buildings are required to have the necessary adaptations for children with special needs. The Republican Pedagogical-Psychological Center responsible for the assessment of students' needs, is improving the methodology for student's needs assessment with an emphasis on students with special needs. Furthermore, the above mentioned school budgeting formula envisages special budget allocation to ensure adaptation of physical environment for students with special needs.

However, there are still many problems with inclusive education in schools. The capacity of secondary schools to provide education to children with special educational needs is limited, and there is an insufficiently adapted physical and educational environment. Within next 3 years the Government intends to ensure that at least 1/3 of the school buildings would be adapted to special needs. Teacher training is still not sufficient for the success of inclusive education and schools need support materials and more professional development courses. Further work is still needed including with parents and teachers on embracing the concept of inclusivity, gender equality and diversity. This budget support action is aimed at supporting implementation of the Education

¹⁸ Women and Men in Armenia, 2021 available at: <https://armstat.am/en/?nid=82&id=2439>

¹⁹ Amendments to the Law on General Education, <https://www.arlis.am/DocumentView.aspx?docid=94683>, available in Armenian

Strategy's inclusive education goals, both through policy dialogue and through adaptation of school buildings for students with special needs in all actions covered by this Action.

Problem 4. Weak school governance

The Education Strategy recognises that the current education management system does not work properly, including at school level where school principals are recruited and then holding their office for too long without proper accountability. With its new Education Strategy, the Government reiterated its commitment to school-based management, i.e. the systematic decentralisation to the school level of authority and responsibility to take decisions on significant matters related to school operations within a centrally determined framework of goals, policies, curricula, standards, and accountability.

Following the amendments to the Law on General Education in 2022, from 2023 on the school management system in Armenia will change. Schools will have a principal responsible for managing educational issues, while an administrative coordinator will be in charge of financial and organisational issues. The aim is to enable school principals to concentrate on improving the quality of education. Also starting from 2023, the school principals will not be elected anymore by the school board but by a professional council. The same professional council will review the school development programmes submitted by the principal candidates. The positive conclusion of the professional council is the basis for appointing the candidate as a school principal. The principal will manage the school for 5 years, and at the end of the term he/she will submit a report on its work. In case of a positive conclusion by the professional council and the MoESCS, the contract with the school principal would be extended for another 5 years. In order to make school administration ready for upcoming changes, the MoESCS recently started the process of training school principals. Training of administrative coordinators would be conducted after 2023. This action may possibly start training some teachers earlier than that.

This budget support action will support the establishment of this new system of school governance to be tested in 13 schools in the Syunik marz by the Government. The MoESCS will conduct the pilot and based on outcomes approve a governance model for small schools serving multiple communities. If successful, the model would be later replicated in all marzes of Armenia, therefore, a rollout plan would be approved by the Government. In addition, the programme will provide complementary technical assistance that will be aimed at supporting MoESCS at all levels, from national to local levels, to ensure efficient implementation of the new "State Program for Development of Education of the Republic of Armenia until 2030". The focus will be to support reforms of the institutional framework for the improved management of education sector, to strengthen capacity at central and decentralised levels for implementation and monitoring of education sub-programmes, and to tackle challenges related to planning and budgeting.

Finally, this Action will support improvement in financial management of the education sector through activation of the leverage offered by the budget support modality to MoESCS when negotiating its budget proposal with the Ministry of Finance. Implementation of Programme Budgeting will be monitored as part of the general conditions on policy implementation (including policy financing) and Public Financial Management reforms, in particular contributing to improve allocative and operational efficiency in the education sector, including more equitable formula-based financing of schools to improve the inclusiveness and quality of teaching.

Problem 5. Lack of qualified teachers

In recent years, Armenia has had a teacher shortage, particularly in STEM subjects. The profession of teacher is considered as not attractive in general due to the absence of social protection, low salary etc. The number of applicants admitted to STEM departments of pedagogical universities has sharply decreased.

The Government is now implementing several measures to avoid teacher shortages, to ensure good quality of teaching and to make the teacher's profession more attractive. Thus, as a result of amendments to the Law on General Education, the teacher's subject knowledge is tested through voluntary testing and teachers who surpass the MoESCS's threshold are subject to a 30-50 % bonus for 5 years. Additionally, the MoESCS allows teachers to earn a pay raise by being assigned to specific professional steps. Based on pedagogical, scientific, research achievements teachers may get 4 professional steps and receive up to 50% salary increase. The remuneration of a teacher could rise up to 400 000 Armenian dram (about EUR 850) per month as a result of

these adjustments. However, some teachers, particularly in regions are afraid of testing since the teacher's job contract may be terminated if the results of voluntary attestation are too low.

Since working as a teacher requires a higher pedagogical education degree, to cope with teacher shortage, the amendments to the Law on General Education allowed anyone with a higher education in a specific subject's professional sector who has acquired at least 30 credits in pedagogical and psychological courses, to work as a teacher. For STEM subjects the requirements are even softer. A person with a university degree in a STEM topic can begin working as a teacher with the condition of earning at least 30 credits in pedagogical and psychological modules in one year.

Teachers' salaries in schools with less than 100 students would be increased in addition to above mentioned top-ups, according to the MoESCS's budget application for 2023. It is also planned to raise salaries of all STEM teachers (excluding Mathematics, where there is no shortage of teachers) in schools of Armenia. On the other hand, all these measures will put additional pressure on the budget²⁰.

Reforms in the field of pedagogical education are also being implemented by the MoESCS. The Government plans to enhance the number of scholarships available to pedagogical university students. In addition, a dual speciality system will be implemented, allowing students to get teacher certification in two subjects. Furthermore, in 2021 the mentor schools programme was launched. Within the framework of this programme, the mentor school teacher conducts distance learning in the schools that lack a teacher of specific subjects.

Since 2015, the NGO Teach for Armenia (Armenian branch of Teach for All network) has been sending teachers to remote village schools where teacher shortages exist. The MoESCS also plans to involve the private businesses, which will be able to send personnel to the nearby school to teach, including the use of ICT.

The complementary measures accompanying this Budget support will provide assistance in strengthening universities' capacity to train future teachers and to provide continuous professional development services.

In line with the Strategy, the proposed Action will contribute to making the teacher profession more attractive in STEM subjects, providing incentives for retaining qualified teachers and therefore addressing some of the roots of the current teacher shortages, notably through financial incentives (increase of salary, allowances for teaching in rural areas, and STEM teachers, simplification of procedure to qualify to be a teacher, etc.), an increase in the number of school graduates applying to STEM departments of universities and VET institutions, but also through investment in STEM infrastructure and related teacher training. Implementation of Strategy reforms aimed at addressing teacher shortages will also be monitored as part of the policy dialogue and reflected in annual publicly available reports of implementation.

Problem 6. Poor performance of students

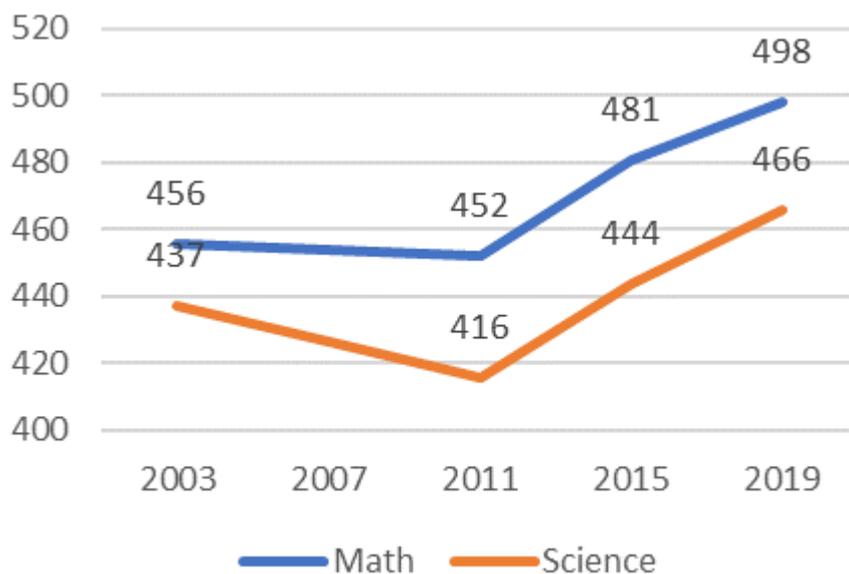
Students' learning in math and science opens doors to financial literacy, critical thinking and healthy decision-making. Although learning has not reached the desired benchmarks level in Armenia, it improved since 2011 especially at elementary school level. The decline of the education quality before 2011 is due to several factors, the main changes at the policy level are linked to the following reforms: sudden introduction of 12-year secondary education system, revision and adoption of new education standards in 2010 and 2011, adoption of new law on General Education.

