



# Evaluation of the European Union's co-operation with Armenia

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# Acronyms

AA	Association Agreement
ADB	Asian Development Bank
ADS	Armenia Development Strategy
AETR	Agreement on Vehicles Engaged in International Road Transport
AFD	Agence Française de Développement
ALA	Armenian Lawyers Association
AMD	Armenian Drams
ARD	The Armenian Roads Directorate
BEE	Business Enabling Environment
BS	Budget Support
BSP	Budget Support Programmes
CEDAW	UN Convention on the Elimination of Discrimination against Women
CEPA	Comprehensive and Enhanced Partnership Agreement
CFLI	Canada Fund for Local Initiatives
COE	Council of Europe
CRC	Central Referendum Commission
CS	Civil Society
CSF	Civil Society Forum
CSI	Civil Society Institute
CSO	Civil Society Organization
CSP	Country Strategy Paper
DCFTA	Deep and Comprehensive Free Trade Area
DCI	Development Cooperation Instrument
DFID	Department for International Development
DGCA	Directorate General for Civil Aviation
DRC	District Referendum Commission
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
ECHR	European Convention on Human Rights
ECRI	European Commission against Racism and Intolerance
ECtHR	European Court of Human Rights
EE	Energy Efficiency
EEAS	European External Action Service
EED	Energy Efficiency Directive
EEU	Eurasian Economic Union
EIA	Environment Impact Assessment
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EIP	External Investment Plan
ENA	Electric Networks of Armenia
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EPI	Environmental Policy Integration
EPSO	Electro Power System Operator CJSC
EU	European Union
EUMS	European Union Member State
FDI	Foreign Direct Investment
FGE	UN Women Fund for Gender Equality
GAP	Gender Action Plan
GDP	Gross Domestic Product
GEWE	Gender Equality and Women Empowerment
GFP	Gender Focal Point
GoA	Government of Armenia



GSP+	Generalized System of Preferences Plus
GTG	Gender Theme Group
HCA	Helsinki Committee of Armenia
HR	Human Rights
HRD	Human Rights Defender
HRDO	Human Rights Defender Office
HVEN	The High Voltage Energy Network CJSC
ICCPR	International Covenant on Civil and Political Rights
ICESCR	International Covenant on Economic, Social and Cultural Rights
IFI	International Financing Institutes
IL	Intervention Logic
INDC	Intended Nationally Determined Contributions
IPR	Intellectual Property Rights
IWRM	Integrated Water Resource Management
JC	Judgment Criteria
LFIs	Loans and Grants Financial Institutions
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
LPI	Logistics Performance Index
MDG	Millennium Development Goal
MEA	Multilateral Environmental Agreements
MEL	Monitoring, Evaluation & Learning
MLSA	Ministry of Labour and Social Affairs
MNPP	Metsamor Nuclear Power Plant
MOJ	Ministry of Justice
MoTAI	Ministry of Territorial Administration and Infrastructure
MP	Member of Parliament
MS	Member State
NCSD	National Council on Sustainable Development
NEEAP	National Energy Efficiency Action Plan
NGO	Non-governmental organization
NIP	National Indicative Programme
NPM	National Preventive Mechanism
NSA-LA	Non-State Actors and Local Authorities in Developments
ODIHR	Office for Democratic Institutions and Human Rights
OPCAT	Optional Protocol to the Convention against Torture
OSCE	Organization for Security and Co-operation in Europe
OSI	Open Society Institute
PCA	Partnership and Cooperation Agreement
PCF	Programme Support Framework
PPPs	Public-Private Partnerships
PSRC	The Public Services Regulatory Commission
PWD	People with Disabilities
RA	Republic of Armenia
RCA	Revealed Comparatives Advantage
RE	Renewable Energy
SBA	Small Business Act
SCR	South Caucasus Railway
SD	Sustainable Development
SDP	Sustainable Development Program
SEA	Strategic Environmental Assessment
SHPP	Small, run-of-the-river Hydropower Plants
SME	Small and Medium Size Enterprises
SNCO	State Non-commercial Organization
SPP	Solar Power Plan
SPS	Sanitary and Phytosanitary Measures
SRC	State Revenue Committee
SS	Soil Standard

TA	Technical Assistance
TAP	Technical and Administrative Provisions
TBT	Technical Barriers to Trade
TI	Transparency International
TIAC	Transparency International Anti-corruption Centre
ToR	Terms of Reference
TRACECA	Transport Corridor Europe-Caucasus-Asia
UN	United Nations
UNCT	United Nations Country Team
UNDP	United Nations Development Program
UNECE	UN Economic Commission for Europe
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
US	United States
USAID	United States Agency for International Development
USD	United States Dollar
WB	World Bank
WEI	Water Exploitation Index
WHO	World Health Organisation
WILD	Women in Local Democracy Project
WRCA	Women's Resource Center Armenia
WSC	Women's Support Centre
WTO	World Trade Organisation

# 1. EQ 4: Modalities

**EQ4:** *To what extent was the mix of aid modalities and instruments used by the EU relevant, effective and efficient in the Armenian context?*

## 1.1. Overview of EU interventions

This Section focuses on the mix of modalities and instruments used by the EU to attain EU strategic goals and objectives and it assesses which were most appropriate and relevant and whether they were implemented efficiently and effectively. The principal modality employed was that of Budget Support (BS) and, if we include Macro-Financial Assistance, this comprised more than 50% of all EU assistance by value over the period 2010-2017. Thus, there is an extensive assessment of all the BSPs, including consideration of both the rate and timing of disbursements, as well as the Complementary Assistance components of each of the BSPs, which comprised TA service contracts (typically, Framework Contracts) - both to provide assistance to beneficiary institutions to build capacity for satisfying specific conditions and to enable independent review missions to assess compliance with each of the relevant tranches prior to disbursement decisions - Twinning, non-competitive grants to both national and international organisations (justified on the basis of their experience and expertise in the sector, country and region) and grants which required competitive bidding procedures. Other modalities and instruments are then compared to BS, in terms of the number and value of contracts, using a breakdown of contracts by 'nature' as a proxy for modalities. This is followed by some conclusions and recommendations.

## 1.2. Response to EQs by judgement criteria

EU Budget Support (BS) served as the main modality through which assistance was delivered and this was relevant in the Armenian context, since BS is the main form of EU assistance in the Eastern Partnership region, including ENI-East, of which Armenia is a constituent member. In fact, in financial terms, the majority of EU assistance during the years 2010 to 2017, the period covered by this evaluation, was delivered to Armenia via the BS modality. After 2007 and the impact of the global financial crisis, specifically in 2008-09 (as noted below),<sup>1</sup> BS became even more important as an additional source of revenue for the state budget. This could be another explanation for the large number of Budget Support Programmes (BSPs) within the period covered by this evaluation, because of the need for substantial flows of EU funds into the Armenian state budget as quickly as possible. It also explains the €100 million (€60 million grant and €40 million loan), that was provided to the state budget through EU Macro Financial Assistance (MFA). BS, in theory, serves as a predictable way of channelling quite substantial funds to the GoA and thus an efficient means of increasing the overall revenue within the state budget and, in particular, creating additional fiscal space for increased allocations to the agreed priority sectors. The use of BS was particularly effective because Complementary Support (CS) was used in a way that complemented the actions of the BSP, assisting the sector line ministries, agencies or other stakeholders, to fulfil the specific conditions (and in the context of PFM, to continue to fulfil the general conditions in relation to the macro-economic framework and the PFM system) and advising on other policy and technical matters. In this sense, the other aid modalities linked to BS have been well used in conjunction with the BSP. The overall attainment of the EUs strategic goals in each sector were assisted by the use of complementary modalities and they were an efficient use of EU resources by helping the key BS actions to be more effective. Many other modalities were used to provide additional support to the sectors

<sup>1</sup> See below, p.11, FN 3.

(and sub-sectors) – such as trade, connectivity, justice, human rights - linked to the assistance already being provided through CS under BS, e.g. Twinning, Framework Contracts for services, direct grants. While using so many different modalities to focus support around key reforms within a sector (or sub-sector) provided greater overall impact, the added value of EU assistance is that the EU was the only major donor to provide budget support.

The use of Macro-Financial Assistance (MFA) was especially significant as an additional modality, to assist the Government of Armenia in dealing with the dramatic impact on the economy of the global economic crisis, because the operation accounted for approximately 1.7% of GDP between 3<sup>rd</sup> quarter 2011 and 1<sup>st</sup> quarter 2012 – when the MFA was disbursed - and represented 9% of total international assistance in the form of budget support between 2009-2012. The MFA was linked with the IMF programme, under its Extended Credit Facility (approved June 2010) and totalled some €513.2M. The MFA was disbursed in two instalments: one in July 2011 (€40M); and another in December 2011 (€60M).<sup>2</sup>

**JC 4.1** The mix of aid modalities was appropriate for the overall attainment of the EU's strategic goals

Attempts to attain the EU strategic goals over the period, 2010-2017, as covered within the priority areas (i.e. 2011, 2012-14, 2015-16), were realized through the use of a mix of modalities and instruments, although the predominant modality was Budget Support. The predominant aid modality of BS was appropriate because of the relatively positive experience of the earlier EU budget support, through the EU Food Security Programme (FSP) (see 4.2 below), while BS is the main form of EU assistance within the Eastern Partnership region and thus there is a wealth of experience and expertise in using this modality within the region. The BSPs were either aimed at one specific sector or, in a few cases, a number of sectors (e.g. the MSBSPs), with the goal of supporting key reform(s) within the sector(s). While the specific conditions were closely linked to the key reform areas, many of the BSPs also used Complementary Assistance to bolster the effectiveness of BS, by providing TA to strengthen capacity in key areas within the sector institutions, such as advising on how the additional budgetary resources should be used to support the priority areas and to support actions that were aimed at satisfying the indicators to facilitate the fulfilment of the specific conditions. While the majority of financial assistance was delivered through the BS modality, other modalities were used within the Complementary Support component of a BSP (e.g. TA, Twinning, Framework and Service contracts), as noted above, to complement the key BS actions. In addition to BS as the main modality and the other modalities employed which were linked to Complementary Support, such modalities outside of the BSPs (independent contracts for Twinning, TA and service contracts and grants) were utilised to broaden and strengthen EU support within the targeted sectors and thematic areas (e.g. PAR and PFM, economic development, trade, connectivity).

**JC 4.2** Budget support programmes were relevant, effective and efficient and the modality was the most appropriate for the given objectives

EU Budget Support (BS) is the main form of EU assistance in the Eastern Partnership region, which includes Armenia. In fact, in financial terms, the majority of EU assistance during the years 2010 to 2017, the period covered by this evaluation, was delivered to Armenia via this modality (and the modalities included within it through Complementary Support). In total, there were 10 Budget Support programmes (BSPs) - initially 12, but two of these were merged with others and one Budget Support Programme (BSP) covered 10 months of 2009 - plus one Macro-Financial Assistance (MFA) Programme, totalling an agreed amount for allocation from the EU to the GoA, of €304,361,000 (€204.361,000 from the BSPs and €100M from MFA). This comprised over 50% of all EU financial assistance to Armenia during this period. A major advantage of using BS is that it can help to reduce transaction costs since, if the same volume of aid in

<sup>2</sup> 'Ex-post Evaluation of Macro-Financial Assistance (MFA) Operation to Armenia', carried out by ICF/GHK/Cambridge Econometrics, for EC, D-G for Economic and Financial Affairs, October 2013 (see [http://ec.europa.eu/economy\\_finance/evaluation/index\\_en.htm](http://ec.europa.eu/economy_finance/evaluation/index_en.htm))

value terms had been provided through a large number of separate projects, the transaction costs would have been higher.

Armenia already had a relatively positive experience of EU budget support through the EU Food Security Programme (FSP), which ran from 1999 and provided valuable revenue for the state budget, at a time when domestic revenues were relatively low. Although this support was different in nature (being targeted at specific budget lines within designated line ministries and government agencies) to the Budget Support which was introduced from early 2007, with an agreed priority focus on a sector or sectors (SPSP), it still provided some experience of the EU approach and methodology to budget support, providing initial experience of conditionalities set within a policy matrix and linked to schedules for tranches disbursement.

Ten BSPs within an 8-year period is a large number of BSPs and it is important to understand the reasons that lay behind the decision for choosing this particular modality and the relatively large number of BSPs. After 2007 and the impact of the global financial crisis, specifically in 2008-09, and the catastrophic drop in revenue for the state budget from remittances from private citizens working outside Armenia,<sup>3</sup> BS became even more important as a source of revenue for the state budget. This could be one explanation for the large number of BSPs, because of the need for substantial flows of EU funds into the Armenian state budget as quickly as possible. It also explains the €100 M (€40M grant and €60M loan) that came from EU Macro Financial Assistance (MFA), although the funds that were originally agreed in late 2009/early 2010, did not actually get transferred to the Armenian state budget until the fiscal years 2011 and 2012.<sup>4</sup>

Another reason for favouring this modality within Armenia is that, with an EUD which is relatively small in terms of staff numbers, it might be argued that managing large flows of EU funds is best done through large BS programmes, which require less on the ground management than a multitude of relatively small to medium sized projects. As the outgoing EU Ambassador and Head of Delegation noted, EU HQ likes to spend big but, in the case of Armenia, this is with fewer staff in the EUD than in other Delegations and in other comparable international organisations. There are currently 9 staff in operations in the EUD whereas, in comparison, Germany (GIZ) has 20+ staff for just 1 project while the US spends three times less than the EU yet has three times more staff. Fewer staff has led to greater pressure from Brussels “to spend big” yet experience has shown that it is difficult for the EUD to hire staff in Yerevan and recent scandals linked to corruption amongst local staff has worsened the situation.

