

## Action Fiche for Armenia

### 1. IDENTIFICATION

	Title	Twinning Projects between 3 or 4 Armenian administrations and their equivalent in EU Member States to foster PCA and ENP implementation.		
	Total cost	€ 5 million		
	Aid method / Management mode	Project approach – centralised management		
	DAC-code	43010	Sector	Multi Sector

### 2. RATIONALE

#### 2.1. Sector context

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

On the basis of those priorities, the Commission has developed a Country Strategy Paper (CSP), which identifies the main priorities of EC assistance to Armenia for the 2007-2013 period, and a National Indicative Programme (NIP), which proposes more specific interventions for the 2007-2010 period.

The NIP identifies the three following main priorities for EU assistance to Armenia in 2007-2010: i) Strengthening of democratic structures and good governance (rule of law and reform of the judiciary; public administration reform, including local self government; public finance management; human rights and fundamental freedoms, civil society, people-to-people contacts); ii) Support for regulatory reform and administrative capacity building (approximation of legislation, rules and standards, other sector-specific regulatory aspects) and iii) Support for poverty reduction efforts (education, regional development and social services).

With a EUR 16 mln support to Vocational Education Training (VET) constitutes the main part of this EUR 21 mln Action Programme, the first one under the ENP. Although support to institutional reforms is still being provided under previous TACIS 2004-2005 and 2006

Action Programmes (APs), mainly through AEPLAC or Regional Development Project, priorities 1 and 2 of the NIP are not currently addressed by the EU under the ENP, despite clear needs in those fields.

The Government of Armenia has not yet indicated areas in which Twinning projects could be launched; a framework contract will be launched in April-May 2007 to i) provide support to the establishment of the Project Administration Office (PAO) in the Ministry of Finance and ii) to identify areas in which twinning projects could be launched. However, given the strong focus already given to Education and VET reforms in this AP (3<sup>rd</sup> priority of the NIP), it is proposed to concentrate the resources available under the Twinning facility to priorities 1 and 2 of the NIP, i.e. strengthening of democratic structures and good governance and support for regulatory reform and administrative capacity building. This would moreover ensure a smooth transition with previous Technical Assistance projects in those fields.

The proposed Twinning facility will provide the necessary resources to launch 3 or 4 Twinning projects.

## **2.2. Lessons learnt**

Since the independence of Armenia, the TACIS programme has contributed to the transition towards a market economy, poverty reduction and building of democratic institutions, notably through continuous support to legal and regulatory reforms. However, according to a 2005 TACIS evaluation, the overall efficiency of TACIS interventions has been limited by inadequate delivery mechanisms and significant time gaps between projects identification and their implementation.

The Twinning instrument, now available to Armenia, has proved on the contrary to be flexible and effective enough in institutional building/administrative capacity development of candidate countries to develop fruitful and long-lasting cooperation between an administration of a candidate country and EU member states. Moreover, the Government of Armenia has already expressed a strong interest in Twinning, specifically with new Members states with whom Armenia might share some common features (Baltic countries, Romania or Bulgaria for example).

## **2.3. Complementary actions**

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

## **2.4. Donor coordination**

The Ministry of Finance and Economy (MFE) is the leading institution coordinating donors' financial support grants and loans in Armenia. Within the MFE, a National Co-ordinating Unit (NCU) is more specifically in charge of the coordination of EC assistance with other Donors and line ministries. This unit will moreover deal as well with TAIEX and Twinning projects from this summer on since the TACIS National Coordinator (the Minister of Finance)

has appointed the Director as Head of the Twinning-TAIEX Project Administration Office (PAO).

General Donor's coordination in Armenia is however ensured mostly in the framework of the PRSP, the major forum for dialogue and co-ordination of Donors in the country. Donors meet regularly in general coordination meetings or in sectoral working groups and as often as necessary at project level. Donors' coordination can therefore be assessed as satisfactory.

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

### **3. DESCRIPTION**

#### **3.1. Objectives**

##### *General Objective*

In line with priorities 1 and 2 of the NIP, the project intends to contribute to the harmonisation of Armenian legislation to EU principles, norms and standards, as well as to the related reforms, according to the provision of the PCA and ENP AP and to progressive economic integration between Armenia and the EU, via a peer to peer long lasting cooperation between 3 or 4 Armenian administrations (to be identified at a later stage) and their equivalent in an EU member state.

##### *Specific Objective*

The specific project objective is to support 3 or 4 Armenian administrations in meeting their obligations under the PCA and ENP, notably in areas with the potential to enhance good governance, economic reforms, capacity building, investment and growth, strengthening of democratic structures.