Armenia does not participate yet in the Programme for International Student Assessment (PISA) tests, though it is planning to join PISA 2023-2026. Currently the PISA liaison officer in cooperation with MoESCS is preparing a needs assessment report to prepare Armenia's membership. However, the large-scale learning assessment conducted in Armenia, the Trends in International Mathematics and Science Study (TIMSS), indicates that students rapidly approach international benchmark levels in math and science, especially in the fourth grade. The highest scores ever achieved by Armenia in both science and math in the fourth grade were recorded in 2019. Those with the most improved performance were the low performers, which is a valuable achievement. Top performers, however, have only slightly improved, suggesting that there is still a long way

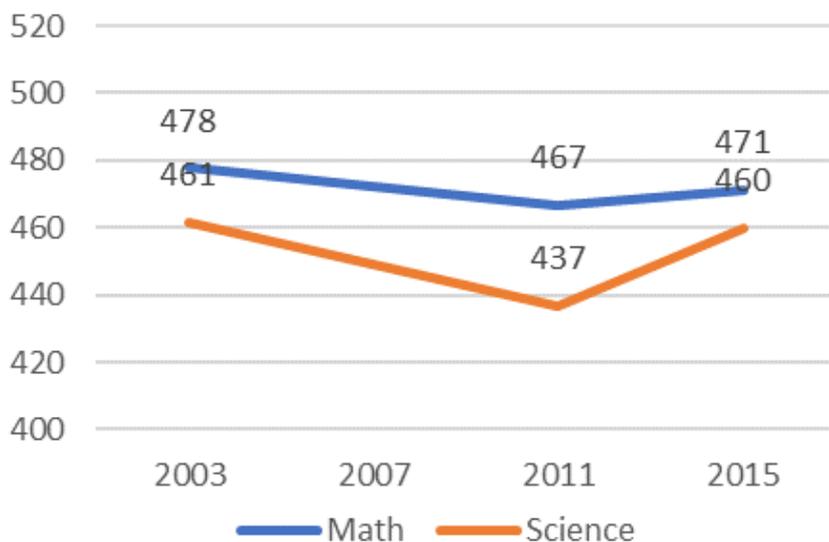
²⁰ According to MTEF 2023-2025 budget for education will increase substantially. In absolute numbers by 2025 education budget will increase by 50%. Source: MTEF 2023-2025, p.60 <https://www.e-gov.am/sessions/archive/2022/06/30/>

to go for students that are at higher levels of proficiency. This is significant because the qualifications of students performing at a higher level is an important measure of skills relevance, future productivity, and the health/competitiveness of the labour market.

Chart 1. TIMSS Math and Science Average Score for Armenia
Grade 4, 2003-2019



Grade 8, 2003-2015



The results in STEM subjects are not very high in TIMSS assessment for fourth and eighth graders. Although, girls outperform boys in TIMSS and school academic achievement in Math and Science, the number of girls studying in STEM departments of universities is low. According to Statistical Committee of Armenia report²¹ less than 10% of students at engineering specialties are girls. Only 30% of ICT department students and only around 25% of physics departments' students are girls.

²¹ Social situation in RA for 2020, https://www.armstat.am/file/article/soc_vich_2020_e_6.pdf

While Armenia is participating in internationally recognised monitoring mechanisms, it does not have a properly functioning national student assessment system that would measure learning outcomes on a regular and systematic basis. In order to be able to measure progress on student learning outcomes, it would therefore be necessary to strengthen and reinforce regular monitoring of learning outcomes in Armenia.

In 2021, the Armenian Government approved the National School Standards and currently STEM subject standards are in the process of being piloted in the Tavush marz with EU support. During the pilot process, teachers are participating in trainings on new subject standards. All schools of the Tavush marz are refurbished with STEM laboratories. Some Tavush marz schools have been effective in implementing the new standards requirements. Teachers and students are displaying their learning outcomes successfully. Some schools are using formative (descriptive without grading) assessment techniques, which is one of the new curriculum's foundations.

The MoESCS aims to achieve the range of 550-575 points in the TIMSS, which is considered a very high level. To meet this goal, the MoESCS updated the national curriculum and subject standards, which would be applied in schools starting from September 2023. Learning materials and textbook creation processes will be enhanced, resulting in improved new textbooks.

Another aspect revealed by student assessment and underlined in the Education Strategy is the rural-urban gap: for example, the average grade point for 12th grade math students in cities is 14.3 compared to students from border and remote villages with average grades of 12.1 and 11.9 respectively. In rural areas, children have been deprived of the same educational opportunities at the high school level until the introduction and implementation of a new state standard for general education. The Education Strategy aims at reducing such disparities through investing in priority in quality of education in rural areas.

The proposed Action will support Government's efforts to address students' low performance and to reduce the rural-urban gap through focusing on improvements of secondary education in rural areas.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

The Ministry of Education, Science, Culture and Sport (MoESCS) is a central body of executive authority that elaborates and implements the policy of the Armenian Government in the spheres of education, science, culture and sport. High schools (10-12 grades) are exclusively governed by the MoESCS. The Ministry is becoming a major driver of reform in the education sector.

The Ministry of Territorial Administration and Infrastructure (MTAI) is a central body of executive authority that develops and implements the policy of the Armenian Government in the field of territorial administration and infrastructure management. The MTAI is responsible for the school infrastructure policy.

The Urban Development Committee (UDC) is a subject body to the Armenian Government responsible for the implementation of the Government's policy in the field of urban development. The UDC is responsible for school infrastructure design and building.

The National Centre for Educational Development and Innovation (NCEDI) is a governmental agency responsible for the organisation and monitoring of training processes, monitoring of school standards, and development of the educational content.

The Republican Pedagogical-Psychological Center (RPPC) is a governmental agency responsible for the assessment of students' needs and adaptation of schools/laboratories infrastructure for children with special needs.

The NCEDI and RPPC are actively involved in the implementation of inclusive education programmes, school principals and teacher training. NCEDI is currently leading the piloting project of National Curriculum and subject standards, including STEM subjects, in Tavush marz. This experience will be useful in further replication of state standards in other marzes. The Government is committed to continue reforms and confirmed its commitment in the Education Strategy.

The Marzpetarans (Governor's offices) in the Syunik, Ararat, Kotayk, Gegharkunik marzes are responsible for implementing the state policies in the marzes, including educational policies. In Armenia there are 3 types of schools: Basic Schools (schools from 1 to 9 grades), Secondary schools (schools from 1 to 12 grades) and High schools (schools from 10 to 12 grades). The first two types of schools are governed by the Marzpetarans, the third one by the MoESCS.

Other non-governmental stakeholders. Among the stakeholders of the proposed Action will be the **Children of Armenia Fund (COAF)**, which plans to establish two SMART centres in the Syunik marz for afterschool extracurricular activities in different fields such as Arts, Technologies and Languages. In the Lori marz, COAF has established a SMART centre, which provides extracurricular educational activities to around 6,000 children. In the centre, children from around 30 villages are participating in 18 different clubs. COAF provides transportation from the villages to the SMART centre for these children. In the Armavir region, COAF is currently constructing a 2nd SMART centre. The Kapan region programme is expected to benefit from COAF's experience in linking extracurricular education with formal education, and in operating student transportation services.

TUMO creative technologies centres provide afterschool extracurricular activities in the field of ICT education. The programme also plans cooperation with **ArMath** labs established by the Union of Advanced Technology Enterprises (UATE). TUMO centres are involved in STEM education, and ArMath clubs can be found in practically every marz of Armenia, which makes them a potential stakeholder in implementing this action.

Teach For Armenia is part of the worldwide initiative Teach For All and aims to end educational inequity, cultivating a new movement of leadership led by students and Teacher-Leaders advocating for local ingenuity, civic responsibility, and global connectivity. Teach for Armenia is involved in teacher training and new methods of teaching particularly in the fields of secondary education. Coordination with them is therefore important for successful implementation of this action.

Involvement of these non-governmental stakeholders will be central to the success of the proposed Action, which envisages to support teacher training and student enrolment in after-school activities in line with Education Strategy objectives.

Other donors and international organisations

The United Nations International Children's Emergency Fund (UNICEF) has worked in the Armenian education field for about 30 years, during which it was involved in teacher in-service training, inclusive education, educational research, and education policy development. UNICEF in Armenia supports the MoESCS in generating, analysing and using data for reporting on Strategic Development Goals (SDG) education related indicators through the Education Management Information System (EMIS). UNICEF has contributed to developing a distance learning system during COVID-19. Therefore close coordination with UNICEF is important for policy dialogue and for the implementation of this action.

The World Bank (WB) implemented three loan projects in Armenia. The projects were implemented through the Centre for Education Projects. Through the loan projects, the school management and financing systems were reformed, as well as schools built and renovated. The WB is also actively involved in the national school curriculum developments. Through the WB loan project, the first national curriculum in Armenia was developed in 2004, as well as the new subject standards of social sciences, languages and art were developed. The WB is implementing the EU4INNOVATION programme for STEM subjects and replicates the same work for non-STEM subjects at their own financing. Furthermore, the WB is performing a human capital review.

The Asian Development Bank (ADB) participated in the development of the Government's strategy on education and is involved in the school construction and renovation programme.

Organisational issues. Close coordination between the central and regional governing bodies needs to be ensured within the framework of this programme. Regional administrations' capacity should be considerably enhanced in order for them to efficiently manage these initiatives and assure the maintenance of school buildings and laboratories.

2.3. Lessons Learned

The EU has been involved in education reforms since the 2000s, in particular in TVET reforms, and more recently in secondary education. Besides, the EU has implemented budget support programmes in Armenia continuously since the 1990s, overall successfully. Other donor agencies have also supported education reforms in Armenia, such as UNICEF and the World Bank. All these interventions form a considerable volume of experience from which some relevant lessons can be learnt.