However, capacity constraints in terms of HR, has important implications in terms of the ability to manage programmes, especially when there is regular turnover of international staff within the EUD, as part of the EU process. In addition, responsibility for certain BSPs shifted between different members of staff, which led to a lack of continuity and a lack of familiarity with a particular BSP. There are currently, for example, only two members of staff within the EUD who provide an institutional memory for many of the BSPs covering our evaluation period.

A further problem with choosing BS as the favoured modality for providing financial assistance to Armenia is that it becomes impossible to evaluate one BSP thoroughly before moving to the next. Thus, looking at the challenges and difficulties, as well as the positive outcomes, and learning from this experience, and then using it as an input into the design of the next BSP is not feasible within the timeframe that was operating during the period of this evaluation. It appears that there were no end-of-programme evaluations and this was presumably due to staff constraints. Yet, selecting BS as the favoured modality,

<sup>3</sup>Remittances in Armenia averaged USD 369.37 million from 2004 until 2018, reaching an all-time high of USD 742.69 million in the fourth quarter of 2013. Personal remittances refer to the inflow of migrants' and short-term employee income transfers to Armenia and in January 2018 remittances from these workers in Russia were estimated at around 7-8% of GDP. The total state budget revenue fell between 2008 and 2009, though it increased back up to the 2008 level again in 2010.

<sup>4</sup> However, taking MFA together with financial assistance from the USA (under the IMF programme) provided a substantial financial contribution to the Armenian state budget.

undoubtedly gives greater importance to what can be learnt from ex poste evaluations. ***One recommendation for the future is certainly that more attention should be paid to end of programme evaluations so as to better understand what worked best and was most successful and what encountered the most difficulties and provided challenges. These would be valuable lessons to use when designing a future BSP.***

However, the chosen sectors for support within the BSPs were relevant to the priority areas agreed between the GoA and EU under the PCA and also corresponded to the priority reform areas of the GoA. Two early BSPs covered several sectors (i.e. MSBSP I and MSBSP II) which may have been ambitious at the time, although it was logical to target PAR/PFM since it was important to encourage reforms within the priority area of democracy and good governance while assistance to public administration reforms provided the basis for support for change and modernisation within much of the government structures and public services. At the same time, support for PFM reforms were important both for the continuation of BS, since progress within the macro-economic framework and PFM reforms were important for satisfaction of the General Conditions of each BSP, and for the development of strategic budgeting within Armenia, whereby budgetary allocations were made according to policy priorities within a multi-annual budgeting framework (the 3-year MTEF), facilitated with the introduction of programme budgeting. From 2016 a BSP was focused entirely on PFM, namely, the Public Finance Policy Reform Programme (PFPRP).<sup>5</sup>

The sectors chosen to support through BSPs were relevant and appropriate to both the priorities of the GoA and the EU and consolidated earlier assistance provided through the latter. Support for reforms within the justice sector (through BSP Justice I and II) were important for helping to improve democratic structures and strengthen the rule of law, while it was logical to continue with support to Vocational & Educational Training (VET), with BSPs focusing on VET and 'Better Qualifications for Better Jobs', since this was consolidating the work undertaken through earlier BSPs in the field of VET, i.e. prior to 2010. Similarly, in the case of agriculture, the EU has a long history of support to Armenia in this sector since the 1990s. It was both relevant to the GoA priorities at the time and an appropriate sector for intervention with the BSP in Agriculture and Rural Development (ENPARD), which was in line with the 'Sustainable Agricultural Development Strategy, 2010-2020' (SADS) while increasing employment in rural areas and the development of rural infrastructure linked to the priority area of socio-economic development.<sup>6</sup> While protection for human rights is clearly linked to actions to improve democracy and good governance, with further support for human rights protection under the justice sector reform priority of the SSF 2014-17, BS in human rights was a major innovation for the EU, marking the first time that an EU BSP in human rights had been established anywhere in the world, following agreement on fundamental principles between the GoA and the EU.

While all the BSPs were **relevant** to the Armenian context, in terms of the sectors chosen for support, when they were designed, delays in both signing the FAs and in actual implementation, sometimes meant that, as time passed, their relevance was reduced. As noted above, while BS might appear as the most effective modality for channelling relatively large sums of EU funds to Armenia within a relatively short period of time, the EUD faced considerable challenges in terms of managing such a large number of BSPs, due to capacity constraints, especially in terms of the shortage of programme officers, within the period covered by this evaluation. Within each of the BSPs, part of the Complementary Assistance included funding for M&E, including independent missions, comprising relevant TA experts, to undertake monitoring of the GoA compliance with the conditions prior so as to advise the EU prior to any decision on release of an instalment. A review of the 10 BSPs reveals a mixed performance. Some were effective in transferring the planned funds (all or at least most of them) from the EU to the GoA within the expected timeframe (e.g. Justice I, ENPARD), others experienced more difficulties with satisfying the conditions fully and on time which hence led to delays in disbursement of funds.

<sup>5</sup> Public Finance Policy Reform Programme (PFPRP), ENI/2015/038-229

<sup>6</sup> The first BSP which falls within the evaluation period (2010-17) was left over from the former Food Security Programme.



## Performance Summary of BSPs

Doubtless there has been EU added value from the implementation of so many BSPs since the EU is the only donor providing assistance through budget support, with the consequence that there have been substantial transfers of grant funds from the EU to the GoA state budget between 2010 and 2017. Overall, some €204,361,000 had been allocated for the BSPs and €141,711,000 had been disbursed at the time of the evaluation team's visit to Yerevan in May 2019. In other words, 69.3% of the total amount planned had been utilised. This includes the figures allocated for Complementary Support as well as the amounts actually disbursed for BS (see Budget Support Table below). The final decision on the actual amount to be recommended for disbursement lies ultimately with the EC, although information provided by the independent review missions provides one input – though an important one - into the Commission's decisions.

In terms of rates of execution of actual disbursements against the planned schedules, some BSPs performed better than others. Some BSPs showed execution rates close to maximum: 100% of the BSP, FSP, was disbursed although there was a delay between design and signing of the FA (due to a change in the conditions, making them more relevant to the later Armenian context); 100% of the BSP, MSBSP I, was disbursed, although there were no reports from independent review missions in relation to this; 97% of the BSP, 'Continuation of VET reforms' and 96.5% of the BSP, ENPARD was disbursed and both on time; and 92.5% of the BSP, Justice I (although there was a three-year delay in disbursing the final tranche). The execution rate for Justice II was lower, with some three-quarters of all available BS funds disbursed (75.3%). Again, there was a delay in disbursing the third tranche, although the fact that all the tranches were variable may be one reason for this situation. It is not clear to the evaluation team why it was decided to make all tranches variable, rather than follow the standard arrangement (i.e. a fixed tranche on signing the FA followed by a number of variable tranches), which is common with BSPs and had operated in Armenia before, although it is assumed that it was an attempt to make the conditions more challenging.<sup>7</sup>

At the time of the mission to Yerevan of the current evaluation team (May 2019), the independent review mission for the 1<sup>st</sup> variable tranche of the BSP, 'Public Finance Policy Reform Programme', which took place in June 2018, recommended that 90% (or €2.7M out of €3.0M) of the tranche should be disbursed, although it is not clear whether this has actually been disbursed.<sup>8</sup> For the BSP, 'Support to the Government of Armenia for the implementation of the ENP Action Plan - Phase II', (known generally as MSBSP II (2011-2013))<sup>9</sup>, the evaluation team was informed at a meeting at the EUD in Yerevan, in May 2019, that 48% (€17.8M) had been disbursed to date. Although this could be viewed as an indication that the GoA had not been serious about the BSP, it was noted that this was probably because the sector focus and areas for conditions and support were premature for the GoA, i.e. to focus at that particular time on issues such as anti-corruption and external audit. It was further mentioned that a review mission was planned to assess compliance with conditions for the second variable tranche during September-October 2019.

For the BSP, 'Support to Human Rights Protection in Armenia', the fixed tranche of €4.2M was disbursed in December 2016, after the signing of the FA. A review mission took place in September 2017 and recommended the disbursement of €1.0 M out of the available €2.5M under the second (variable) tranche. A follow up review mission took place in May 2019 to review the remaining tranches. When the review team met with representatives of the MoJ it was mentioned that relatively little time had been provided for discussing the indicators for this BSP.<sup>10</sup> For the follow up VET BSP, 'Better Qualifications for Better Jobs', at the time of the visit of the present evaluation mission (May 2019), nothing had been disbursed

<sup>7</sup> There is no explanation within the FA, annex TAPs, for the decision to use all variable tranches, rather than a fixed tranche, to be disbursed on signing, followed by variable tranches.

<sup>8</sup> ('Review of Sector Reform Contract, Public Finance Policy Reform Programme in Armenia', Review Mission Report, LINPICO/B&S Europe), 15/06/18

<sup>9</sup> See n.19 below for the full reference

<sup>10</sup> Meeting with representatives of the MoJ, May 2019

and there were negative conclusions and recommendations from the TA team about any prospect of future disbursement. The review mission noted their concerns as follows: “There is an urgent need for the EUD to talk frankly with the beneficiary (MoES), the MoF and the MoEI at the highest levels to determine whether it is worth proceeding with the SBSP. There is a sense that the MoF is operating a cost-benefit analysis, whereby it is prepared to miss out on indicators where the cost of compliance is significantly greater than the reward. If this approach is maintained, by our calculations, the highest amount achievable in FY 2018 would be approximately 50%, and in FY 2019 30%, provided all other indicators are fully met. The lack of available finance is clearly having an impact upon staff morale and may well undermine their enthusiasm to meet these other indicators.”<sup>11</sup>

Table 1: Budget Support Programmes (BSPs)

BSPs 2010-2017	CRIS No.	Planned amount- EU contribution (€)	Allocated Between BS, CS etc. (€)	Total disbursed (at May 2019)	FA signed
Support to justice reform in Armenia	ENPI-AAP 2008	18,000,000	16,000,000 (BS) and 2,000,000 (CS etc.)	15,400,000 (BS) – 92.5% Disbursement 2,000,000 (CS)	September 2009
Continuation of VET <sup>12</sup>	ENPI/2009/021-066; approved amended TAPs in Addendum no.3 to the FA (14/02/2014) Added an additional 6M: ENPI/2012/024-345	21,000,000 (15,000,000 Plus 6,000,000)	14M BS and 1M (TA etc); added 6M (5M for BS and 1M ) – total 19M for BS and 2M for project mode, centralised management	13,600,000 (report 16/12/2014) 3,000,000 (CS)	December 2010 (but amendment to FA in 2012 added another 6M from EaPIC (“more for more”))
Support to GoA for implementation of ENI AP (MSBSP, I)	ENPI/2010/022-039	21,000,000	BS 20M; CS 1M (incl 900,000 TA)	21,000,000 (EU database)	November 2011
Support to GoA for implementation of ENI AP (MSBSP, II) <sup>13</sup>	ENPI/2011/023-094; ENPI/2013/025-029	45,000,000	BS 36.8 M CS 8.2M	17,800,000 (48%) (8.2M CS ?)	2013

<sup>11</sup> Report from the TA, p.23

<sup>12</sup> These were originally designed as two separate BSPs but were eventually conflated into 1 BSP. The original contract (ENPI/2009/021-066) was for €15M (€14M for BS and €1M for TA etc.) with one fixed tranche of €5M in the first half of 2011 (disbursed following signing) plus two variable tranches of €4M and €5M. All contracts under ENPI/2009/021-066 had to be signed by 28 December 2013 and under ENPI/2012/024-345 three years from the signing of the approved amended TAPs (i.e. 14 February 2012). Under the revised TAPs and the addition of further funds, the disbursement schedule for the variable tranches was as follows, with a new (third variable) tranche included. Thus variable tranches were: second half 2012 (€4M); first half 2013 (€5M); second half 2015 (€5M). A review mission took place in April 2013 to review compliance with the second variable tranche and in November 2015, to review compliance with the third variable tranche.