#### **3.2. Expected results and main activities**

The project expected results are:

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

The Twinning facility will be managed by the PAO (Programme Administration Office) in the Ministry of Finance and Economy. The PAO will be assisted by a TACIS-funded support project for the management of the programme. The Delegation will ensure the *liaison* between the PAO and technical DGs, and will manage the technical assistance component. The Delegation will be also associated in the evaluation of the Twinning Fiches.

Armenian ministries will be responsible for the preparation of project proposals and for the technical implementation and follow-up. The Ministries will have to nominate a “focal point” within their organisation.

The projects will be selected on the basis of well defined criteria (to be further developed during formulation) mainly their coherence and relevance to PCA, to NIP priorities and to the ENP AP.

### 3.3. Stakeholders

- The beneficiaries will be 3 or 4 public Armenian administrations directly concerned with the implementation of the PCA and ENP AP. Special attention will be given to the line ministries directly responsible for planning and implementing reforms, i.e. Ministry of Foreign Affairs, Ministry of Finance and Economy, Ministry of Trade, Ministry of Justice, Ministry of Agriculture, Ministry of Education. The support project will assist in identifying priority projects, in the light of the experience of the new Member States or other ENP countries.

### 3.4. Risks and assumptions

- The project will have to face several challenges linked to the novelty of the instrument. A thorough campaign of information and sensitisation is necessary for the effective start of Twinning in Armenia. This information campaign will help also further defining suitable areas for twinning projects. The new Armenian Government to be formed after the May 2007 parliamentary elections will moreover have to remain committed to PCA and ENP AP implementation.

### 3.5. Crosscutting Issues

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

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

## 4. IMPLEMENTATION ISSUES

### 4.1. Implementation method

Centralised management

## **4.2. Procurement and grant award procedures**

The measure will be implemented through Twinning and/or technical assistance contracts. In case supply of equipment is required for the benefit of the project a limited number of supply contracts may also apply.

The Twinning facility will be managed by the PAO (yet to be established) through a form of centralised management. The PAO will be assisted by a support project for the management of the programme. The Delegation will ensure, with Headquarters (AIDCO/A6), the *liaison* between the PAO and technical DGs, and will manage the technical assistance component. The Delegation, together with the Beneficiary administration, will evaluate Twinning Fiches.

Armenian ministries will be responsible for the preparation of project proposals and for the technical implementation and follow-up. The Ministries will have to nominate a “focal point” within their organisation.

The project will be selected on the basis of well defined criteria (to be further developed during formulation) such as: 1) coherence and relevance to the NIP Priority and the ENP implementation plan 2) commitment in terms of political back up, financial and human resources allocated by the beneficiary, 3) first-come first-served basis.

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

## **4.3. Budget and calendar**

The programme foresees an envelope of EUR 5 million that will be used to finance the first 3 or 4 Twinning projects in Armenia. Some funds can be used, as preparatory phase, for short-term traditional technical assistance in order to better define the options for reform and prepare the receiving administration.

The contribution of the Armenian Government in terms of human and financial resources is also required in accordance with the Twinning practices and provisions. A framework contract will be launched in April 2007 to identify priority projects in the light of the experience of the new Member States or other ENP countries.

In addition, two missions from AIDCO/A6 (the unit in charge of the Twinning operations) are foreseen during 2007 for the establishment of the managing structure and the public launch of the Twinning instrument in Armenia. These events should serve for the sensitisation and information of Armenian authorities about the new opportunities offered by Twinning. All these activities will be preparatory to the first Twinning projects that should start in end-2007 or early 2008.

It is foreseen that all the components of the project will be finished 48 months after signature of the Financing Agreement.

## **4.4. Performance monitoring**

The project will be monitored according to standard EU procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project

results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting Authorities and Project Partners.

#### **4.5. Evaluation and audit**

Appropriate planning and regular monitoring throughout implementation in the form of regular reports by the implementing administration will take place. Evaluation during implementation and at the end of the programme, audit of programme will also take place.

#### **4.6. Communication and visibility**

The Delegation ensures, mainly through its Press and Information Department, that all EC assistance projects to Armenia receive sufficient visibility. For the Twinning tool specifically, as the instrument is new, there will be obvious need to carry out sensitising campaign in order to increase awareness in the beneficiary organisations and amongst a wider public. The Member State participating in a particular Twinning will be invited as well to participate to common events.