In previous years, the MoESCS has implemented minor optimisation of schools. There have been cases when the community did not allow schools to be merged. In this regard, it would be important to use the right communication tools and messages in working with communities and to properly address concerns of the teachers, students and parents.

School renovation works have been carried out in Armenia before, however, school maintenance was not ensured due to maintenance costs of the buildings not being financed. Similarly, some laboratories were established in schools, but costs for supply to secure activity of laboratories were not covered. In this regard, all schools should have a guaranteed budget for maintenance of building, laboratories, roads and procurement of materials.

STEM textbooks have not been updated for several years. Most of the STEM education was given through a chalk and talk method, which proved to be unproductive. Practical activities and lab work should become a significant aspect of the STEM education. The STEM subjects were taught in a fragmented way, without using the power of interdisciplinary teaching, therefore a holistic approach needs to be ensured.

Without effective teacher policy education, reforms will not succeed. The MoESCS needs to invest more resources and mechanisms on making the teaching profession attractive.

A 2021 evaluation of the World Bank's USD 30 million "Education Improvement Project", which was implemented during the period from 2015 to 2021, has provided useful conclusions and recommendations relevant to the proposed action. The main objective of the WB project was to support the Government of Armenia in moving the development of the education system towards a knowledge-based economy by improving the quality of general and higher vocational education to meet the socioeconomic requirements of the society. One of the project components is of particular relevance to the proposed action: Support the development of upper secondary schools by improving the premises and providing relevant education resources. In particular, to carry out high school rehabilitations and equip the science laboratories. 13 schools were rehabilitated in 8 marzes (including Yerevan). Key evaluation findings are as follows:

- The rehabilitation of high schools has substantially changed the learning environment, and its positive impact is already visible in the improved student attendance and attitudes toward learning, and this has a growing trend. The rehabilitated schools offer a top-notch learning environment for many rural communities.
- New high school science laboratories, electronic educational materials and tools, and ICT equipment will increase the number of practical activities in the teaching and learning process and will improve student learning. Some of the activities under the Project have significantly contributed to overcoming the challenges that were imposed on Armenia's education system by the COVID-19 pandemic, particularly those related to distance learning. User guides and maintenance manuals are needed so that teachers can learn how to properly use and maintain the equipment. The effective use of laboratories will also enhance teachers' abilities to apply theory to practice. Schools and labs maintenance budgets need to be increased.
- The integrated Education Information Management System plays an important role in the monitoring and management of the education system. It allows state bodies and other stakeholders to get detailed real-time information about the education system.
- Education standards and curricula as well as teacher qualifications are the primary factors leading to improvement in education. Teachers have positively evaluated the results of the piloted revised subject standards and curricula, but time is needed for their full integration and impact.

The ongoing EU4INNOVATION (2019-2023) project is a EUR 10 million EU-financed project implemented by the World Bank and designed to improve the quality of STEM education in general education for grades 5-12 in the pilot Tavush marz. Furthermore, the results of the pilot will be rolled out throughout Armenia by the MoESCS to improve the quality of secondary education in Armenia. The project provides support to the MoESCS in redeveloping the curricula, associated pedagogical materials, textbooks, teacher training and teacher guides, and selected exams or examinations blueprints for STEM subjects in grades 5-12, using contemporary methods and technologies, including in a gender responsive manner, as well as strengthening the National Institute of Education. Although it is too early to draw definite lessons from this ongoing project, the fact that MoESCS has requested further EU support to replicate the reforms piloted under this project in other marzes would imply that the objectives of the project and approach to reform are probably correct.

2.4. Additional Areas of Assessment

2.4.1. Public Policy

Education public policy is formed by the Government Programme 2021-2026, which has a section 4.3 on Education, the Laws on Education and on General Education, which introduce access, quality and management requirements, as well as by the Government's approved State Education Development Programme of the Republic of Armenia until 2030 on 25 July 2022 and its forthcoming Action Plan 2022-2026.

All these strategic documents seek to address the main challenges faced by Armenia's educational system, including:

1. Schools building are largely outdated and unequipped;
2. Teacher shortage, and scarcity of trained teachers, particularly for STEM subjects since the pedagogical education is in short supply and frequently low-scored applicants are admitted to pedagogical universities;
2. Armenian schools' educational programmes are strictly theoretical. They provide little opportunity for students to develop applied and analytical skills. Therefore, Armenian students perform poorly on the TIMSS international assessments;
3. Teaching methods do not satisfy modern standards. Although numerous trainings have been held, the innovations and research did not reach the classrooms yet;
4. In educational institutions, gender stereotypes exist. Teachers still discriminate against female students. There are prejudices about women in school textbooks. Male teachers are in short supply. Approximately 90% of Armenian instructors are women²².

In its five-year Programme 2021-2026, the Government references CEPA as a factor facilitating institutional collaboration in democratic reforms and overcoming existing sectoral challenges. Among them, it highlights the reform of the educational sector. The main targets set for the education sector are:

- To build and renovate at least 300 schools by 2026, ensuring that they are fully equipped;
- To establish contemporary STEM laboratories in all 1,400 schools by 2026, considerably boosting the quality of education;
- To introduce new textbooks and instruction resources that are aligned with new standards, improve media literacy, and promote foreign languages;
- To implement needs-based teacher professional development programmes;
- To invest in teacher promotion, professional development, and a performance-related payment system, allowing teachers to receive at least a 30–50% salary increase²³;
- To develop governance and financing systems that are effective, open, performance-based, and output-based by digitising processes, reducing bureaucracy and corruption risks, and strengthening institutional governance capacities.

²² Social Situation of Republic of Armenia in 2020, Statistical Committee of Armenia, https://www.armstat.am/file/article/soc_vich_2020_e_2.pdf

²³ According to MTEF 2023-2025 budget for education will increase substantially. In absolute numbers by 2025 education budget will increase by 50%. Source: MTEF 2023-2025, p.60 <https://www.e-gov.am/sessions/archive/2022/06/30/>

Furthermore, according to the Law on Education (1999), the MoESCS is responsible for 1) Developing the state programme for the development of education, the procedure for establishing and approving state educational standards; and 2) Exercising control over the implementation of the state educational programme and state educational standards. The Law also states that the main document of the education policy is the State Programme for the Development of Education. In 1999, the Government decided that the National Assembly should adopt the education development programme as a law, so that the change of ministers does not affect the direction of the education reforms. Since, the first strategy was adopted for 2001-2005, and after six years the second strategy for 2011-2015 was adopted. The current strategy on education until 2030 (which has the quality of a law) has been approved by the Government on 25 July 2022, and will include for the first time a costed Action Plan.

The current Education Strategy on education contains a detailed analysis of the situation in the education field. Based on statistical data it presents problems in accessibility, quality and efficiency of the education system. The strategy states that human capital is the main resource for the development of the country, and that education is the determining factor for the development of human capital. The ultimate goal of the strategy is to form an effective, globally competitive educational system based on national and universal values, aimed at the development of the Republic of Armenia, enabling everyone, at all stages of life, to receive quality education in accordance with their needs and abilities, ensuring competitive professional training of students and forming an active civic position. The 3 strategic goals of the Education Strategy are 1) To create a universal inclusive, learner-centred educational environment; 2) To increase the effectiveness of education; and 3) To internationalise and export of education services and products.

Armenia is ready to embark on a new round of educational changes that will go in the following directions:

- The first direction is to introduce new standards that are based on competencies. Subject standards for the 2nd, 5th, 7th, and 10th grades have been piloted in all Tavush marz schools from 2021. Students will not be given grades until the second semester of fifth grade as a result of this change. The learning of the students will be assessed in a formative way. At the school, there will be no negative marks, and the old methods of leaving the students with negative marks for the second year in the same class is abandoned. Schools will have more autonomy in terms of instructional materials. Students in high schools will have the option of creating their own class schedule. Students, including those in small schools, will have the opportunity to study their chosen subjects in greater depth. Project-based learning will be mandatory for all students in grades 7 through 12.
- The adoption of a new school governance structure, which was prompted by amendments to the Law on General Education in 2022, is the second direction. The schools will have head-teachers and coordinators starting in 2023. The coordinator will oversee administrative, financial concerns, while the head-teacher will only be responsible for curriculum matters. Several small schools may be assigned to a single coordinator. The coordinator position may be outsourced even to private companies in some cases.
- The third direction entails establishing professional standards for instructors as well as a new teacher attestation system. A monthly payment of up to 400,000 Armenian drams (around EUR 850) would be paid to teachers who pass the appraisal procedure.
- The fourth direction is renovation of schools. According to the Government plan, renovation of 300 schools and 500 pre-schools are planned by 2026. In small settlements, the Government is constructing modular schools that will also provide pre-school education and community services.

The content of these modifications is generally positive. However, having a roadmap for these reforms, as well as a theory of change, is critical. The MoESCS ought to develop the capacity to carry out these activities effectively. It is necessary to strengthen the **monitoring and evaluation system**. It is also crucial to manage change and communicate on change effectively. In this regard, the Education Strategy foresees that the MoESCS will keep the public updated on the progress of the Strategy's execution. In addition, the MoESCS will ensure that monitoring of the Action Plan of the Strategy be performed in a participative and transparent manner. Thus, in accordance with the Strategy approved by the Government on 25 July, the annual reporting becomes mandatory and publicly available. Furthermore, the monitoring will be conducted in two directions:

- monitoring of the implementation process through the Education Management Information System (EMIS). Currently the Government with the assistance of the World Bank is upgrading the EMIS to strengthen the reporting features of the system; It is also undertaking capacity development for the MoESCS and other key agencies to intensively use the available data for analysis and monitoring;

- external evaluation for the specific components, which is foreseen under the annual budget of the National Center for Education Development and Innovation. The focal areas of external evaluation are foreseen be decided each year by the Board of the Foundation. The head of the board is the Minister of Education, Science, Culture and Sport.