<sup>13</sup> This BSP originally fell under the AAP 2011 (€24 M) and, subsequently, Eastern Partnership Integration and Cooperation (EaPIC) funds were added in 2013 and, overall, provided ‘Support to the GoA for the ENP Action Plan, phase II’. Thus, in effect, two BSPs were merged into one via an Addendum to the original one. ‘Support to GoA for implementation of the ENP Action Plan – phase II’ (Multi Sector Budget Support Programmes 2011-EaPIC 2013”), Addendum No. 1 to FA ENPI/2011/023-094 plus for EaPIC (ENPI/2013/025-026 and ENPI/2013/025-029); Total €45M (€24M from ENPI AP 2011 and €21M from ENPI 2013 Special Measure, EaPIC): €36.8M BS and €8.2 Complementary Support). Total EU Contribution: EUR 45 million, of which: EUR 24 million from the ENPI Annual Action Programme 2011 part II in favour of Armenia (ENPI/2011/023-094) - EUR 21 million from the ENPI 2013 Special Measure “EaPIC” (Eastern Partnership Integration and Cooperation) programme (ENPI/2013/025-026 and ENPI/2013/025-029)



Food Security Programme <sup>14</sup>	DCI-FOOD/2007/019-124	<b>3,086,000</b>	Single fixed tranche of 3M	3,000,000 86,000 (TA)	November 2010 (agreed 26/12/2008)
Support to justice reform in Armenia, phase II	ENPI/2012/023-600	<b>29,000,000</b>	BS 25M CS 4M	19,825,000 4,000,000 (CS)	November 2013
ENPARD	ENPI/2013/024-483	<b>25,000,000</b>	BS 20M CS 5M	19,300,000 96.5% 5,000,000 (CS)	October 2014
Better Qualifics for Better Jobs	ENI/2015/038-246	<b>15,200,000</b>	BS 13M CS 2M	0 2M (CS?)	December 2016
Public Finance PRP <sup>15</sup>	ENI/2015/038-229	<b>10,000,000</b>	BS 8M CS 2M Co-financing 0.075M	2,700,000? (see footnote 15)  2M (CS?)	2016
Support to Human Rights	ENI/2014/032-771	<b>17,000,000</b>	BS 15.7M CS 1,3M (see footnote 15)  0.275M co-financing	4.2 (1.3M – CS?)	2015
<b>Sub-total (BSPs)</b>		<b>204,361,000</b>		<b>141,711,000+</b>	
MFA		100,000,000		100,000,000	
<b>TOTAL</b>		<b>304,361,000</b>		<b>241,711,000</b>	

+includes all allocations for Complementary Support but excludes the €2.7 M recommended for disbursement by the review mission under the BSP, PFPRP

### Agriculture sector

With respect to the **relevance of the BSP, FSP**, it would appear that the original conditions as set out in the FA, all of which related to agriculture and relevant to this sector at the time of design, were not deemed relevant three years later when the BSP was signed, since a new set of conditions appear which related to the MoLSA. Unfortunately, there is no narrative account to explain the reasons behind the decision to

The overall objective of the BSP was to assist the GoA to implement its national and sector strategies related to key areas of the ENP AP. It was a second phase of the support already being provided under the earlier Support Programme (Phase I) and was designed to build on, complement and broaden the existing cooperation. It was deemed important that the two phases were viewed as part of integrated support by the EC. In line with the principle of “more for more”, the BSP benefitted from additional funding (€21 million) from the EaPIC programme, with the aim of fostering democratic transformation and institution building. Thus, initially, there were two MSBSPs but the €21M added from the EaPIC to the original €24M, made a total of €45M, with €36.8M being allocated for Budget Support and €8.2M for Complementary Support.

The specific objectives of the Programme were to: further improve *Public Finance Management (PFM)* systems; contribute to the improvement of *public sector transparency and performance, including e-governance*; assist *regulatory convergence in the areas of trade with the EU and international requirements, in particular in Customs, Technical Barriers to Trade (TBT), and Sanitary & Phytosanitary (SPS)* matters; support the country's institutions in the *fight against corruption* (with EaPIC funding); and support institutions in the *Civil Service Reforms* (with EaPIC funding)

No reports are available on disbursement, although in a meeting with EUD on Tuesday May 2019, the team were informed that Euros 17.8M has been disbursed (48% of the total available for disbursement) and that a final review mission was being planned later in 2019. <sup>14</sup> FSP – An EU note, dated 6/6/2013, confirms that €3M was disbursed and a later note, by D. Avakian, EUD, 13 March 2011, confirms that all €3.6 M was disbursed.

<sup>15</sup> The additional €0.275M was co-financing by grant beneficiaries. The €2.7 M was recommended for disbursement in the review mission report, June 2018.

transfer the former FSP onto the new EU BSP, initiated from 2007, to delay the signing of the FA for three years or to completely change the conditions. According to the independent review of the BSP, however, one of these new conditions proved problematic – relating to de-institutionalisation – although it appears that all funds were finally released according to a document from the EUD.<sup>16</sup>

**The BSP, ENPARD,**<sup>17</sup> at the time of its design and implementation, was relevant to Armenian economic development since the GoA was implementing the ‘2010-20 Sustainable Development Strategy of the RoA’ (SADS) and, although this was not an integrated strategy, it contained specific goals in relation to agriculture and rural development, including increasing employment in rural areas and the development of the rural infrastructure. ENPARD (which commenced in 2015) sought to support implementation of the Strategy, contributing to development of rural areas, supporting access to affordable food and supporting the roll out of the agricultural census with cross-cutting issues in environment: Complementary Support was provided through UNIDO and FAO, together with support for disaster risk management and gender. FAO assisted capacity building of the MoA (€2M) while UNIDO (€2.4M) supported the development of farmers associations and cooperatives.

Thus, ENPARD was relevant and timely to the needs of the GoA with respect to agriculture and the intervention was aligned to the GoA agricultural sector priorities (i.e. the Strategy) and to EU priorities. In respect of the letter, agricultural issues were addressed under the third category of the NIP, 2011-13, and especially sub-priority 3.1: regional and rural development (to reduce economic and social disparities between regions, to promote agricultural reform and rural entrepreneurship). Under the SSF, 2014-17, agricultural development was to be supported under private sector development, with the objective of creating employment opportunities by enhancing private sector development. It was a logical sector for the EU to support since the EU has a long history of support to agriculture in Armenia, stretching all the way back to the early-mid 1990s and the initial support given to the agricultural sector, which included assistance to the establishment of the Agricultural Cooperative Bank of Armenia (ACBA)<sup>18</sup>.

The intervention was coherent, harmonised and effective with other donors specialising in the sector, by engaging both FAO and UNIDO to provide complementary assistance. The latter was efficiently used by engaging actors with specific relevant experience in the sector, for instance FAO assisting the MoA with advice and developing the required capacity so as to realise fulfilment of the conditions and the UN with supporting the development of farmers associations. Both of these organisations have extensive experience in these particular areas and have a successful working relationship with the EU.

Table 2: Disbursement Schedule and Actual Disbursement

Tranches €M			€M	
Fixed	Variable	Variable		
Q2, 2015	Q2, 2016	Q3, 2017		
			Total available	
6	7	7	20	100%
			Total disbursed	
6	7	6.3	19.3	96.5%
	GoA request Feb 2016	Recommended May 2017 <sup>19</sup>		

<sup>16</sup> See note from 13 March 2011, where it was confirmed that all €3.6 million had been disbursed (EUD, Carmen folder)

<sup>17</sup> ‘Support to Agriculture & Rural Development - ENPARD Armenia’, ENPI/2013/024-483, FA signed October 2014, 25M

<sup>18</sup> See ‘Regional Agricultural Reform Project’, I (Armenia, Azerbaijan, Georgia), Consortium for East European Development (CEED), led by Landell Mills (UK) & DanAgro (Denmark), 1996-1998

<sup>19</sup> Review Mission, May 2017

Clearly, from a financing perspective, this is a good example of how a BSP should work. The special conditions were almost completely fulfilled, and the disbursements were only slightly below the total amounts planned (96.5%) and were made on time, i.e. within the planned fiscal years. The TA (FAO and UNIDO) was effective in complementing BS, by providing advice and capacity building to make the use of the funds received more effective in achieving the expected results and outcomes. Certainly there appears to have been a small increase in the share of the state budget allocated to agriculture in 2015, compared to 2014 (from 0.96% to 1.09%) - although nowhere near as large an increase as in 2011 - and in 2016 the share slips back to the 2014 level (see Table and Graph 1 below) It would have been expected that the increased share would have continued, at least until the end of the Programme, i.e. to 2017, while it is difficult to ascertain whether allocations within the agricultural sector indicated increased financing to the areas designated priorities for sector reform in line with the specific conditions of the BSP. One of the difficulties is that state budget allocations are made to the overall sector which comprises agriculture, Irrigation and forestry, and so a more precise determination would need to extrapolate allocations to agriculture alone.

### ***How effective were the funds used in agriculture and were they targeted at the priority areas?***

When the BSP FA was signed in 2014, there were 23 agricultural programmes allocated funds from the sector state budget allocation for that fiscal year. The two largest programmes (partially co-financed by external donors), constituted 58% of the total allocation, while the five largest programmes made up 80%. The largest programme was the 'Rural Capacity Development Project', implemented with foreign financing (from IFAD, Denmark, the OPEC International Development Fund), comprising some 41.9% of the total budget (5 bln AMD) allocated in 2014. In total, 73% of this programme was financed through credit, 3.7% from grants, and 23.6% through co-financing from the GoA. The next largest programme was 'Community agriculture resource management and competitiveness' (CARMAC), launched in 2011 and to be completed by 2016. This was partly financed by donors and mainly the World Bank and the Global Environment Facility (GEF). The 3<sup>rd</sup> largest programme was in vaccination (AMD 1.1 bln.) while the other two main programmes were 'Subsidisation of interest payments on loans' (90% of which went through ACBA) - an increase on 2013 - and the 'State support to agricultural land users' (AMD 550mln), for seed breeding etc., the same amount allocated as in 2013. The agricultural programmes financed in 2014 through the state budget were implemented by 4 agencies: The MoA, the State Service for Food Safety, the administrative staff of the GoA, and the National Statistical Service.

With regard to alignment, the main focus of the agricultural policies were in line with the SSF, being predominantly focused on support to creation of a more enabling business environment and improved sector competitiveness. The two largest programmes partially financed by the state budget comprise about 60% of the total sector budget and are focused on enhancing sector competitiveness, namely, 'Rural Capacity Development Project' (RCDP) and CARMAC was 'Community agriculture resource management and competitiveness' (CARMAC). While the GoA also prioritised other agricultural projects at the policy level, budget allocations to the large projects mentioned above, left only small allocations for the remaining priorities. The budget programme that focused on issues such as improved sanitary and phyto-sanitary structures and services, in 2014 only received 1.15% of the total budget allocation to agriculture. Yet enhanced and improved service provision to sanitary and phyto-sanitary were one of highest priorities in the GoA Action Plan to realise the ENI AP. Similarly, only 4 of the total 23 programmes were implemented by the 'State service for food safety' with a specific focus on improving food safety and, in total, comprise 9% of the allocated budget. Food safety was also a policy priority yet compared to the other policy priorities; actual budget allocations appear to lag behind.<sup>20</sup>

Table 3: Sector share of total state budget, 2010-2017 (%), Armenia

<sup>20</sup> Policy Environment Brief: agriculture, EDRC (EU/EDRC/Oxfam), 2014; Annex 2 for all programmes, 2013 and 2014)

	Approved State Budget (by fiscal year)							
Sector	2010	2011	2012	2013	2014	2015	2016	2017 <sup>21</sup>
Defence, national security Public order, protection <i>Criminal executive</i> Rescue services systems	19.1	19.1	19.32	20.84	20.84	21.15	20.62	(21.18)
<i>Public administration</i> <sup>22</sup>	6.2	6.19	6.19	8.43	7.2	7.7	6.98	(6.81)
<i>Education</i>	10.6	10.87	10.05	9.34	10.21	9.54	9.27	(9.86)
<i>Agriculture</i>	0.86	2.51	1.10	0.86	0.96	1.09	0.96	(0.85)
<b>Total state budget (%)</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	(100.0)

Sources: MTEFs, 2011-2013; 2012-2014; 2013-2015; 2014-2016; 2015-2017; 2016-2018; 2017-2019), MoF, Yerevan; Economic Development & Research Centre (EDRC), Yerevan, 2019

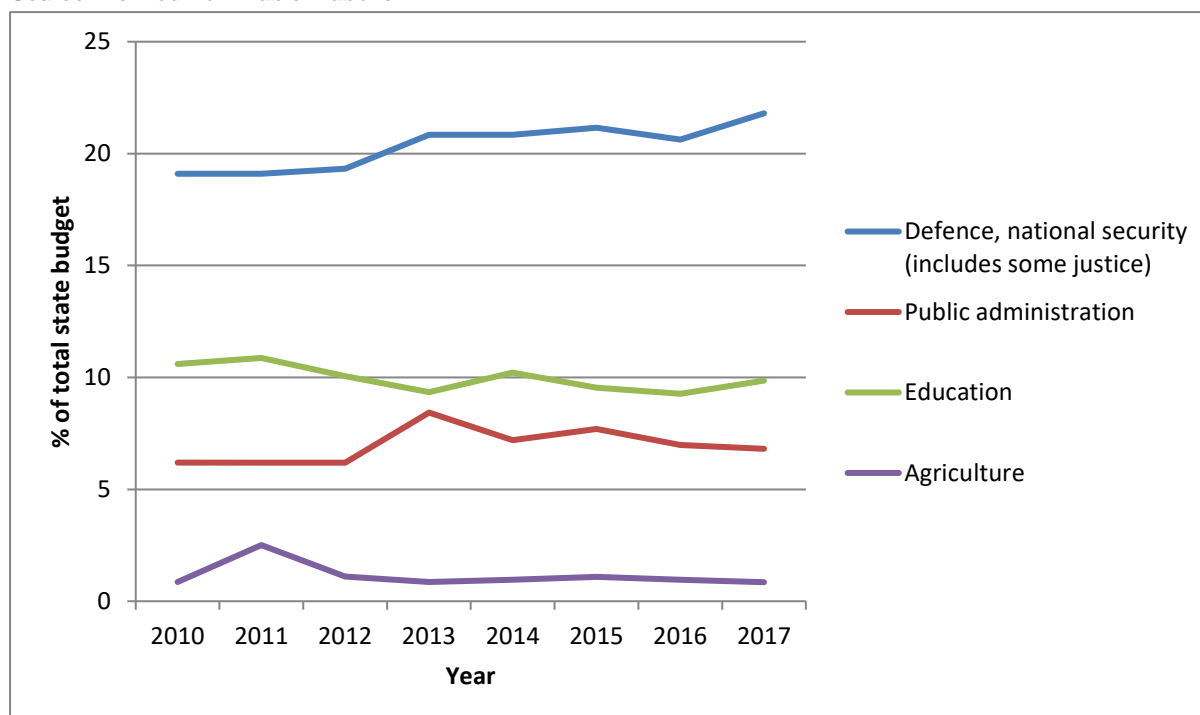
The following graph demonstrates the percentage of the total state budget that was allocated to each of the sectors by year, between 2010 and 2017. It is clear that there is an increase in the agricultural sector share between 2010 and 2011, although this falls back again in 2011 and thereafter to approximately the same level as in 2010. The share to education is erratic, declining between 2011 and 2013, then increasing to 2014 but falling the next year and rising in 2016. The share allocated to public administration (including some justice sector expenditure) increased between 2012 and 2013 but then shows a gradual decline to 2017. Defense, national security etc. (which also includes some justice sector expenditure) remains fairly constant between 2010 to 2012, but then continues to rise gradually to 2017.