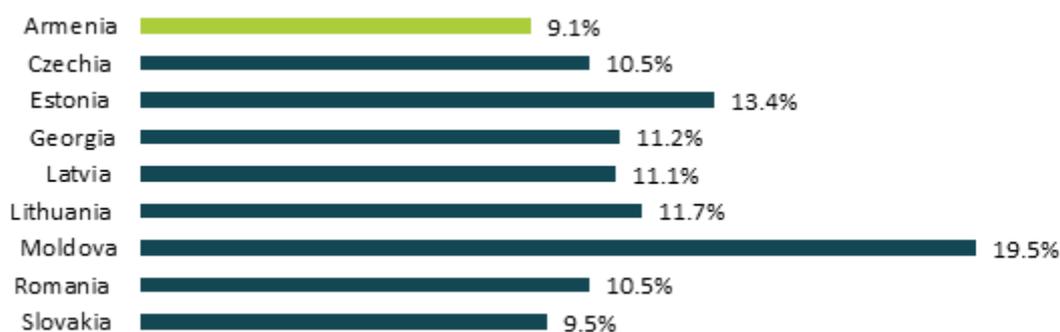
Overall, the MoESCS substantially improved the policy documents quality, its discussion and approval processes and introduced a clear Action Plan for its implementation, as well as set-up of the progress monitoring system. The MoESCS is open for cooperation with international organisations, CSOs and the private sector. Recently, many policy amendments were made based on the suggestions from the schools, CSOs and specialised organisations.

The Education Strategy Action Plan 2022-2026 is currently being costed, with support from UNICEF. Preliminary figures indicate that the 5-year financial requirements for education reforms to be implemented would amount to a total of AMD 1,007 billion (EUR 2.2 billion), or around AMD 201 billion per year (EUR 452 million), which includes the cost of consultants and other staff required for implementation of reforms. As it is stated in the introductory part of the strategy, both the pandemic and the Nagorno-Karabakh hostilities created new challenges for the education sector which were taken into account and respective challenges are indeed reflected in the strategy. This provisional costing however is neither complete, nor yet endorsed by MoESCS. These figures therefore are subject to change. Regarding the increase of the total state spending for education through the Ministry budget for the last three years the absolute figures are the following: 2020- 135,435,819.9 AMD; 2021 – 140,117,918.8 AMD; 2022 – 177,497,406 AMD; and 2023- 193,431,044 AMD.

The complementary measures accompanying this Budget Support are expected to conduct a needs assessment and to provide assistance in capacity building of MoESCS.

In terms of policy financing, spending on education is analysed within the framework of the consolidated budget of the Government. Thus, the consolidated budget is a combination of state and community budgets, and community budgets are important when discussing education funding, as pre-primary education is largely financed from community budgets. In 2020, total public spending on education amounted to 174,5 billion Armenian drams (around EUR 320 million), which was 17.1% higher than in 2018. Meanwhile, in 2018-2020, the share of public spending on education in total public expenditure has been on a downward trend: 9% in 2021 compared to 10,1% in 2018, which is also less than what peer countries spend on education (see figure 1).

FIGURE 1. EXPENDITURE ON EDUCATION AS A PERCENTAGE OF GENERAL GOVERNMENT EXPENDITURE IN ARMENIA* AND BENCHMARK COUNTRIES, %, 2020 OR LATEST AVAILABLE YEAR



*UNESCO reports 8.7% for Armenia, 9.1% is calculated based on Armstat data Source: Armstat, 2021b, UNESCO, Institute for Statistics, 2022

The share of education public spending to GDP in 2021 amounted to 2,4% (Table 1), which is lower than OECD countries average of 5% of GDP, and 23 EU countries average of 4.5%.

Secondary education is the largest recipient of public spending on education, with primary education coming in second. In 2021, these two sub-sectors together consumed about 63%²⁴ of total public spending on education. Within the expenditure on secondary education, lower secondary education accounted for about two-thirds share in 2021. Meanwhile, VET accounted for about 7% share.

Overall, total spending on both primary and secondary education in 2021 of USD 257,1 million was 23,2% higher than in 2016. But this comparison does not consider changes in prices and exchange rates. At constant prices, total spending on both primary and secondary education in 2021 of USD 255,2 million was 17,6% higher than in 2016, corresponding to an average annual real growth of 4%.

School financing: Until 2020, all public general education institutions were financed by a formula based on the number of students. The general idea was that the total amount allocated per year to an institution was equal to the number of students multiplied by a predetermined sum (124 000 Armenian drams in 2018) plus a minimum amount for the maintenance of the institution (AMD 19 million for schools with less than 100 students). Since 2021, funding depends not only on the absolute number of students, but also on the number of classes and the number of teaching process features (e. g. quantity of students in the class, presence of multi-age students in the class, etc.) per class. The intention is to discourage schools from filling classes with the maximum number of students.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.4.2. Macroeconomic Policy

The economy recovered strongly in 2021²⁵ and early 2022 driven by a pickup in services, industry and construction, and benefiting from strong policies and a gradual improvement of the COVID-19 pandemic, notwithstanding its various waves. GDP growth bounced by 5.7% in 2021 from 2020 7.42% contraction. The average inflation rate remained above the Central Bank of Armenia's (CBA) target in 2021, at 7.2% (period average), but it converges towards the 4% target in the medium term as monetary policy anchors inflationary expectations. Foreign Direct Investment (FDI) bounced back from USD 86 million in 2020 to USD 343 million in 2021, as well as remittances. On the fiscal side, the deficit slid back from 5.4% in 2020 to 4.6% of GDP in 2021, still quite high due to revenue to GDP below target (24.1% of GDP against 25.2% in 2020). Expenditure meanwhile was re-prioritised, yet decreasing from 30.6% of GDP in 2020 to 28.7% in 2021, both recurrent and capital.

In its May 2022 Stand-By Arrangement (SBA)²⁶ review, the IMF considers that the favourable near-term outlook, however, is set to be interrupted by the spill overs from the Russian war of aggression against Ukraine and the sanctions against Russia, given Armenia's economic links and exposure to the Russian economy. Despite the strong momentum in early 2022, economic growth is projected by the IMF to slow down to about 1.5% this year, primarily owing to lower consumption and contraction in trade²⁷. Inflation is expected to remain elevated on account of higher import prices, particularly food and oil, and the current account is expected to widen as the economy adjusts to shocks.

On the macroeconomic policy side, the Government is implementing its 2021-26 programme, which outlines an agenda to rebalance Armenia's economy. The programme aims at achieving inclusive growth, improving governance and maintaining financial system stability. The authorities are committed to ensuring medium-term fiscal sustainability, rebuilding buffers, and creating fiscal space through growth-oriented spending and revenue reforms. They plan to gradually reduce fiscal deficits to ensure central government debt declines below 60% in a timely manner, provided that external shocks do not worsen. The Government's programme focuses on scaling up investment in human and physical capital to raise potential growth, and it will be essential to incorporate this cost into the Medium Term Expenditure Framework (MTEF) and maintain efforts to strengthen Public Finance Management (PFM). In addition to creating space for these priorities, it is

²⁴ https://www.minfin.am/hy/page/petakan_byujei_hashvetvutyun_2021_t_tarekan

²⁵ The Art. IV report of December 2021: <https://www.imf.org/-/media/Files/Publications/CR/2021/English/1ARMEA2021001.ashx>

²⁶ The SBA review of May 2022: <https://www.imf.org/-/media/Files/Publications/CR/2022/English/1ARMEA2022002.ashx>

²⁷ <https://www.imf.org/en/News/Articles/2022/06/27/pr22231-armenia-imf-staff-concludes-staff-visit-to-the-republic-of-armenia>

essential to rebuild buffers as a guard against future shocks. Tax policy and administration measures could raise the tax-to-GDP ratio (including social contributions) by around 2 ppts above pre-COVID-19 levels, with a debt-to-GDP ratio declining to below 60% by end-2022 and further down to 50% thereafter, in line with the authorities' fiscal rule and earlier than projected in 2022-2026 Government debt reduction program. Achieving these objectives will require steadfast action to raise revenue and prioritise spending.

Armenia has a 3-year Stand-By Arrangement (SBA) with the International Monetary Fund (IMF) approved in May 2019 and ending in May 2022. Notwithstanding various domestic and external shocks that hit the economy over the past three years, programme performance has been considered as satisfactory by the IMF and important structural reforms have been advanced. The most recent SBA review report is dated 3 May 2022 (report 22/130). In the context of the uncertain outlook, policy discussions with the IMF focused on policies to (i) safeguard macroeconomic stability and limit fiscal risks while supporting the economy, (ii) continue to advance fiscal Reforms, including to strengthen public investment management and the Public Private Partnerships (PPP) framework; (iii) maintain timely and proactive monetary policy to reduce inflationary pressures; and (iv) continue supervisory reforms to strengthen financial soundness, in view of new risks this year and as the recovery unfolds in subsequent years.

In the May 2022 report, the IMF praises CBA's recent policy tightening as signalling its strong commitment to contain inflationary pressures and anchor inflation expectations. CBA ongoing supervisory initiatives would also help preserve financial stability. Fiscal space should be used prudently to mitigate the adverse impact of the war in Ukraine on the economy, while continuing to support medium-term fiscal consolidation efforts.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.4.3. Public Financial Management (PFM)

In the last Public Expenditure and Financial Accountability (PEFA) assessment conducted in 2013, key weaknesses of the Armenian public financial management system were identified as those relating to internal financial control and audit, quality of the Government's financial reporting, oversight of aggregate fiscal risk and external audit and oversight function. The previous PFM Reform Strategy and Action Plan 2016-2020 contained a comprehensive plan for strengthening public finance management across all areas, including the areas highlighted in the PEFA. Overall, progress in strategy implementation was good, though continued effort was required to achieve the intended benefits of the reforms.

In November 2019, the Government approved a new PFM Reform Strategy and Action Plan for the period 2019-2023. The strategy aims to continue reforms across all areas, building on the results achieved. It was informed by a comprehensive assessment of the situation and residual weaknesses, resulting in a review of the previous ambitious targets for some areas. Thus, the target for the preparation of consolidated financial statements in 2020 was reconsidered, with the new strategy envisaging preparation of consolidated financial reports only at the level of ministries by 2023. The new strategy also recognises the need to establish an effective Public Internal Financial Control (PIFC) framework to enable effective functioning of internal audit.

In the meantime, reform efforts have continued at good pace. The programme-based budgeting approach was fully institutionalised in the 2020-22 MTEF/budget process. In the area of accounting, the shift to the new accounting standards was completed at the level of central government in 2018. Further improvements were made to procurement regulations to streamline and speed up public procurement processes. In the PIFC and internal audit, the gap analysis of the existing financial control system was finalised. The piloting of the system-based internal audit manual and methodology for the assessment of the internal audit function in public entities was completed. In external oversight, the Audit Chamber (AC) conducts financial and compliance audits based on the International Standards of Supreme Audit Institutions (ISSAI) as well as performance audits. A Public Accounts and Audit Sub-Committee (PAASC) within the Standing Committee of the National Assembly on Financial, Credit and Budgetary Affairs was set up in March 2019 and is fully functional.

The authorities are strongly committed to implement significant judicial and anti-corruption reforms. The anti-corruption strategy and action plan 2019-2022 was approved by the Government and came into effect in October 2019. Important steps include the establishment of a single anti-corruption entity, a new law

introducing civil forfeiture for seizure of illegal assets and the phasing-in of a public beneficial ownership register.

Going forward, the IMF sees in its SBA review report of May 2022 that critical PFM reforms should continue to be implemented to improve spending efficiency and contain fiscal risks:

- Steady efforts to strengthen the budget process are warranted to improve public spending efficiency. Informed by a public wage bill review, staff encourages the authorities to develop an action plan to strengthen wage bill management, starting by institutionalising the data collection and preparing periodic (annual) reviews²⁸.
- Strengthening Public Investment Management (PIM) is critical to achieving the Government economic priorities. Staff welcome the first Investment Committee meeting held in March 2022 with the Ministry of Finance (MoF) participation, during which, four projects were reviewed and validated. To make the PIM framework fully operational, the authorities need to continue building the capacity in line and economy ministries, to better integrate the PIM framework in the budget process, and to finalise the PIM procedural guidelines.
- Progress in finalising institutional arrangements to regulate Public-Private Partnerships (PPPs) is welcome. The finalisation of PPP secondary legislation would help guide PPP selection and implementation (March structural benchmark). This should: (i) safeguard against risks related to unsolicited PPP proposals; (ii) align the PPP evaluation, selection, and prioritisation with that for other public investment; and (iii) ensure PPP affordability.
- Enhancing monitoring, reporting, and management of fiscal risks remains necessary. It will be important to publish the contracts and analyse lifetime fiscal implications of all recent PPP projects as well as to report on the performance of strategic state-owned enterprises. Expanding government statistics to all public sectors, strengthening cooperation across public data producing institutions, making use of treasury single account (TSA) expenditure data, as well as an economic classification for planning and analysing expenditure, would greatly contribute to better fiscal reporting and analysis.
- In domestic revenue mobilisation, continued implementation of planned revenue reforms is critical to creating space and supporting consolidation. The authorities remain committed to reducing tax distortions, expanding the tax base, and improving tax compliance, although some tax policy reforms may be delayed due to the current shock. The authorities also reviewed mining sector taxation, with IMF technical assistance (TA) support and should prepare a balanced and sustainable reform in line with TA recommendations.

The coordination and monitoring arrangements for strategy implementation are reasonably strong, and the action plan is specific enough and generally based on a good intervention logic. Financial sustainability is ensured through continued donor interest in supporting PFM reforms in Armenia, though dependence on external assistance remains an area of vulnerability. Government's reporting on the implementation of the PFM Reform Strategy will be used as a source of verification.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.4.4. Transparency and Oversight of the Budget

There have been notable improvements in budget transparency and oversight in the recent years due to a number of legislative and process changes, as well as improvements in the structure, content and presentation of budget documents. Following the shift to full-fledged programme budgeting implementation starting from the 2019 state budget, the approach has now been fully institutionalised in the Mid-Term Expenditure Framework (MTEF) / budget process. Financing requests from state agencies, the MTEF and the Budget are prepared on the basis of programme classifications with quantified performance measures provided for each

²⁸ The Civil Service Office of the Staff of the Republic of Armenia Prime Minister has started to address the issue by developing the Terms of Reference for the electronic platform of data collection of public sector wages.

budget allocation as required by the Budget System Law amended to this effect in December 2018. Furthermore, from the 2019 state budget onwards, budget execution reports are also prepared in Programme Budgeting format and contain information on the implementation of performance targets.

The simplified versions of the state budget and state budget execution reports are being prepared and published on the Ministry of Finance (MoF) website²⁹. The MoF has been engaged in a dialogue with key CSOs³⁰ active in PFM matters regarding the content and structure of simplified budget documentation, as well as ways to increase citizens' awareness and engagement in the budget process. Armenia has for the first time participated in the EU co-financed international open budget survey in 2021 and reached overall reasonable results (budget oversight 50 out of 100 points, transparency 61, public participation 6)³¹. Survey recommendations to improve budget oversight include: strengthening National Assembly oversight during the budget execution stage (publication of NA committees' findings about in-year budget execution; executive to consult legislature before shifting funds between administrative units and before spending unanticipated revenue or reducing spending in case of revenue shortfall) and strengthening independence of the supreme audit institution. The Government has signalled its willingness to engage more with civil society on these issues.

Moreover, state agencies are now required to publish MTEF / budget bids on their official websites and produce evidence of public consultations for new financing requests.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to increase the competitiveness of the Armenian education system.

The Specific(s) Objective(s) (Outcomes) of this action are

1. Number of students participating in higher quality secondary education services in rural areas with a focus on girls is increased;
2. The efficiency and accountability in the management of secondary education system are improved.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

The **Direct Outputs** of this action are:

- Policy dialogue aligned with government strategy;
- Capacity strengthening activities conducive to reforms (through the complementary support);
- Fiscal space created by the transfer of budget support funds to education;
- Gender sensitive transportation servicing of schools established;
- Modernised gender sensitive school infrastructure, including number of school buildings and STEM labs;
- Curricula updated for selected subjects;
- Adopted action plan for the rollout of the model for school governance piloted in Kapan (Syunik marz);
- Improved statistics/reporting/analysis through the Education Management Information System (EMIS);
- Capacity development of the MoESCS;
- Trainings for teachers;

²⁹ https://minfin.am/en/page/state_budge/

³⁰ Transparency International, Armenian Lawyers' Association, EDRC

³¹ <https://www.internationalbudget.org/open-budget-survey/country-results/2021/armenia>

The **Induced Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Contributing to Outcome 1 (Number of students participating in higher quality secondary education services in rural areas with a focus on girls is increased):

- 1.1 Optimisation of the secondary school network;
- 1.2 Gender sensitive transportation servicing of schools established;
- 1.3 Improved facilities and services to enhance access for students with special needs;
- 1.4 Increased availability of after-school activities;
- 1.5 Improved teacher professional training (especially in STEM);
- 1.6 Improved teaching quality in multi-age classrooms;
- 1.7 Improved teaching methodology, particularly in STEM and with gender sensitive textbooks, in line with international standards;
- 1.8 Increased attractiveness of the STEM teaching profession;
- 1.9 Increased number of school projects dealing with green economy and climate change issues;
- 1.10 Curriculum reforms in selected subjects implemented;
- 1.11 Improved student learning outcomes assessment system;

Contributing to Outcome 2 (The efficiency and accountability in the management of secondary education system are improved)

- 2.1 Introduction of school development programmes and reporting;
- 2.2 Enhanced accountability of school principals (performance reporting);
- 2.3 Improved funding and financial management of schools (covering maintenance of buildings and STEM labs);
- 2.4 Digital school governance mechanisms scaled up;
- 2.5 Action plan for the rollout of the model for school governance piloted in Kapan region;