<sup>21</sup> Planned state budget

<sup>22</sup> includes judicial reforms and PFM

Figure 1: The percentage of the total state budget that was allocated to each of the sectors by year, between 2010 and 2017

Source: Derived from Table 1 above.



### Justice sector

**With regard to relevance of the ‘Support to Justice Reform in Armenia’ programme<sup>23</sup>** the general objective of the programme was to promote the rule of law and the protection of human rights. The specific objective was to form a more efficient judicial system, providing legal and social guarantees of the justice system, increasing its availability, enhancing the defence of human rights and fundamental freedoms, as well as promoting law enforcement efficiency and introducing new anticorruption measures. The MoJ had been preparing the development of a strategic programme of actions, which was approved in February 2008 and in December of that year, the MoJ held discussions with key stakeholders (e.g. the ministry, the Judicial Department, the General Prosecution Office, the Chamber of Advocates) and they agreed an Action Plan for implementation of the reform strategy. The AP covers more detailed development of the initial strategy in several areas and, importantly, included strengthening the system for monitoring the progress of justice reform. The AP also sees the move from the earlier concept of ‘Reform of the judiciary’ to ‘Justice Reform’, as well as the traditional ‘de facto punishing’ approach to a more ‘preventive’ one. In April 1009, the President approved the ‘Programme of strategic measures of judiciary reforms, 2009-11’, which incorporated the above measures and documents.

Thus, this assistance was relevant and timely to the reforms occurring within the sector in the RoA and was aligned to the new GoA justice sector strategy and EU-Armenia assistance priorities, particularly linked to improved governance. Choice of the BS modality at this time may have been linked to the impact of the global financial crisis on the Armenian economy, where state revenues dropped massively as a consequence of reductions in remittances from private citizens working outside Armenia, and EU assistance could best be linked to support to the state budget, to facilitate sufficient public funds being available for support to realising this sector reform.

<sup>23</sup> ‘Support to Justice Reform in Armenia’, ENPI-AAP 2008, FA signed 29 September 2009, value of €18M

Complementary assistance of €2M was available for TA. A Resident Technical Assistance Team (TAT) provided support for the implementation of the BSP through providing assistance to the Ministry of Justice and a special Working Group overseeing progress within justice reform. Support is given in particular to monitoring fulfilment of the sector conditionalities and presenting to the Commission and to the GoA recommendations for continuation of the reform process. Such recommendations must take into account modernisation and reform activities carried out to date, as well as the institutional capacity and capability of the GoA to implement reforms. The TAT provides ongoing reports on assessment of progress in implementation of the conditions, the main problems encountered and solutions that were identified. The reports of the TAT therefore provide one of the major sources of information and documentation on progress made against the conditions. Such use of TA was complementary to BS funds and an efficient use of such complementary assistance, since support was used to build the necessary capacity within the MoJ and the Working Group to both fulfil the conditions and to monitor reform progress and to advise and make recommendations.

### *Efficiency and effectiveness*

While disbursement of the most of the second (first variable) tranche was on target (October 2010), the third (second variable) tranche was recommended for disbursement a year later than planned, due to difficulties in satisfying some conditions. Overall, some €7.4M was disbursed out of a possible €8M (or 92.5% disbursement), with slight delays due to difficulties in satisfying some conditions linked to both the second and third tranches. The advantage of having a TA team to assist both the MoJ and the Working Group to comply with the conditions aided the effectiveness of the BS funds.

The conclusions of the review mission in Sept 2012 were used to decide upon the disbursement of the second variable tranche instalment (of €4 million) and the outstanding amount from the first variable tranche (EUR 400,000). A second mission was planned to comprise a final evaluation of the whole programme. The TAT provides ongoing reports on assessment of progress in implementation of the conditions, the main problems encountered and identified solutions. It provided an Inception Report in June 2010 and Progress Report in June/July 2010.

Table 4: Disbursement Schedule and Actual Disbursement

Tranches €M			€M	
Fixed	Variable	Variable		
Q3, 2009	Q3, 2010	Q3, 2011		
			<b>Total available</b>	
8	4	4	16	100%
			<b>Total disbursed</b>	
	3,600,000 (90%) <sup>24</sup>			
8	3,900,000 (97.5%) <sup>25</sup>	3,500,000 (87.5%)	15.4	92.5%
Request from GoA, 29/09/2009 <sup>26</sup>	Review missions	Review missions (2012; 2014) – see footnote 24		

<sup>24</sup> Review mission of Sector Support Programme for 'Support to Justice Reforms in Armenia', ENP-AP 2008, draft Aide Memoire, IBF Consulting, October 2010

<sup>25</sup> Review mission of Sector Support Programme for 'Support to Justice Reforms in Armenia', ENP-AP 2008, draft Aide Memoire, IBF Consulting, September 2012; Review mission of Sector Support Programme for 'Support to Justice Reforms in Armenia', ENP-AP 2008, draft Aide Memoire, IBF Consulting, 24 September 2014

<sup>26</sup> ENPI-AAP2008, FA 29/9/2009, Annex II Taps



At the time of completing the draft report of the first review mission the EU had agreed to reallocating conditionality 5.2 from the second (variable) tranche to link with another from the third (variable) tranche.<sup>27</sup> The mission recommended disbursement of €300,000 of the remaining €400,000 of the second (variable) tranche (following an assessment of the conditions unfulfilled earlier) and €3,500,000 out of a possible 4M (or 87.5%) following an assessment of the fulfilment of conditions of the third (variable) tranche as at 24th September 2014. Finally, it should be noted that a number of third tranche conditions were dependent on actions (e.g. referral of draft laws to Parliament) which were not accomplished by the close of field work (i.e. 17th September 2012) for the Review Mission. However, since the final report did not have to be finalised until October 2012, this provided a window of opportunity for the Armenian authorities to provide and collect evidence to satisfy the heretofore unmet conditionalities before report finalisation. Evidence received up to 24th September 2012 was incorporated in the report. It was not possible to assess the allocation of budget funds within the justice sector since the data falls under a number of different institutional heads but it is recommended that in future one institution within the sector is deemed responsible for collecting and presenting these data. At the time of completion of the draft report (15 October 2010), the endorsement of the Armenian authorities was anticipated within a week and was seen as only a formality.<sup>28</sup>

The follow on justice BSP, 'Support to Justice Reforms in Armenia, phase II'<sup>29</sup> (the FA was signed by the GoA in 23 December 2013) was particularly relevant to ongoing changes in the justice sector in Armenia at the time, which were being supported by the EU, including within the previous BSP Support to Justice Reforms in Armenia. Thus, it was both logical and timely for assistance in this sector since it was deemed a priority area and complemented other EU assistance. Following changes in the Constitution in 2005, the GoA wanted to ensure real independence of justice and restore trust of the population to courts and judges. The first comprehensive sector strategy, '2012-2016 Strategic Programme for legal and judicial reforms in the RoA', accompanied by an AP, was designed with EU support. The strategy, together with the Sustainable Development Programme, aims to promote RoL and HR protection and is articulated around 9 pillars: justice sector coordination, penitentiary reform, criminal justice, civil justice, administrative justice, functional judiciary, prosecution, advocacy and services to citizens. The Strategy re-emphasises the concept in the earlier stage of judicial and legal reforms (2009-2011) of a shift from judiciary reforms to justice reform. Thus, the overall objective of this BSP was to contribute to the development of a more independent, transparent, accountable, accessible and efficient judicial system, in line with the Strategic Programme, 2012-16. (See also specific BSP objectives within this.)

For the first and second tranche specific conditions where funds were withheld in 2014 and 2015, because of non-compliance or partial compliance, there has been some further progress in implementation. After examining the status at the time of the review mission, the team considered that it would probably have recorded an assessment of compliance with specific conditions 2 and 6 had a request for such re-assessment been raised by the GoA and agreed by the EU. However, it considered that it would have left unchanged its earlier assessment of non-compliance with condition 1 and partial compliance with condition 4. As a result, the Review recommended that €4.55M of the First Tranche should be released and €2.45M withheld. As a consequence, the review found that the GoA was only eligible for €5M (or 50%) of the possible €10M of the third tranche. For other outstanding specific conditions, from the first

<sup>27</sup> See "Addendum to the Financing Agreement for the Programme "Support to Justice Reforms in Armenia" ENPI AAP 2008/019-32/1". "Addendum to the Financing Agreement for the Programme "Support to Justice Reforms in Armenia" ENPI AAP 2008/019-32/1", signed by the EC on 15 July 2010. The Commission's signature was received on 15 July 2010)

<sup>28</sup> See meeting of the review team with the EC PM, Deputy Minister and the Head of European Integration Department at the MoJ on 8 October 2010, where the PM indicated that the proposed Addendum should be considered 'agreed' when it receives the assent of the EC. The matrix of conditionalities for the third (variable) tranche included the revisions approved by the Addendum.

<sup>29</sup> 'Support to Justice Reforms in Armenia, phase II', ENPI/2012/023-600, with a value of €29M provided for a total sum of up to €29.0M (including €9.0M under EaPIC 2012), with €25.0 M as budget support in three instalments (or tranches) of up to €7.0M, €8.0M, and €10.0M, respectively, over the years 2014, 2015, and 2016, plus €4M for Complementary Actions, including TA.

and second tranche, as re-assessment was not agreed, it was found that 'no additional funds can be released'. All are variable tranches and some are proportionately very large.

Table 5: Disbursement Schedule and Actual Disbursement

Tranches €M			€M	
Variable	Variable	Variable		
Q3, 2014	Q2, 2015	Q2, 2016		
			<b>Total available</b>	
7	8	10	25	100%
			<b>Total disbursed</b>	
2.275 <sup>30</sup>	3.2 <sup>31</sup> (40%)			
1.05 <sup>32</sup>	6.0 <sup>33</sup> (75%)	5 (see footnote 30)		
3.325 (47.5%)	6 (75%)	9.5 <sup>34</sup>	18.825	75.3%
Review mission	Review mission	Review mission		

Sources: Financing Agreement; review mission reports

The GoA requested disbursement of the 2<sup>nd</sup> variable tranche of €8M plus the remaining €1.05M from 1<sup>st</sup> tranche (condition 8). In October 2014, €2.275M was paid out of the €7M for the 1<sup>st</sup> tranche plus the EUD recommended to disburse €6M of the 2<sup>nd</sup> tranche, which constituted 75% of the total available for the tranche (€8M) and, on the basis of fulfilling condition 8 of the 1<sup>st</sup> tranche, which increased the implementation rate of the 1<sup>st</sup> tranche from 32.5% to 47.5%, to recommend a total disbursement of 7.05M.<sup>35</sup> At a meeting in the EUD in May 2019 the evaluation team was informed that both BSPs Justice 1 and 2 are now closed and that undisbursed funds had been returned to the EU.

### Vocational Educational Training

Armenia started reforms in VET in 1999, which continued throughout the next decade, and covered several legal and policy initiatives, the design and implementation of which were facilitated by a number of international projects. Chief among these were three EU Tacis projects, between 2003-2007, followed in 2008 by the EU BSP (SPSP), for 'Support to Poverty Reduction Strategy through Reforms in VET'.

<sup>31</sup> The second tranche (first) review mission recommendation, at the end of July 2015, that the GoA was only eligible for €3.2M or 40% of the possible €8.0M of the second tranche.

<sup>32</sup> The third tranche review mission recommended that the GoA was only eligible for €5M (or 50%) of the possible €10M of the third tranche. For the first and second tranche specific conditions where funds were withheld in 2014 and 2015 due to non-compliance or partial compliance, there had been further progress in implementation. The outstanding report of E-Civil Status Register Development and Handover was accepted by the Minister in December 2014 and sent to the EU in April 2015. This completed the outstanding requirements for this Specific Condition and hence qualified the Government to request release of the €1.05mn previously withheld. After examining the status of the other conditions at the time of the review mission, the mission considered that it would probably have recorded an assessment of compliance with specific conditions 2 and 6, had a request for such re-assessment been raised by the GoA and agreed by the EU. It is unclear as to why such a request was not made by the GoA. However, it considered that it would have left unchanged its earlier assessment of non-compliance with condition 1 and partial compliance with condition 4. For the other outstanding specific conditions, from the first and second tranches, as re-assessment had not been agreed, it was concluded that 'no additional funds can be released'.