The objectives of the Action will also contribute to the general objectives of the Team Europe Initiative for Syunik, which are:

- Targeted recovery initiatives in Southern Armenia – Syunik region
- Developing human capital and supporting modernisation of education taking into account gender issues
- Green growth, environment, innovation and jobs

3.2. Indicative Activities

There are four major activities in the present Action:

- Annual transfers of the budget support tranches based on performance;
- Policy dialogue (see section 4.7);
- Performance assessment (see section 5);
- Capacity building (see section 4.4.3);

Since the prevailing modality for this Action is budget support, most activities related to the objectives of this Action, which are aligned with the Government Programme 2021-2026 and State Programme for Development of Education 2030, will be implemented by the Government of Armenia. Indicative activities to be implemented by the Government of Armenia are presented below:

Activities related to **Output 1.1** (Optimisation of the secondary school network)

- Pilot school mapping and optimisation in Kapan area (Syunik marz) covering 31 communities;

Activities related to **Output 1.2** (Gender-sensitive transportation servicing of schools is established)

- Purchasing school buses for inter village transportation, establishment of students' transportation scheme;
- Renovating inter village roads in the Kapan area;

Activities related to **Output 1.3** (Improved facilities and services to enhance access for students with special needs)

- Recruitment and training of specialised educators/teacher assistants;
- Adapted school infrastructure;

Activities related to **Output 1.4** (Increased availability of after-school activities)

- Providing additional after-school activities in non-formal education hubs/centres operated by non-governmental organisations;
- Establishing different clubs for sport, arts and crafts, technology at the schools of Kapan region;

Activities related to **Output 1.5** (Improved teacher professional training -especially in STEM)

- Provision of regular training of teachers on STEM subjects in all schools of Ararat, Kotayk and Gegharkunik marz and 13 schools of Kapan region of Syunik marz;
- Creating guidelines and a manual for the training process;
- Training of STEM subject teachers on usage of lab equipment;

Activities related to **Output 1.6** (Improved teaching quality in multi-age classrooms)

- Elaborating a multi-age classes teaching concept and its piloting in Kapan region;
- Drafting guidelines on teaching for multi-age classes based on EU best practices;
- Training teachers for working in multi-age classrooms in 13 schools of Kapan region;

Activities related to **Output 1.7** (Improved teaching methodology, particularly in STEM and with gender sensitive textbooks, in line with international standards)

- Improved TIMSS scores up to above 550 points and introduction of other assessment system results (e.g. PISA);
- Training of STEM subject teachers on teaching methodology and STEM subject knowledge;
- STEM subject teachers share best practices at conferences organised by MoESCS, possibly via online platforms;

Activities related to **Output 1.8** (Increased attractiveness of the STEM teaching profession)

- Establishment of an incentive scheme for attracting and retaining teachers in STEM subjects;
- The Government and teachers provide incentives to the students to continue their professional education in STEM fields in universities (especially pedagogical sections) and VET institutions on a gender-sensitive basis;
- Continuous professional development (in-service training) of teachers;
- Increasing hours of STEM teaching in high schools;
- Establishing professional orientation clubs/centres in all schools;
- Engaging more girls in extracurricular STEM clubs through specialised awareness campaign to break stereotypes and dedicated mentorship provided by invited female scientists;

Activities related to **Output 1.9** (Increased number of school projects dealing with green economy and climate change issues)

- Enabling students to conduct projects on STEM subjects under teachers' leadership;
- Training of teachers on green economy and climate change topics;
- Establishing school clubs on green economy and climate change;
- Organising annual regional project presentations on green economy and climate change;

Activities related to **Output 1.10** (Curriculum reforms in selected subjects implemented)

- Reviewing existing curricula on a number of subjects;
- Developing and testing revised curricula in a number of pilot schools;

Activities related to **Output 1.11** (Improved student learning outcomes assessment system)

- Reviewing best international practices;
- Analysing strengths and weaknesses of the Armenian system;
- Designing improvements to the current system;
- Implementing these changes;

Activities related to **Output 2.1** (Introduction of school development programmes and reporting)

- MoESCS to issue standard guidelines for preparation of and reporting under school development programmes, in line with 2022 amendment to the Law on General Education;
- Schools reporting progress in implementation of their development programmes in line with guidelines;

Activities related to **Output 2.2** (Enhanced accountability of school principals -performance reporting)

- Requirement for school principals report to report on their performance every 5 years;

Activities related to **Output 2.3** (Improved funding and financial management of schools, covering maintenance of buildings and STEM labs)

- Implementation by MoESCS of the new school funding equitable formula;
- Increased budgets for maintenance of buildings and STEM labs;

Activities related to **Output 2.4** (Digital school governance mechanisms scaled up)

- Installing digital school governance systems in 13 schools in Kapan region;
- Training of 13 school principals and administrative staff in school management and usage of digital tools in the management process;

Activities related to **Output 2.5** (Action plan for the rollout of the model for school governance piloted in Kapan region)

- Piloting of the school governance model in the Kapan region;

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Strategic Environmental Assessment (SEA) screening concluded that key environmental and climate-related aspects need to be addressed during design.

Outcomes of the Environmental Impact Assessment (EIA) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design).

Outcome of the Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

The Action will focus on integrating environmental and climate change issues in the curricula of STEM subjects and train teachers on these issues. The action will also aim at properly integrating environmental considerations in school management in particular when it comes to infrastructure construction, rehabilitation and repair and school transportation issues.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that special attention should be given to secure equal treatment to all genders in training, preparation of training materials and guidelines.

Gender equality is a core value for the European Union. Through the EU's Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III)³², the EU has made strong commitments to accelerate progress on empowering women and girls and push for more and faster progress toward gender equality in the partner countries. In this context, special attention will be given to improve access to education for girls in rural areas. Furthermore, dedicated actions are envisaged to encourage girls' study in STEM subjects and increase their number in continuing STEM studies in higher-education institutions.

Human Rights

³² EU Gender Action Plan III: An ambitious agenda for gender equality and women's empowerment in EU external action, 2020, https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

The main human right supported by this project is the right to education secured by Protocol 1, Article 2 of the European Convention on Human Rights (ECHR). In addition, this action also considers Prohibition of discrimination and equal treatment of genders secured by article 14 and protocol 12, Article 1 of the European Convention on Human Rights (ECHR).

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that special attention will be given to inclusiveness and accessibility of educational process, especially for children and teachers with disabilities.

Democracy

The action does not directly target democratic development. Democratic principles will be taken into consideration, particularly in the guidelines and educational modules elaborated within the action.

Conflict sensitivity, peace and resilience

The action does not directly target conflict prevention and peace. However, given that the main activities will be initiated in the Syunik marz, which has been seriously affected by the Nagorno-Karabakh hostilities and hosts a high number of displaced population, strengthening the resilience of the marz’s educational infrastructure is an important aspect of this action.

Disaster Risk Reduction

N/A

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
External environment	Escalation of conflict between Armenia and Azerbaijan Increased insecurity and Conflict	M	H	Facilitation process put in place by the EU to work towards a peace agreement between Armenia and Azerbaijan. Syunik, Gegharkunik and Ararat marzes have a border with Azerbaijan. The Government applies all possible political, diplomatic and security measures to prevent clashes on the borders. EU will also use its diplomacy tools. Furthermore, negative effects of Russia’s war against Ukraine should be taken into account by the Government.
Planning, processes and systems	Risk 2 Insufficient maintenance expenses for schools	M	H	Built, renovated schools and STEM labs need maintenance. In the school budget formula, a separate line should be secured for building maintenance costs and STEM lab supply.
Planning, processes and systems	Risk 3. Road rehabilitation in Syunik marz will not be completed in time	L	H	The Government should allocate enough money for road construction and follow up implementation. Technical assistance component will monitor the situation and report any delays to the Government to take relative actions.

People and the organisation	Risk 4. Absence or low quality of STEM teachers in schools	M	H	The Government should provide material and non-material resources for teachers who want to teach in small, remote villages. Teachers with low professional competencies should get extra training.
Planning, processes and systems	Risk 5. Very small schools cannot provide quality STEM teaching.	M	M	Very small schools can be consolidated with neighbouring village schools if they are close by and road conditions are good.
People and the organisation	Risk 6. Community members may complain about school consolidation.	L	M	The MoESCS should use effective communication tools with communities,
People and the organisation	Risk 7. Several school principals, teachers, administrative staff may lose jobs.	L	L	The MoESCS should propose jobs in the new schools. They can be involved also in after-school activities as club leaders, instructors. Moreover, some of them will need extra training.
External environment	Risk 8. New COVID wave/other pandemics	M	H	Continued efforts in vaccination, sanitary measures in schools, strengthening of online training platforms/tools

External Assumptions

The main assumption is that the Government stays committed to continue educational reform and the external factors connected with post conflict instability will be solved soon.

The MoESCS is taking significant steps to improve STEM standards, instructional methodologies, and teacher policies. In addition, the MoESCS is working to ensure that small rural schools have access to high-quality educational services. These measures will enhance equity in Armenian education system.

The MoESCS is also working on creating incentives to attract high-quality STEM teachers. To be successful in these endeavours, the MoESCS needs school and STEM infrastructure (laboratories), as well as adequate conditions for the introduction of new standards and methodologies.

By creating advanced models of school governance and STEM teaching, the MoESCS will replicate these in other marzes of the country. Improving the quality of STEM teaching will have a positive impact on closing gender gap. Students will have better understanding of Green economy-Climate Change topics.

3.5. Intervention Logic

The underlying intervention logic for this action is to produce direct replicable outputs to improve access to quality education and management practices that the Government can rollout to other rural areas and marzes, laying a solid basis for further development of secondary education in the country.

It will be delivered through inputs of financial support, sector reform performance, technical assistance contract and policy dialogue. Practically the targets will be achieved through investment into school mapping and optimisation, teacher training, school equipment and infrastructure, development of working concepts and models for replication, guidelines, standards and their piloting in Syunik marz for fine-tuning.

The technical assistance will embrace the following basic principles:

- ensuring a country-led capacity development planning and management process;

- generating a longer-term perspective on sector capacity development needs; and
- minimising parallel provision of technical cooperation in the sector through a more strategic sector policy dialogue around the education sub-sectors.

It will be aimed at supporting MoESCS at all levels, from national to local levels, to ensure efficient implementation of the new “State Program for Development of Education of the Republic of Armenia until 2030”. The demand-driven focus will be to support reforms of the institutional framework for the improved management of education sector, to strengthen capacity at central and decentralised levels for implementation and monitoring of education sub-programmes, and to tackle challenges related to planning and budgeting. Policy advocacy and communication will be strengthened to accompany the effective introduction of new policy reform initiatives, and access to international expertise will be facilitated. The technical assistance will also support coordination within the education sector and beyond as well as with development partners, and assist in the preparation of progress reviews of the “State Program for Development of Education of the Republic of Armenia until 2030” implementation.

Furthermore, given the importance of STEM subjects training and in accordance with Government Programme, a larger pilot of STEM standards will be performed in 3 priority marzes and one region of Syunik marz. To achieve these results effectively, special attention will be given to regular monitoring of reform implementation, envisaged by the state policy document. The EU will provide further support through policy dialogue at technical and political levels, and financial and technical inputs.

This action will closely cooperate with and build on achievements and lessons learnt from other relevant EU projects, e.g. EU4INNOVATION, planned COAF Smart Centres in Syunik, etc. and other donors’ project to avoid overlaps and to maximize the joint results. The policy dialogue and budget support performance indicators are focused on concrete results and assume continuous commitment of the Government to implement full rollout throughout the whole country, for which the latter should produce an Implementation Action Plan, envisaging relevant allocations in consecutive state budgets. Furthermore, to secure sustainability the Government will be required to provide evidence of budget allocation for proper maintenance of the schools, laboratories and transportation scheme developed within the action.

The action and connected policy dialogue will contribute to country’s educational development, putting special emphasis on environmental aspect (e.g. through low pollution transportation of students), promoting gender equality, particularly for STEM subjects and implementing the Government's overall efforts in reforming the secondary education in line with EU best practices.

Students from small communities will be able to study in larger, rebuilt schools with qualified administrators and teachers as a result of the improvements and optimisation of schools. If students attend such schools, their chances of receiving a high quality education will improve substantially.

Currently STEM courses are delivered only in theoretical manner without any experiments or researches. STEM subjects will become more appealing for a bigger group of students if they are taught in modern laboratories. Consequently, more graduates will wish to continue their university study in science faculties and some STEM graduates will desire to teach in schools due to improved conditions for STEM teaches, reducing the shortage of teachers.

The mainstreaming of environment, gender equality, digitalisation and human rights must be respected for all activities of the action.

3.6. Indicative Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact of the policy	The Overall Objective (Impact) of this action is to increase the competitiveness of the Armenian education system	i) the learning adjusted years of school ³³ ii) internationally assessed results of Armenian schoolchildren in natural sciences and mathematics	i) 8 out of 12 years (Human Capital Index 2020, World Bank) ii) 2019 baseline: 498 points in mathematics and 466 points in natural sciences	i) 11.5 out of 12 years ii) increase in points with a score of minimum 500 points for both mathematics and natural sciences	Strategy and Action plan implementation report by MoESCS Human Capital Index TIMSS results
Outcome 1	Number of students participating in higher quality secondary education services in rural areas with a focus on girls is increased	Number of students involved in new educational complexes established in rural areas according to the map of the quality education services	0	All students from rural areas of Syunik marzs consolidated community will participate in higher quality secondary education services, including all girls.	Strategy and Action plan implementation report by MoESCS
Outcome 2	The efficiency and accountability in the management of secondary education system are improved	Number of schools operating according to the new management system	0	At least 13 new educational complexes in the Syunik marzs consolidated community will operate according to the new management system	Strategy and Action plan implementation report by MoESCS

³³ Human Capital Index factors in what children actually learn during their school duration; Data for Armenia in 2020 indicates 8 out of 12 years overall, with 7.8 years for boys and 8.3 for girls.

Output 1 related to Outcome 1	1.1 Optimisation of the secondary school network	1.1 Completion of pilot school mapping and optimisation in Kapan area	1.1 n/a	1.1 Pilot mapping and optimisation (construction/ renovation of 13 schools) completed	Strategy and Action Plan monitoring reports
Output 2 related to Outcome 1	1.2 Gender sensitive transportation servicing of schools established	1.2 Students' transportation scheme established in Kapan region providing transportation services to 482 students.	1.2 No inter-village transportation for students and teachers; Roads need renovation	1.2 School buses servicing schools on renovated roads	Strategy and Action Plan monitoring reports
Output 3 related to Outcome 1	1.3 Improved facilities and services access for students with special needs	1.3 Number of specialised educators/teacher assistants per school	1.3 To be determined in Action Plan	1.3 All schools have at least one specialised educators/teacher assistants	Strategy and Action Plan monitoring reports
Output 4 related to Outcome 1	1.4 Increased availability of after-school activities	1.4 Number of students enrolled in after-school activities disaggregated by sex	1.4 To be determined in Action Plan	1.4 Number of students enrolled in after-school activities is increased by 50%.	Strategy and Action Plan monitoring reports
Output 5 related to Outcome 1	1.5 Improved teacher professional training (especially in STEM)	1.5 Number of STEM teachers trained	1.5 STEM subject teachers do not have sufficient knowledge and skills in using modern labs.	1.5 All STEM subject teachers of Ararat, Kotayk and Gegharkunik marz and 13 schools of Kapan region of Syunik marz are trained	Strategy and Action Plan monitoring reports
Output 6 related to Outcome 1	1.6 Improved teaching quality in multi-age classrooms	1.6 Completion by the Government of a pilot on multi-age classrooms in Syunik marz	1.6 No regulation on multi-age classes	1.6 Regulations adopted, Syunik pilot completed, action plan for extension nationally	Strategy and Action Plan monitoring reports
Output 7 related to Outcome 1	1.7 Improved teaching methodology, particularly in STEM and with gender sensitive textbooks in line	1.7 Improved TIMSS results	1.7 470 points (TIMSS assessment 2019)	1.7 Improved TIMSS scores up to above 550 points and introduction of other assessment	Strategy and Action Plan monitoring reports TIMSS reports

	with international standards			system results (e.g. PISA)	
Output 8 related to Outcome 1	1.8 Increased attractiveness of the STEM teaching profession	1.8 a Incentive scheme for attracting and retaining teachers in STEM subjects is established by Government Decree and operational; 1.8 b Percentage of STEM teachers trained in line with new Teacher Training Standard	1.8 a [No incentive scheme in place] 1.8 b % of STEM teachers trained as per EU-World Bank project at the time of submission of this programme	1.8 a Incentive scheme operational 1.8 b 50% of STEM teachers	Strategy and Action Plan monitoring reports WB project report on STEM in Tavush region
Output 9 related to Outcome 1	1.9 Increased number of school projects dealing with green economy and climate change issues	1.9 Percentage of school projects in green economy and climate change	1.9 Few schools completing projects in green economy and climate change	1.9 At least 30% of school projects in Grades 7, 8, 10 and 11	Strategy and Action Plan monitoring reports
Output 10 related to Outcome 1	1.10 Curricula updated for selected subjects	1.10 Number of draft curricula subjects elaborated	1.10 The Ministry just developed STEM standards (2022)	1.10 5 curricula by 2025	Strategy and Action Plan monitoring reports
Output 11 related to Outcome 1	1.11 Improved student learning outcomes assessment system	1.11 Percentage of schools implementing the new learning assessment system for Grades 7, 8, 10 and 11	1.11 0% (2022)	1.11 100%	Strategy and Action Plan monitoring reports
Output 1 related to Outcome 2	2.1 Introduction of school development programmes and reporting	2.1 Percentage of schools having approved a school development programme, and reporting annually	2.1 To be defined in the Action Plan 2022-2026	2.1 85%	Strategy and Action Plan monitoring reports
Output 2 related to Outcome 2	2.2 Enhanced accountability of school	2.2 Percentage of school principals timely submitting a performance report	2.2 None	2.2 85%	Strategy and Action Plan