<sup>33</sup> The second tranche (final) review mission recommended, at the end of Oct 2015, that due to subsequent developments since the review in mid-September 2015, the GoA was eligible for 75% of the second tranche, or €6.0M.

<sup>34</sup> An undated disbursement request from Head of Unit DG NEAR, to authorise the EUD to disburse €9.5M (or 95%) of the 3<sup>rd</sup> variable tranche. (see Head of Unit DG NEAR (2017?; Carmen folder)

<sup>35</sup> The first review mission recommendation that €4.55 M of the first tranche should be released and €2.45M withheld but the EUD recommended (November 2015) only disbursement of €2.275M. A note from the EU shows a GoA disbursement request for the 2<sup>nd</sup> variable tranche of €8M plus the remaining €1.05M from 1<sup>st</sup> tranche condition 8 (Note of 23 December 2013; see EUD, Carmen folder)



The 2009 BSP36 was thus a logical continuation of these efforts to support VET reforms and highly relevant to the GoA reform agenda. Armenia recognised the need for the development of new, knowledge-based, economic growth and the reforms which were being implemented in vocational education underpinned this process, aimed at developing an efficient and flexible VET system, approaching modern European standards, with qualified specialists prepared to be competitive, not only in the domestic labour market, but also abroad. The earlier BSP in this sector played an important role in improving the physical conditions for the delivery of VET and strengthening the governance of the system through pilot measures implemented at college level. The new BSP, designed in 2009, was intended to build on this EU support with implementation planned over the period, 2011-2013. VET and employment were priorities both within EU programming documents and the GoA strategic priorities.

The FA of the BSP was signed on 13<sup>th</sup> December 2010, for a total budget of €15 M, out of which € 1M was earmarked for TA (project mode, direct centralised management). The €14M for BS was to be released in three annual tranches over 2011-2013. An amendment approved on 14th February 2012, added Eastern Partnership Integration and Cooperation Programme (EaPIC) funds of 6M, whereby support was geared towards improving VET opportunities for youth with special needs, establishment of a model and implementation plan for sector-wide VET planning and performance management, operationalization of networks of VET institutions and improvement of regional cooperation, and improvement of facilities in additional areas of support including validation of non-formal and informal learning, revision of VET classifiers of professions and their alignment with labour market needs, as well as introduction of career guidance and job search capacities in pilot VET colleges. The main partners for implementation were the Ministry of Education and Science (MoES), the Ministry of Labour and Social Affairs (MoLSA), the Ministry of Finance (MoF), the Ministry of Economy (MoE), as well as social partners.

The final review of the second (variable) tranche 2012 since not all of the tranche had been disbursed earlier. Regarding the second (variable) tranche in 2012, the assessment concluded that all conditions and their associated criteria under the MoES were fully complied, and in some instances, over-performed, by achieving part of the next tranche conditions. The review mission recommended, therefore, a full release of funds associated with those criteria. Of the remaining criteria, most under the responsibility of the MoLSA, the mission concluded that all were also fulfilled, with the exception of two. Therefore, it proposed disbursement of €3.8 M out of a total €4.0M. The ultimate amount released by the EC was, however, slightly lower, at €3.6M due to delays in fulfilling Condition 2.1. The Review Mission recommended full disbursement of the third (variable) tranche for 2013 (€5M).

Table 6: Disbursement Schedule and Actual Disbursement

Tranches €M			€M	
Fixed	Variable	Variable		
Q, 2011	Q, 2012	Q, 2013		
			<b>Total available</b>	
5	4	5	14	100%
			<b>Total disbursed</b>	
5	3.6 <sup>37</sup>	5	13.6	97%
FA signing	EUD	Review mission <sup>38</sup>		

<sup>36</sup> 'Continuation of the Vocational Education & Training (VET) reform and the development of an Employment Strategy', (ENP, 2014), ENPI/2009/021-066 (€15M) plus ENPI/2012/024-345 (€6M from EaPIC), Total 21M (25/12/2013 - 28/12/16)

<sup>37</sup> The final review mission (2012) to assess compliance with the conditions for the second (variable) tranche recommended disbursement of €3.8M but the EUD recommended disbursement of €3.6M due to delays in fulfilling Condition 2.1.

<sup>38</sup> The review mission (2013) to assess compliance with the conditions for the third (variable) tranche.

Allocations for VET services from the state budget were increasing, from 3.87 bln AMD in 2008 to 6.89 bln AMD in 2011, with increases on a yearly basis between 2008-11, of 11%, 17.2%, 0.2% and 7% respectively. The absence of growth in 2010 was mainly explained by the decrease in the number of students. For the mentioned period, the average per student financing from the state budget for 'free seats' and for student allowances also increased from 294.61 thousand AMD in 2008 to 389.99 thousand AMD in 2011. However, the **average increase in allocation per student** for 2010 was significantly less than in previous years, shrinking from 14.7% in 2009 to 2.3% in 2010. Armenia operates an MTEF which is updated yearly and was being gradually improved in the VET sector. However, Medium-Term Business Planning at the level of institutions in the VET sector was at an initial stage although it was being strengthened. The Employment area was also covered by the national MTEF, although no specific work in this area had been done in connection with the sector programme. With regard to Sector Programmes in VET and Labour Market/employment issues and policy and strategy in the VET sector, there was a coherent policy which had been updated at the time of the final evaluation of the BSP (Oct. 2013), and there was a strategy which was being updated annually as part of the MTEF process. However, the policy was fairly broad, and the strategy lacked detail. Formulating a coherent policy and strategy for employment was part of the BSP.

The programme inputs and the rehabilitations of the regional colleges were considered successful, having made colleges more attractive for both students and teachers, providing more relevant education and were better managed. However, the evaluation identified operation level shortcomings in the process of renovations and equipment supply, which in the long run could negatively impact on maintenance and operational costs of VET colleges as well as on the educational process. During field visits, the evaluation team identified that the equipment delivered had not been installed and was not operational for a number of reasons, e.g. lack of appropriate facilities, absence of specialists for installation, contractor delays. In some cases, the colleges resolved all these issues through their own efforts and resources, but it also imposed an extra burden on them. It is not clear whether this was due to lack of funding from the MoES and MoLSA and/or lack of budget for this from the MoF. The degree of the college involvement in the implementation appeared to be very marginal, and colleges seemed to have little to say about the quality and the end results. All colleges were covering the maintenance cost themselves, and in some cases, they were left with rough or half-finished work (especially sealing the gaps between the new doors and windows and their surrounding wall frames). This could lead to high waste of energy and heating, and higher future maintenance costs.

The crucial strategic documents regarding both VET and Employment policies had already produced. The GoA continued to show strong ownership of the VET sector reforms, while facing the challenges due to the multitude of stakeholders and implementing agencies for the BSP, both at policy and service delivery level. There was not a sufficiently systematic and feasible mechanism of monitoring, reporting and feedback between the main stakeholders at Policy, Implementation and Service delivery levels. Moreover, sustainability of employment, even if the graduates of VET colleges did get a job, remained a serious issue. Lack of regular and compatible data on employment after graduating from a VET college, duration of employment and main factors in determining success or failure in employment was affecting better policy and implementation considerations. The MIS system, which was then under implementation, was only the technical component of such a system and cannot stand alone.

A follow on BSP in VET ('Better Qualifications for Better Jobs') was launched in 2015, although the FA was not signed until December 2016.<sup>39</sup> The BSP, with a focus on vocational training/agricultural educational training, had a budget of €15.2M, out of which €13M was earmarked for BS and €2M for Complementary Support (TA and capacity building), plus €0.2M from potential grant beneficiaries (grants and call for proposals). The main implementers were the Ministry of Labour and Social Issues (MoLSI),

<sup>39</sup> 'Better Qualifications for Better Jobs' (VET), ENPI/2015/038-246

the Ministry of Education and Science (MoES) and the Ministry of Agriculture (MoA), as well as private sector organisations and social partners. There was a call for proposals to support VET providers /CSOs/business associations (direct management) of €0.8M (and a contribution of €0.2M); procurement included TA (€0.8M) for institutional capacity building of relevant stakeholders and BS reviews.

Table 7: Disbursement Schedule and Actual Disbursement

Tranches €M			€M	
Fixed	Variable	Variable		
Q2, 2018	Q2, 2019	Q2, 2020		
			<b>Total available</b>	
1.5	3	8.5	13	100%
			<b>Total disbursed</b>	
			1.5 <sup>40</sup>	

Sources: Financing Agreement; EUD; review mission reports

This BSP sought to assist Armenia improve the efficiency of its labour market and the employability of its workforce, with a particular emphasis on agricultural employment (pilot approach). First, the programme focused on improving the capacity for skills identification and matching as a mean towards improving the coordination between labour supply and demand. Secondly, the programme devoted specific attention to agricultural skills and employment opportunities by consolidating the reforms undertaken in 2007-2015, within the overall VET system, in the field of agriculture as a priority sector for the GoA. Specific objectives were: to improve the labour market intermediation and guidance services in order to ensure better access to employment both for men and women, and to improve the employability perspectives of graduate students in a pilot sector (VET agricultural institutions).

The BSP was relevant since the assistance was in line with priorities of the National Employment Strategy and Action Plan 2013-2018, namely priority (1) Ensure the relevance of labour market and economy; and (2) Ensure the link between labour market and educational system. This action was coherent with the SSF, 2014-17, in particular result 1.1.3 improved labour market efficiency since the proposed programme will enhance labour market efficiency and contribute to employability of VET graduates. The action was complementary to EU assistance, provided in the framework of support to Small and Medium Enterprises (SME) under Annual Action Plan (AAP) 2014, agriculture under ENPARD (AAP 2013), organic agriculture programme (AAP 2011), Regional Development (AAP 2013), and the VET Reform and Development of an Employment Strategy Armenia programme (Easter Partnership Integration and Cooperation 2012).

In 2018, there was a progress review of the TA, whose task was to support the GoA and, in particular, the MoES and the MoLSA in fulfilment of the relevant conditionalities and present to the EU and the GoA recommendations for the successful continuation of the reform process. Such recommendations had to take into account modernisation and innovation activities carried out in the system to date, as well as the institutional capacity and capability of the GoA to implement reforms. The specific objectives were to strengthen institutional capacities of the following agencies: the Ministry of Labour and Social Affairs to properly implement and monitor the national employment strategy and provide better services to jobseekers, and Ministry of Education and Science and to improve the quality of agricultural VET. (25/08/17 to 24/07/19) but no actual independent review took place. The TA provided to assist beneficiaries focus was on assisting the beneficiaries to prepare effectively for the proposed Review Mission; to encourage and support the beneficiaries to make an early start on the implementation of the indicators for FY 2 of the Policy Matrix; to advise the beneficiaries on how to address requests to the EU

<sup>40</sup> At the time of the visit to Yerevan of the present evaluation team, May 2019

for amendments to the Policy Matrix/extension of the duration of the FA; and to assist the MoLSA, in particular, to prepare a new five-year labour market strategy.

The TA envisaged several difficulties in fulfilling the conditions. There were several GoA Decisions related to the reform of institutions, which together with the budget cuts foreseen in the State Budget for 2018, materially impacted the beneficiaries' capacities to fulfil several indicators. The TA Team worked closely with the beneficiaries to identify which indicators were impacted and in what ways and discuss with the EU what remedial actions, if any, should be taken. Moreover, the Team had to liaise with the beneficiaries during the preparation of their Self-Assessment Report to assist them to present the outcomes of their work in the most favourable light, notably, regarding those indicators where at first glance they may be deemed to be partially or non-compliant. This involved returning to the 'purpose' of the indicator and re-packaging the evidence to support their achievements.

The beneficiaries were provided with detailed recommendations on how to prepare for the Review mission during the workshop of the 14th December 2017 and two experts monitored the preparations and advised the beneficiaries during the months of January and February 2018. It was understood that the EUD would launch a FC to cover the Review Missions for the remaining lifetime of the BSP. In this context, it was recommended that the EUD plan the Review Mission for the end of the 1st Quarter 2018 and consider requesting Pre-Assessment Missions during September 2018 & 2019. The use of Pre-Assessment Missions is a common practise and in other EaP countries it has acted as an important stimulus and has often 'shocked' beneficiaries into action.

As noted previously, there were major concerns with indicators 5 (2018 FY), 6 & 7 (2019). The MoES was not confident that indicators 6 & 7 would be met even if the FA were to be extended, since it was claimed that the GoA did not intend to allocate funds for the refurbishment works or procurement. This was particularly problematic since these two indicators account for approximately 70% of the third tranche. Indicator 5 was also in doubt for the same reason: the Ministry would have to pay an outside/independent body to carry out the work on this indicator and stated that it did not have the funds to do so. The same situation applies to Indicator 1 (2018), where work on drafting the standards was done by outside contractors.<sup>41</sup>

As the mission noted:<sup>42</sup> "There is an urgent need for the EUD to talk frankly with the beneficiary (MoES), the MoF and the MoEI at the highest levels to determine whether it is worth proceeding with the SBSP. There is a sense that the MoF is operating a cost-benefit analysis, whereby it is prepared to miss out on indicators where the cost of compliance is significantly greater than the reward. If this approach is maintained, by our calculations, the highest amount achievable in FY 2018 would be approximately 50%, and in FY 2019 30%, provided all other indicators are fully met. The lack of available finance is clearly having an impact upon staff morale and may well undermine their enthusiasm to meet these other indicators." At the time of the visit to Yerevan of the present evaluation team nothing had been disbursed.