	principals (performance reporting)				monitoring reports
Output 3 related to Outcome 2	2.3 Improved funding and financial management of schools (covering maintenance of buildings and STEM labs)	2.3 School funding formula including maintenance is implemented	2.3 Insufficient funding for school/lab maintenance	2.3 Increased budget for maintenance	Strategy and Action Plan monitoring reports
Output 4 related to Outcome 2	2.4 Digital school governance mechanisms scaled up	2.4 Number of schools operating digitised school governance system	2.4 None	2.4 13 schools of Kapan region	Strategy and Action Plan monitoring reports
Output 5 related to Outcome 2	2.5 Adopted action plan for the rollout of the model for school governance piloted in Kapan region (Syunik marz)	2.5 An Action Plan for the rollout of the school governance model piloted in Kapan region is approved by MoESCS and related budget approved in State Budget	2.5 None	2.5 Action Plan approved and related budget approved in State Budget	Strategy and Action Plan monitoring reports
Direct Outputs	<ul style="list-style-type: none"> • Policy dialogue aligned with government strategy • Capacity strengthening activities conducive to reforms (through the complementary support) • Fiscal space created by the transfer of funds • Gender sensitive transportation servicing of schools established 	<ul style="list-style-type: none"> • Active involvement of key stakeholders, including EUD, in Strategy monitoring and revision • Implementation of TA in accordance with ToR • Percentage disbursement of budget support variable tranches • Number of students transported in Kapan 	<ul style="list-style-type: none"> • N/A • N/A • N/A • 0 	<ul style="list-style-type: none"> • Regular meetings with the Government and other stakeholders • Increased capacity of education managers/teachers • At least 85% variable tranche disbursed • At least 450 	Strategy and action plan monitoring reports; Minutes of Steering Committee, disbursement decisions.

	<ul style="list-style-type: none"> • Modernised gender sensitive school infrastructure, including number of school buildings and STEM lab • Curricula updated for selected subjects • Adopted action plan for the rollout of the model for school governance piloted in Kapan (Syunik marz) • Improved statistics/reporting/analysis through the Education Management Information System (EMIS) • Capacity development of the MoESCS 	<p>region by new transport services</p> <ul style="list-style-type: none"> • Share of school buildings having been newly renovated or built from scratch with gender-responsive facilities in the 3 marzes (Ararat, Kotauyk and Gegharkunik) • Number of revised/new curricula in selected subjects in secondary schools • An Action Plan for the rollout of the school governance model piloted in Kapan region is approved by MoESCS and related budget approved in State Budget • Quality of EMIS as expressed by user satisfaction survey • Number of trainings delivered to MoESCS per year 	<ul style="list-style-type: none"> • N/A • N/A • N/A • Tbd • Tbd 	<ul style="list-style-type: none"> • At least 30% • 5 • Action Plan approved and related budget approved in State Budget • Quality increased by 15 % • Increase on average by 25 % 	
--	---	---	---	---	--

	<ul style="list-style-type: none">• Trainings for teachers	<ul style="list-style-type: none">• Number of teacher trainings delivered by the programme per year	<ul style="list-style-type: none">• 0	<ul style="list-style-type: none">• Minimum 10	
--	--	---	---	--	--

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Armenia.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 29.3 million, and for complementary support is EUR 2.7 million. This amount is based on discussions with MoESCS in the context of a decreasing share of the State budget being allocated to education, and the need thereof to provide fiscal space to the Government to increase education spending and investment. The trend of the budget financing of education will be raised by the EU and the MoESCS during policy dialogue with the Ministry of Finance.

EUR 29.3 million represents AMD 13 billion drams. If disbursed over a period covering four fiscal years (2022-2025), that would represent around AMD 3.25 billion drams per year, assuming no or little change to the exchange rate (which has been fluctuating quite dramatically in 2022, with the Armenian dram appreciating close to 30% to the Euro). Based on IMF table of central government operations³⁴, AMD 3.25 billion dram would be equivalent to 1% of the fiscal deficit in 2022, but 2% in 2025 as the deficit resorbs, and 1% of 2022 total State capital expenditures. In the education budget, this would be equivalent to 1.7% of the annual education budget for 2022, and 13.4% of the annual education investment budget.

The added value of budget support will therefore include sizable fiscal space for the education sector, in addition to enhanced policy dialogue on Education Strategy implementation and review.

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Education Strategy until 2030 and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches may focus among others on the following policy priorities: rehabilitation of schools, school optimisation, schools management, multi age class teaching, STEM teaching, teacher training, students career planning, learning outcomes assessment, climate change.

³⁴ IMF, Country Report 22/130 of April 2022

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante or at the latest by the end of the first quarter of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3. Budget Support Details

The action will use fixed and variable tranches. Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Armenian dram will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³⁵.

4.4.1. Direct Management (Procurement)

The procurement will contribute to all specific objectives of this Action as listed in section 3.1.

4.4.2. Indirect Management with a pillar-assessed entity³⁶

A part of this action for providing complementary technical assistance may be implemented in indirect management with a pillar assessed entity, which will be selected by the Commission's services using the following criteria:

1. Specific experience and expertise at country, regional and global level on improving the access to quality education for all children and youth.
2. Operational capacity of the organisation (organisational, human and management).
3. A proven track record to work in conflict affected areas, especially given that the majority of the activities will be implemented in bordering regions (Syunik, Ararat and Gegharkunik).

The implementation by this entity under all specific objectives entails the following: providing relevant ad hoc expertise, support maintain dialogue, as well as review missions to monitor and assess compliance of

³⁵ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

³⁶ The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessments

general and specific conditions for each tranche providing assistance to improved credibility of data and capacity building of MoESCS.

4.4.3. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If the implementation modality under indirect management as defined in section 4.4.2 cannot be implemented due to circumstances beyond the control of the Commission, the method of implementation by public procurement under direct management would be used as per section 4.4.1.

4.5. Scope of geographical eligibility for procurement and grants

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

The Commission’s authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)		
	2022	2023	Total
Budget support – cf. section 4.3	17 500 000	11 800 000	29 300 000
Implementation modalities – cf. section 4.4			
Indirect management with an entrusted entity – cf section 4.4.2	2 000 000		2 000 000
Procurement (direct management) – cf section 4.4.1	500 000		500 000
Evaluation – cf. section 5.2		150 000	150 000
Audit – cf. section 5.3		50 000	50 000
Contingencies	N/A	N/A	N/A
Totals	20 000 000	12 000 000	32 000 000

4.7. Organisational Set-up and Responsibilities

Within the framework of this Action, a steering committee will be set up, which will include representatives of the central Government (MoESCS, Ministry of Finance, Ministry of Territorial Administration and Infrastructure, Urban Development Committee *etc.*), relevant territorial administration bodies (Marzpetarans) and communities. The steering committee will be co-chaired by the MoESCS and the EU Delegation in Armenia. The steering committee will also include relevant development partners and civil society organisations, such as COAF as a partner organisation as well as representatives of educational organisations

operating in the regions. The steering committee will meet at least once a year to review and discuss continued eligibility to budget support (general conditions) and progress in achieving the budget support annual targets.

Besides, a separate specialised committee will be established to handle all the possible problems related to the schools that will be merged. Parents and community authorities will be represented in the committee. The committee will summarise all the issues encountered during the school optimisation process to avoid the problems during the replication of the model. Organisations involved in inclusive education policy, child right protection, ecological issues will be represented in the specialised committee. As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the EU Delegation to Armenia may participate in the specialised committee.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the log frame matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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

Roles and responsibilities for data collection, analysis and monitoring:

The MoESCS through its National Centre of Educational Technologies (NCET) will collect annual data from all schools of 3 marzes of Ararat, Kotayk and Gegharkunik and Kapan region of Syunik marz. The data will include information on school buildings, number of laboratories, and number of STEM subject teachers, including teacher qualification and working experience. Number of teachers, who participated in voluntary attestation and their results will be also collected. For 3 marzes the data will be collected only for STEM teachers. For Kapan region of Syunik marz the data will be collected for all school staff members. Data will be collected according to gender as much as possible and necessary.

The Assessment and testing centre (ATC) will present external evaluation results for STEM subjects.

The National Centre for Educational Development and Innovation (NCEDI) will do classroom observations, school governance monitoring and present the analytical report on the observations.

The MoESCS will get the data from above mentioned sources and draft a report on the results of the programme.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows:

- NCET is managing Education Management Information Service (EMIS). The EMIS is the main service for gathering data from the schools. All schools in Armenia have access to EMIS. School representatives are regularly trained by NCET on filling out the data. During the last 3-4 years the quality of data collection is essentially improved. Electronic registers were also introduced in EMIS, which allows NCET to get data on student attendance and academic achievement on a daily basis.

EMIS system was synchronised with other data system, which allows the NCET to get data on students' mobility within and outside of the country.

- ATC will develop assessment tasks based on new subject standards and measure the academic achievement in the 3 marzes and Kapan region of Syunik marz.
- NCEDI is drafting classroom observation and school governance monitoring tools, which will allow to measure the quality of teaching and school management.

5.2. Evaluation

Having regard to the importance of the action, a final evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the results of pilot in Syunik region should be carefully analysed and assessed before replication in other rural communities of the country.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the Government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 3 months in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

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

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the [Communicating and raising EU visibility: Guidance for external actions - 2022 \(or any successor document\)](#).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

For budget support, the communication and visibility activities will be coordinated with the Government of Armenia's communication on the implementation of the education strategy as well as education reforms. This will aim to raise stakeholder's awareness and mobilise public support. Strengthening the capacities of Armenian relevant institutions to communicate on these reforms will be highly considerate in this context.