With regard to the BSP, 'Support to the GoA for the implementation of the ENP Action plan and preparations for the future Association Agreement', hereafter known as 'MSBSP I'<sup>43</sup>, the disbursement schedule for BS (€20M) was as follows: Fixed Q1 2012 (€8M); 1<sup>st</sup> variable Q1 2013 (€6M); 2<sup>nd</sup> variable Q1 2014 (€6M). Complementary Support was provided to the Chamber of Control (since other donors already support this with capacity building, need to identify what can be with a FC); PIFC (FC or service contract); Debt management (FC?); Trade (EU Advisory Group (EUAG) to play role in supporting Armenian institutions). Reports are available from the following : Supreme Audit; Debt management; PIFC; Internal audit; Public sector accounting (see Sector review document).

<sup>41</sup> TA for BSP 'Better qualifications for better jobs', p.23

<sup>42</sup> At the time of the visit of the present evaluation mission (May 2019), nothing had been disbursed. Technical Assistance for Budget Support Programme', Better Qualifications for Better Jobs', Interim Progress Report, Ian Grant, T/L, IBF Consulting, January 2018, p.23

<sup>43</sup> ENPI/2010/022-039, €21M, 'Support to the GoA for the implementation of the ENP Action plan and preparations for the future Association Agreement', prepared in 2010, FA signed October 2011 (Total €21M – €20M BS and €1M Complementary Assistance) DAC 43010

The follow up programme, 'Support to the Government of Armenia for the implementation of the ENP Action Plan- Phase II', hereafter known as MSBS II (2011-2013)<sup>44</sup> was a second phase of support already being provided under the earlier Support Programme Phase I and was planned to build on, complement and broaden existing cooperation. It is important that the two phases are viewed as part of integrated support by the EC. In line with the principle of "more for more", the BSP benefitted from additional funding (€ 21 M) from the Eastern Partnership Integration and Cooperation (EaPIC) programme, with the aim of fostering democratic transformation and institution building. The specific objectives of the Programme were to: further improve Public Finance Management (PFM) systems; contribute to the improvement of public sector transparency and performance, including e-governance; assist regulatory convergence in the areas of trade with the EU and international requirements, in particular in Customs, Technical Barriers to Trade (TBT), and Sanitary and Phyto-Sanitary (SPS) matters; support institutions in the fight against corruption and support institutions in Civil Service Reforms (both EaPIC funded objectives). Through assistance in the areas of PFM, public sector transparency, anticorruption and civil service reform, the Programme would directly contribute to good governance and accountability, transparency and equality in the planning, design, implementation, and monitoring of policies and programmes. Since the BSP targeted the efficiency and transparency with which the GoA resources are utilised, it helped to address issues related to poverty and access to basic needs. By improving Customs and reducing Technical Barriers to Trade, the Programme had a direct impact on Armenia's economic development. At the same time, a more transparent PFM system and more effective anticorruption actions as well as an improved data protection and privacy environment would help to support human rights. The development of e-governance systems also has a direct impact on environment.

Table 8: Disbursement Schedule and Actual Disbursement

Tranches €M					€M	
Fixed	Variable	Variable	Variable	Variable		
Q2, 2013	Q3, 2014	Q1, 2015	Q1, 2016	Q2,2017		
					<b>Total available</b>	
7.8	7	7	7	7.8	36.6	100%
					<b>Total disbursed</b>	
7.8					17.8	48%

Sources: Financing Agreement; EUD; review mission reports

The results of the review mission in October 2017 showed that the GoA was compliant with all the conditions although, nevertheless, there were aspects for the authorities still to develop.<sup>45</sup> The main weakness remained a lack of capacity to effectively monitor and report on national platforms and policies.

The EUD informed the evaluation team in May 2019 that the BSP, MSBP, had initiated EU support for civil service reform (legislation rather than policy) and provided SIGMA and good TA to help develop the legislation. There is now new staff on the Civil Service Council and more Twinning is planned for the future. It was stated that up to 48% (€17.8M) has been disbursed to date, a possible indication that the GoA has not been that serious about the BSP but it was probably because the sector focus and areas for conditions and support were premature for the GoA, i.e. to focus at the time on anti-corruption or external audit. The final review for the compliance assessment for the second variable tranche was planned for September-October 2019.<sup>46</sup>

<sup>44</sup> ENPI Annual Action Programme 2011, part II, in favour of Armenia (ENPI/2011/023-094), €24M, plus FA Addendum, No1, signed in 2013, adds EUR 21 million from the ENPI 2013 Special Measure "EaPIC" (Eastern Partnership Integration and Cooperation) programme (ENPI/2013/025-026 and ENPI/2013/025-029), with total of €45M (BS €36.8M and CS €8.2 M - Project mode

<sup>45</sup> In accordance with the mission to review the conditions for disbursement between September-October 2017 (Q3 of 2017) – see Mission Report Oct 5 2017

<sup>46</sup> Meeting with EUD, Yerevan, May 2019



The Public Finance Policy Reform Programme (PFPRP),<sup>47</sup> focused on PAR/anti-corruption with a total value of €10.075M (€8M for BS and €2M for CS) with potential grant beneficiaries co-financing €0.075M. The TAPs/FA have not been seen for this BSP. This BSP was in line with the SSF 2014-17 and emphasised support to transparency and accountability of fiscal governance. The specific conditions relate to 5 areas of public financial management: programme budgeting; public procurement; citizens' awareness of the state budget process; oversight role of the National Assembly and controls: external audit. Weightings were assigned to regulate the distribution of the 1st instalment variable tranche of €3 million across the five areas and related targets. Projected budget allocations and weightings were as follows:

### Programme budgeting

1. Target 1 (Programme budgeting methodology) - 25% (€0.75m)
2. Target 2 (Gender-sensitive budget) - 10% (€0.3m)
3. Public procurement - 20% (€0.6m)
4. Citizens' awareness of the state budget process - 5% (€0.15m)
5. Oversight role of the National Assembly- 10% (€0.3m)
6. Controls: external audit - 30% (€0.9m)

The results of the independent review mission for the 1<sup>st</sup> variable tranche in June 2018 reveal that the authorities have progressed significantly in the above areas with respect to the majority of targets with the exception of the target related to the use of the gender dimension in the State Budget formulation, analysis and implementation. The assessment report recommended that 90% (€2.7M out of €3.0M) should be disbursed, although it is not clear whether this has actually been disbursed.<sup>48</sup>

The total value of the BSP, 'Support to Human Rights Protection in Armenia' was €17,275,000 and the total EU budget contribution was €17 000 000, of which €15,700,000 was for BS and €1,300,000 for CS. Estimated co-financing by potential grant beneficiaries was €275, 000 (i.e. not from the budget of the Armenian Government).<sup>49</sup> The general objective of the action was to support the protection of human rights in Armenia and the specific objectives were: to improve the protection of human rights through enacting and implementing relevant legislation in the areas of right to free elections, torture prevention, anti-discrimination (including minorities, people with disabilities, refugees and other vulnerable groups), gender equality and child protection; to enhance coordination and cooperation in the area of human rights and increasing capacity of relevant stakeholders. During implementation, specific attention will be paid to crosscutting issues, such as, democracy and human rights, gender equality, the rights of the child.

Complementary Support addressed the needs for enhanced coordination and cooperation in the area of human rights on a horizontal level through support to the Ministry of Justice for the implementation and annual revision of targets and performance indicators of the Human Rights Action Plan, as well as donor coordination. Assistance was also provided to the effective monitoring mechanisms and capacity of the Interagency Commission for the implementation of the provisions of the Human Rights Action Plan. In this context, support to the reporting mechanisms and workflow of all responsible bodies was to be provided. Furthermore, Complementarity Support reinforced the capacity of different stakeholders (MoLSA, schools, health system, etc.) involved in fighting child malnutrition. Capacity development was also envisaged for other stakeholders, including the Human Rights Defender office (promoting human rights education, concerns of minorities, people with disabilities, refugees and other vulnerable groups), the Ministry of Labour and Social Affairs (implementing the Action Plan in the areas of protection and promotion of the rights of the child, gender equality, rights of people with disabilities, and prevention of stunting), the Women's Council under the Prime Minister (National Gender Machinery), law enforcement

<sup>47</sup> Public Finance Policy Reform Programme (PFPRP), ENI/2015/038-229

<sup>48</sup> Review of Sector Reform Contract, 'Public Finance Policy Reform Programme in Armenia', Review Mission Report, LINPICO/B&S Europe, 15 June 2018. The BSPs table above does not include this €2.7M but does include the €2M of CS

<sup>49</sup> Financing Agreement ENI/2014/032-771, Technical and Administrative Provisions, Addendum 1-2, Ref. Areas (2016) 7019045 - 16/12/2016.

structures (improved awareness, investigation and enforcement techniques), and the National Assembly Standing Committee on Protection of Human Rights and Public Affairs (overall capacity building and oversight support). The complementary support further addressed awareness-raising activities on human rights reforms in relevant areas and to advance child nutrition practices. Furthermore, complementary support foresaw a contribution towards the monitoring of the 2017 Parliamentary election and to contribute to increased transparency and integrity of the electoral process.

The total amount allocated to human rights under the bilateral allocation for the programming period 2014-2017 of the SSF ranged between €30.3M and €36.8M (estimated at 21.6% of the total envelope) of which the amount allocated under the BSP of €17M represented 50% of EU human rights related support. Further support to human rights protection in Armenia was provided under the justice sector reform priority of the SSF, complementing support to the institution capacity building programmes. Budget support was provided in one fixed and three variable tranches.

A grant was awarded without a call for proposals to the UNDP and justified because the action has human rights characteristics requiring specific knowledge and technical competences exhibited by the mentioned organisation, as well as sufficient administrative capacity. A further grant was awarded, without a call for proposals and with the same justification, to the OSCE/ODIHR, to contribute to the monitoring of the 2017 Parliamentary election and contribute to increased transparency and integrity of the electoral process in Armenia. It was noted that this action has specific characteristics requiring a specific type of beneficiary for its technical competence, specialisation or administrative power. OSCE/ODIHR is the international election observation body that has consistently observed and reported on the 2007, 2008, 2012 and 2013 elections as well as the 2015 Constitutional Referendum in Armenia in line with the 2005 Declaration of Principles for International Election Observation. The presence of an international observation mission is essential to ensure the quality, integrity and transparency of the upcoming elections.<sup>50</sup>

Table 9: Disbursement schedule (€m)

Type of tranche	Q4 2016	Q2 2017	Q2 2018	Q2 2019	Total
Fixed tranche	4.2	0	0	0	4.2
Variable tranche	0	2.5	5.0	4.0	11.5
<b>Total</b>					<b>15.7</b>

Source: FA; review mission reports

The fixed tranche of €4.2 m was disbursed in December 2016 after the signing of the FA which provided €1.3M for Complementary Support to provide TA to the GoA via a project (with a duration of 27months) titled “Promotion and Protection of Human Rights in Armenia”, which is being implemented by UNDP in partnership with UNICEF and UNFPA. The initial planned start date for the project was late 2014, although work actually commenced in August 2017 (Bill Fraser, first report). The Review Team recommends the disbursement of €1.0 M from the available 2<sup>nd</sup> instalment variable tranche of €2.5 M, which was scheduled to be disbursed in the second quarter of 2017.<sup>51</sup>

The background to the complexity surrounding the BSP was provided in a meeting at the EUD in Yerevan in May 2019. Although when the BSP, HR, commenced the previous ministers of MoJ were not particularly committed although the new Minister and Deputy Minister from 2018 have shown real ownership and commitment. There were undoubtedly difficulties, after the AA was not signed in 2015 and

<sup>50</sup> In accordance with Article 190(l)(f) of Commission Delegated Regulation (EU) No 1268/2012, under the responsibility of the Commission’s authorising officer responsible

<sup>51</sup> ‘Review of SRC, ‘Support to Human Rights Protection in Armenia’, first report, draft, IBF, (Bill Fraser, T/L), September 2017

there was pressure from HQ/DG NEAR to pilot a BSP in human rights. Certain line ministries were initially keen because they expected to receive additional funds but when these were not forthcoming, there was little interest shown in the conditions and political dialogue did not focus on conditions. Neither was there coordination at the MoF, where it did not seem to be appreciated at the time that there were funds that had not been disbursed under other BSPs; now they were faced with a new BSP with conditions which were extremely sensitive and challenging (e.g. on anti-corruption).

Doubtless there has been EU added value from the implementation of so many BSPs since the EU is the only donor providing assistance through budget support, with the consequence that there have been substantial transfers of grant funds (with a total planned value of €204.361M) from the EU to the GoA state budget between 2010 and 2017. However, the variable success of the BSPs has undoubtedly affected the effectiveness of such added-value.

### *Budget Support and other modalities*

The table below, based on the Table in the Main report, 5.4 EQ4 (Modalities and Instruments,) provides an indication of the importance of BS vis-à-vis other aid modalities, using breakdown of contracts by 'nature' as a proxy for modality. Some service contracts (e.g. Framework Contracts for technical assistance and review missions), grants (to international organisations, such as FAO, UNIDO, UNDP and local NGOs) – both competitive and non-competitive – and Twinning contracts were covered under Complementary Support within the BSPs, as is indicated.

Table 10: Number and value of aid modality contracts (using nature of contracts as a proxy for modalities)

Contract (nature)	Total contracted	Total paid	No. contracts
	€	€	
Budget Support Programmes	204,361,000	141,711,000	10*
Macro Financial Assistance	100,000,000	100,000,000	1
Financing Agreements	158,901,925	75,143,286	32
Action Grants	95,243,406	51,939,378	148
Services	42,333,371	25,013,302	180
Supplies	367,361	323,675	4
Functioning grants (operating)	200,000	135,714	3
Late payment interest	24,199	25,359	15
<b>Overall total</b>	<b>601,431,262</b>	<b>394,291,712</b>	<b>393</b>

\*Two contracts were merged into one.

**JC 4.3** Twinning was relevant, effective and efficient and the modality was the most appropriate for the given objectives and prevailing conditions

During the period, 2010-2017, twelve Twinning projects were implemented in Armenia with a total value of €12M.<sup>52</sup> Twinning suffered as a result of the DCFT not being signed in 2013 since the programming process was disrupted (especially during 2014-16) and a lot of preparatory work had to be re-done, agreeing on new sectors and interventions. New Partnership priorities had to be agreed with the GoA under CEPA. Between the years, 2010-17, institutions that had been exposed to Twinning were keen on repeating the exercise and valuable knowledge and know-how was transferred. However, with the turnover of staff and sometimes the lack of institutional memory, requests could be made for Twinning

<sup>52</sup> See 'Evaluation of the Twinning Instrument in the period 2010-2017', Final Report, vol.1, GDSI (Consortium leader), March 2019, p.26



support in areas that had already received such assistance earlier. As a follow up to both TAIEX and TWINNG, it was important to review the internal capacity of institutions to ascertain strengthening of capacity in certain areas as a result of the twinning exercise. This was done in some cases through ROMs.

Both the State Statistical Committee and the State Revenue Committee found Twinning a positive experience and argued that they had benefitted from the sharing of knowledge and expertise. In both cases, they are currently working on further Twinning operations. The Head of the State Statistical Committee (Twinning) was very much in favour of Twinning, stating that since the 1990s the EU has supported them since the 1990s and their experience with Twinning has been positive with a huge impact and has led to continued progress within statistics that has proved sustainable. Improvement continues within statistics and they are looking ahead to further Twinning programmes. However, other, alternative, aid modalities were not really discussed. The Head of Risk Assessment at the State Revenue Committee (SRC), assisted by a junior staff member who is currently working on preparing new Twinning cooperation, explained that the SRC similarly has a good and positive experience with Twinning and, on this basis, is currently preparing for a further Twinning project.

The Twinning programmes mentioned above were relevant, effective and efficient, and the beneficiary and the EU considered that the modality was appropriate for the given objectives and prevailing conditions. There is no report of discussions concerning options of aid modalities although the outcomes suggest that there was a good justification for using the Twinning modality on these occasions. In the sample projects chosen, the Twinning partners appear to have possessed the appropriate skills in both technical specialities and in terms of their approach to capacity development, utilising hands-on participatory methodologies which transferred the skills and expertise required. The sample Twinning programmes delivered the outcomes as defined in the project documents, contributed to strengthening institutional capacities for planning and implementing change, as evidenced by the monitoring and evaluation (ROM) reports.

**JC 4.4** Grant schemes were relevant, effective and efficient and the modality was the most appropriate for the given objectives and prevailing conditions

After 2014 there was a shift away from BS and from 2015 a new direction could be seen with a move to grants. From 2016, only 25% of all expenditure was in BSPs and more in smaller contracts.<sup>53</sup>

The grant schemes that were utilised are considered below and they appear to have been relevant, effective and efficient as a modality complementing the main BS activities, such as TA support for capacity building both to develop the knowledge and expertise required by the beneficiary institutions for achieving the outcomes as stated in the indicators and targets, to enable compliance with the specific conditions, and also to be able to manage transfers of increased funds from the state budget (including being able to allocate these to the specified priority areas). Thus, they appear to have been an appropriate modality for the given objectives and prevailing conditions. Since the EU was able to select the most appropriate grant beneficiaries (based on experience and expertise within the technical field and within the region and country), they possessed the desired capacity to design projects and to deliver them (achieving the planned outcomes), thereby contributing to both the objectives of the grant schemes and the overall BSP.

Thus, there were several cases where direct grants were awarded to organisations, without a call for proposals, under BS Complementary Assistance. In addition to the BS funds, further support to human rights protection in Armenia was provided under the Justice Sector reform priority of the SSF, complementing support to the institution capacity building programmes. Awarding a direct grant to the UNDP, without a call for proposals, was deemed to be justified because the action had human rights characteristics requiring specific knowledge and technical competences exhibited by the UNDP, as well

<sup>53</sup> See meeting with Gregory Tsouris at the EUD in Yerevan in May 2019

as the administrative capacity that was required.<sup>54</sup> The objective of the grant was to contribute to the monitoring of the 2017 Parliamentary election and contribute to increased transparency and integrity of the electoral process in Armenia. Similarly, a direct grant was awarded, without a call for proposals, to the OSCE/ODIHR on the grounds that the action had certain characteristics requiring a specific type of beneficiary for its technical competence and specialisation. The OSCE/ODIHR is the international election observation body that has consistently observed and reported on the 2007, 2008, 2012 and 2013 elections as well as the 2015 Constitutional Referendum in Armenia, in line with the 2005 Declaration of Principles for International Election Observation. The presence of an international observation mission was essential to ensure the quality, integrity and transparency of the elections that were forthcoming.

Under the BSP, ENPARD, Complementary Support was provided through grants to FAO, to assist capacity building of the Ministry of Agriculture (€2M) and to UNIDO (€2.4M), to support the development of farmers associations and cooperatives. The TA in both cases was effective in complementing BS, by providing advice and capacity building to facilitate a more effective use of the funds received through the BSP in achieving the expected results and outcomes. Both organisations were bound by long term framework agreements with the EU.

**JC 4.5** Service contracts were relevant, effective and efficient and the modality was the most appropriate for the given objectives and prevailing conditions

One of the additional benefits of using BS is that this usually includes a proportion of the total value for Complementary Assistance, and specifically to employ the services of specialist TA, either to build capacity to help the sector institutions to meet the specific conditions and/or to advise and guide the EUD on progress with compliance of the conditions. Thus, TA was usually employed through a Framework Contract for services and these were relevant to the sector assistance that was required and for support to the operation of the BSP and were generally effective in providing the assistance that was required.

In the case of the BSP Justice I, CS was used for TA for a Resident Technical Assistance Team (TAT), which provided support for the implementation of the BSP, via assistance to the MoJ and a special Working Group overseeing progress with justice reform. Support was given, in particular, to monitoring fulfilment of the sector conditionalities, and presenting recommendations for continuation of the reform process to both the EU and the GoA. Such recommendations had to take into account modernisation and reform activities carried out to date, as well as the institutional capacity and capability of the GoA to implement reforms. The TAT provided ongoing reports on assessment of progress in implementation of the conditions, the main problems encountered and solutions that were identified. The reports of the TAT therefore provide one of the major sources of information and documentation on progress made against the conditions. Such use of TA was complementary to BS funds and an efficient and effective use of such Complementary Assistance, since support was provided to build the necessary capacity within the MoJ and the Working Group to fulfil the conditions, to monitor reform progress and to advise and make recommendations.

Under the BSP, Justice II, Complementary Assistance comprised TA support to the MoJ (€2,250,000) - plus €50,000 for supplies to support pilot projects - and other stakeholders (the Justice Academy and the School of Advocates; various civil society groups), as well as €1,550,000 for TA for a joint project with the Council of Europe. Remaining assistance was delivered through project mode.

Under the BSP, ENPARD, Complementary Support was provided by FAO, to assist capacity building of the Ministry of Agriculture (€2M) and to UNIDO (€2.4M), to support the development of farmers associations and cooperatives. The TA in both cases was effective in complementing BS, by providing advice and capacity building to facilitate a more effective use of the funds received through the BSP in

<sup>54</sup> This decision is the responsibility of the EC's authorising officer (see Article 190(l)(f) of the European Commission Delegated Regulation (EU) No 1268/2012.

achieving the expected results and outcomes. Both organisations bound by long term framework agreement.

Under the BSP, VET continuation, € 1 M was earmarked for TA (project mode, direct centralised management). Under the subsequent VET BSP, the BQBJ, Complementary Support was allocated for TA to assist capacity building, with the purpose of supporting the Ministry of Education & Science (MoES) and the Ministry of Labour & Social Affairs (MoLSA) to fulfil the relevant conditionalities and present recommendations for the successful continuation of the reform process to both the EU and the GoA. An additional €0.2M came from potential grant beneficiaries (grants and a Call for Proposals to bid for the funds).

Under the BSP, MSBSP, I, Complementary Support was provided to the following: the Chamber of Control (the Armenian SAI) although, it was important initially to identify what could be achieved by utilising a Framework Contract (i.e. gaps or complementary activities), since other donors already supported the SAI with capacity building, to ensure that EU support both complemented and acted in synergy to other donor support ; a Framework Contract (service contract ?) was used to support Public Internal Financial Control (PIFC); a Framework Contract was used to assess Debt Management and make recommendations; while, in regard to trade, support was given to the EU Advisory Group (EUAG) to play a role in supporting Armenian institutions.

Under the BSP, Public Finance Policy Reform Programme (PFPRP), Complementary Support of €2M (with potential grant beneficiaries co-financing of €0.075M) was provided through indirect management, to GIZ, to assist with continuation of budget reforms and specifically, the Programme Budgeting component.

Under the BSP, Human Rights, €1,300, 000 was allocated for Complementary Support, while an estimated €275,000 was through co-financing by potential grant beneficiaries (i.e. not from the Armenian state budget). Complementary Support was used to address the needs for enhanced coordination and cooperation in the area of human rights on a horizontal level through support to the Ministry of Justice for the implementation and annual revision of targets and performance indicators of the Human Rights Action Plan, as well as donor coordination. It was also to provide assistance for the effective monitoring mechanisms and capacity of the Interagency Commission for the implementation of the provisions of the Human Rights Action Plan.<sup>55</sup> Furthermore, CS was intended to reinforce the capacity of different stakeholders (e.g. the MoLSA, schools, health system, etc.) involved in fighting child malnutrition. Capacity development was also envisaged for other stakeholders, including the Human Rights Defender Office (promoting human rights education, concerns of minorities, people with disabilities, refugees and other vulnerable groups), the MoLSA (implementing the Action Plan in the areas of protection and promotion of the rights of the child, gender equality, rights of people with disabilities, and prevention of stunting), the Women's Council, under the Prime Minister's Office (National Gender Machinery), law enforcement structures (improved awareness, investigation and enforcement techniques), and the National Assembly Standing Committee on Protection of Human Rights and Public Affairs (overall capacity building and oversight support). The CS was also intended to address awareness-raising activities on human rights reforms in relevant areas and to advance child nutrition practices. Furthermore, CS was foreseen to contribute to the monitoring of the 2017 Parliamentary election and to contribute to increased transparency and integrity of the electoral process.

In addition to BS as the main modality and the other modalities employed which were linked to Complementary Support, a few additional modalities were also utilised for PAR and PFM, including TA projects. Four relatively small TA projects (in value terms) were implemented, related to the priority PAR areas, the first in 2012, to provide support to democratic structures and good governance<sup>56</sup> and the

<sup>55</sup> FA ENI/2014/032-771; TAPS, Addendum 1-2

<sup>56</sup> ENPI, 2012, 'Support to democratic governance in Armenia', contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)

second, in October 2015, to improve policy dialogue between the EU and the GoA in relation to public administration reforms.<sup>57</sup> A further small project undertook an assessment of corruption within the public sector, which analysed various types of corruption and the GoA anti-corruption framework, including the National anti-corruption policy and the results and impact of the National anti-corruption strategy (2009-12) and Action Plan, concluded that there was a need to update the strategy in line with international standards and recommendations were produced which included making amendments and improvements to the strategy, closer involvement of civil society in this process better coordination through development assistance<sup>58</sup>. Within the context of international standards and performance, a review was also undertaken of the Armenian civil service by SIGMA (under OECD/EU auspices), which included a number of recommendations for a more modern and efficient public administration.<sup>59</sup> Support was also provided to the Civil Service Council of Armenia and to assess democratic governance within the country, although no documentation has been received on these to date.<sup>60</sup> More recently, the EU provided support to a substantial SIGMA assessment of public administration within Armenia, the latter providing the basis for the ongoing development of a PAR strategy.<sup>61</sup>

The planned objectives of these **service contracts** were relevant to the PAR objectives, and the contracts appear to have been efficiently managed and effective in producing the desired findings and recommendations. While conclusions of the assessment of corruption within the public sector were useful inputs into the government's national anti-corruption policy and strategy, together with the Action Plan, changes of government delayed further implementation, although renewed discussions occurred as a result of the establishment of a new government in 2018. Assessment of the civil service and of the overall public administration system by SIGMA have been extremely useful in forming the basis for the development of a PAR strategy within Armenia and within that, plans for the development of a modern civil service. The assessment also demonstrated that, although EU assistance had been provided for reform initiatives, little work had actually been implemented. What still remains, however, is the ***need to establish a government coordination body for PAR since at the time of the evaluation team's visit, management of PAR activities were still loosely organised through the Office of the President. This should be seen as a priority for the GoA and something which should be urgently supported by the EUD.***

### 1.3. Conclusions

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EU Budget Support (BS) served as the main modality through which assistance was delivered and this was relevant in the Armenian context, since BS is the main form of EU assistance in the Eastern Partnership region, including ENI-East, of which Armenia is a constituent member. In fact, in financial terms, the majority of EU assistance during the years 2010 to 2017, the period covered by this evaluation, was delivered to Armenia via the BS modality. After 2007 and the impact of the global financial crisis BS became even more important as an additional source of revenue for the state budget. This could be another explanation for the large number of Budget Support Programmes (BSPs) within the period covered by this evaluation, because of the need for substantial flows of EU funds into the Armenian state budget as quickly as possible. BS serves as a predictable way of channelling quite substantial funds to

<sup>57</sup> ENI 2015, 'Enhancing policy dialogue around public administration reforms', contract no. 366012, 30/10/15 – 2/11/16, €271,000 (Governance and Institutions)

<sup>58</sup> Situation Analysis of Public Sector Corruption in Armenia, Final Report Aets, June 2013

<sup>59</sup> Assessment of the Civil Service System of the Republic of Armenia, OECD/SIGMA, no date; EN 2015, 'Support to Civil Service Council of Armenia', contract no. 367114, 4/11/15 -15/11/17, (Mobility and Social Development)

<sup>60</sup> ENPI, 2012, 'Support to democratic governance in Armenia', contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)

<sup>61</sup> See

the GoA and thus an efficient means of increasing the overall revenue within the state budget and, in particular, creating additional fiscal space for increased allocations to the agreed priority sectors.

The use of BS was particularly effective because Complementary Support (CS) was used in a way that complemented the actions of the BSP, assisting the sector line ministries, agencies or other stakeholders, to fulfil the specific conditions (and in the context of PFM, to continue to fulfil the general conditions in relation to the macro-economic framework and the PFM system) and advising on other policy and technical matters. In this sense, the other aid modalities linked to BS have been well used in conjunction with the BSP. The overall attainment of the EUs strategic goals in each sector were assisted by the use of complementary modalities and they were an efficient use of EU resources by helping the key BS actions to be more effective. Using so many different modalities to focus support around key reforms within a sector (or sub-sector) provided greater overall impact, the added value of EU assistance is that the EU was the only major donor to provide budget support.

In total, there were 10 Budget Support programmes (BSPs) totalling an agreed amount for allocation from the EU to the GoA, of €304,361,000 (€204.361,000 from the BSPs and €100M from MFA). This comprised over 50% of all EU financial assistance to Armenia during this period. Armenia already had a relatively positive experience of EU budget support through the EU Food Security Programme (FSP), which ran from 1999 and provided some experience of the EU approach & methodology to budget support, providing initial experience of conditionalities set within a policy matrix and linked to schedules for tranches disbursement (even though it was targeted budget support). Ten BSPs within an 8 year period is a large number of BSPs and it is important to understand the reasons that lay behind the decision for choosing this particular modality and the relatively large number of BSPs. After 2007 and the impact of the global financial crisis, BS became even more important as a source of revenue for the state budget and this could be one explanation for the large number of BSPs. Another reason for favouring this modality within Armenia is that, with an EUD which is relatively small in terms of staff numbers, it might be argued that managing large flows of EU funds is best done through large BS programmes, which require less on the ground management than a multitude of relatively small to medium sized projects.

However, capacity constraints in terms of HR, has important implications in terms of the ability to manage programmes, especially when there is regular turnover of international staff within the EUD, as part of the EU process. In addition, responsibility for certain BSPs shifted between different members of staff, which led to a lack of continuity and a lack of familiarity with a particular BSP. There are currently, for example, only two members of staff within the EUD who provide an institutional memory for many of the BSPs covering our evaluation period.

A further problem with choosing BS as the favoured modality for providing financial assistance to Armenia is that it becomes impossible to evaluate one BSP thoroughly before moving to the next. Thus, looking at the challenges and difficulties, as well as the positive outcomes, and learning from this experience, and then using it as an input into the design of the next BSP is not feasible within the timeframe that was operating during the period of this evaluation. It appears that there were no end-of-programme evaluations and this was presumably due to staff constraints. Yet, selecting BS as the favoured modality, undoubtedly gives greater importance to what can be learnt from ex poste evaluations. ***One recommendation for the future is certainly that more attention should be paid to end of programme evaluations so as to better understand what worked best and was most successful and what encountered the most difficulties and provided challenges. These would be valuable lessons to use when designing a future BSP.***

However, the chosen sectors for support within the BSPs were relevant to the priority areas agreed between the GoA and EU under the PCA and also corresponded to the priority reform areas of the GoA. Two early BSPs covered several sectors (i.e. MSBSP I and MSBSP II) which may have been ambitious at the time, although it was logical to target PAR/PFM since it was important to encourage reforms within the priority area of democracy and good governance while assistance to public administration reforms provided the basis for support for change and modernisation within much of the government structures



and public services. At the same time, support for PFM reforms were important both for the continuation of BS, since progress within the macro-economic framework and PFM reforms were important for satisfaction of the General Conditions of each BSP, and for the development of strategic budgeting within Armenia, whereby budgetary allocations were made according to policy priorities within a multi-annual budgeting framework (the 3-year MTEF), facilitated with the introduction of programme budgeting. From 2016 a BSP was focused entirely on PFM, namely, the Public Finance Policy Reform Programme (PFPRP).<sup>62</sup>

The sectors chosen to support through BSPs were relevant and appropriate to both the priorities of the GoA and the EU and consolidated earlier assistance provided through the latter. Support for reforms within the justice sector (through BSP Justice I and II) were important for helping to improve democratic structures and strengthen the rule of law, while it was logical to continue with support to Vocational & Educational Training (VET), with BSPs focusing on VET and 'Better Qualifications for Better Jobs', since this was consolidating the work undertaken through earlier BSPs in the field of VET, i.e. prior to 2010. Similarly, in the case of agriculture, the EU has a long history of support to Armenia in this sector since the 1990s. It was both relevant to the GoA priorities at the time and an appropriate sector for intervention with the BSP in Agriculture and Rural Development (ENPARD), which was in line with the 'Sustainable Agricultural Development Strategy, 2010-2020' (SADS) while increasing employment in rural areas and the development of rural infrastructure linked to the priority area of socio-economic development.<sup>63</sup> While protection for human rights is clearly linked to actions to improve democracy and good governance, with further support for human rights protection under the justice sector reform priority of the SSF 2014-17, BS in human rights was a major innovation for the EU, marking the first time that an EU BSP in human rights had been established anywhere in the world, following agreement on fundamental principles between the GoA and the EU.

While all the BSPs were **relevant** to the Armenian context, in terms of the sectors chosen for support, when they were designed, delays in both signing the FAs and in actual implementation, sometimes meant that, as time passed, their relevance was reduced. As noted above, while BS might appear as the most effective modality for channelling relatively large sums of EU funds to Armenia within a relatively short period of time, the EUD faced considerable challenges in terms of managing such a large number of BSPs, due to capacity constraints, especially in terms of the shortage of programme officers, within the period covered by this evaluation. Within each of the BSPs, part of the Complementary Assistance included funding for M&E, including independent missions, comprising relevant TA experts, to undertake monitoring of the GoA compliance with the conditions prior so as to advise the EU prior to any decision on release of an instalment. A review of the 10 BSPs reveals a mixed performance. Some were effective in transferring the planned funds (all or at least most of them) from the EU to the GoA within the expected timeframe (e.g. Justice I, ENPARD), others experienced more difficulties with satisfying the conditions fully and on time which hence led to delays in disbursement of funds.

Overall, some €204,361,000 had been allocated for the BSPs and €141,711,000 had been disbursed at the time of the evaluation team's visit to Yerevan in May 2019. In other words, 69.3% of the total amount planned had been utilised. This includes the figures allocated for Complementary Support as well as the amounts actually disbursed for BS (see Budget Support Table below). The final decision on the actual amount to be recommended for disbursement lies ultimately with the EC, although information provided by the independent review missions provides one input – though an important one - into the Commission's decisions.

In terms of rates of execution of actual disbursements against the planned schedules, some BSPs performed better than others. Some BSPs showed execution rates close to maximum: 100% of the BSP, FSP, was disbursed although there was a delay between design and signing of the FA (due to a change in the conditions, making them more relevant to the later Armenian context); 100% of the BSP, MSBSP

<sup>62</sup> Public Finance Policy Reform Programme (PFPRP), ENI/2015/038-229

<sup>63</sup> The first BSP which falls within the evaluation period (2010-17) was left over from the former Food Security Programme.

I, was disbursed, although there were no reports from independent review missions in relation to this; 97% of the BSP, 'Continuation of VET reforms' and 96.5% of the BSP, ENPARD was disbursed and both on time; and 92.5% of the BSP, Justice I (although there was a three-year delay in disbursing the final tranche). The execution rate for Justice II was lower, with some three-quarters of all available BS funds disbursed (75.3%). Again, there was a delay in disbursing the third tranche, although the fact that all the tranches were variable may be one reason for this situation. It is not clear to the evaluation team why it was decided to make all tranches variable, rather than follow the standard arrangement (i.e. a fixed tranche on signing the FA followed by a number of variable tranches), which is common with BSPs and had operated in Armenia before, although it is assumed that it was an attempt to make the conditions more challenging.<sup>64</sup>

At the time of the mission to Yerevan of the current evaluation team (May 2019), the independent review mission for the 1<sup>st</sup> variable tranche of the BSP, 'Public Finance Policy Reform Programme', which took place in June 2018, recommended that 90% (or €2.7M out of €3.0M) of the tranche should be disbursed, although it is not clear whether this has actually been disbursed.<sup>65</sup> For the BSP, 'Support to the Government of Armenia for the implementation of the ENP Action Plan - Phase II', (known generally as MSBSP II (2011-2013))<sup>66</sup>, the evaluation team was informed at a meeting at the EUD in Yerevan, in May 2019, that 48% (€17.8M) had been disbursed to date. Although this could be viewed as an indication that the GoA had not been serious about the BSP, it was noted that this was probably because the sector focus and areas for conditions and support were premature for the GoA, i.e. to focus at that particular time on issues such as anti-corruption and external audit. It was further mentioned that a review mission was planned to assess compliance with conditions for the second variable tranche during September-October 2019.

For the BSP, 'Support to Human Rights Protection in Armenia', the fixed tranche of €4.2M was disbursed in December 2016, after the signing of the FA. A review mission took place in September 2017 and recommended the disbursement of €1.0 M out of the available €2.5M under the second (variable) tranche. A follow up review mission took place in May 2019 to review the remaining tranches. When the review team met with representatives of the MoJ it was mentioned that relatively little time had been provided for discussing the indicators for this BSP.<sup>67</sup> For the follow up VET BSP, 'Better Qualifications for Better Jobs', at the time of the visit of the present evaluation mission (May 2019), nothing had been disbursed and there were negative conclusions and recommendations from the TA team about any prospect of future disbursement. The review mission noted their concerns as follows: "There is an urgent need for the EUD to talk frankly with the beneficiary (MoES), the MoF and the MoEI at the highest levels to determine whether it is worth proceeding with the SBSP. There is a sense that the MoF is operating a cost-benefit analysis, whereby it is prepared to miss out on indicators where the cost of compliance is significantly greater than the reward. If this approach is maintained, by our calculations, the highest amount achievable in FY 2018 would be approximately 50%, and in FY 2019 30%, provided all other indicators are fully met. The lack of available finance is clearly having an impact upon staff morale and may well undermine their enthusiasm to meet these other indicators."<sup>68</sup>

<sup>64</sup> There is no explanation within the FA, Annex TAPs, for the decision to use all variable tranches, rather than a fixed tranche, to be disbursed on signing, followed by variable tranches.

<sup>65</sup> ('Review of Sector Reform Contract, Public Finance Policy Reform Programme in Armenia', Review Mission Report, LINPICO/B&S Europe), 15/06/18

<sup>66</sup> See n.19 below for the full reference

<sup>67</sup> Meeting with representatives of the MoJ, May 2019

<sup>68</sup> Report from the TA, p.23

## 1.4. Recommendations

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- Increase staff numbers within the EUD: to improve capacity for managing the various modalities employed but especially the budget support programmes which could be monitored throughout the lifetime of the BSP, checking at regular intervals whether there is a need for interim discussions with HQ and the GoA over concerns about conditions and disbursement schedules
- Ensure that within the EUD there are appropriate sector specialists for the sectors selected for SBS, especially in light of the movement of staff between EUDs, and reduce the transfer of responsibility for a BSP to a new staff member with little experience of BS and/or that particular sector
- The EUD should ensure when proposing a new BSP that there is always sufficient time for dialogue so that the beneficiary sector institutions are fully engaged and participate in all discussions (especially with the development of indicators, which often requires considerable capacity building within government bodies), since it is the GoA institutions which will be responsible for ensuring compliance with the conditions once the BSP has been signed and implemented
- It would be helpful to indicate when designing a BSP why, for instance, all tranches were considered to be variable. At the moment, it is not clear why some BSPs included both fixed and variable tranches - which is the standard practice - whereas other BSPs had only variable ones. While variable tranches can be useful as an incentive for the focus within policy dialogue, but care has to be taken that such a focus does not come at the expense of a broader policy dialogue and performance assessment, beyond the selected indicators. In addition, a variable tranche which is designated a high percentage of the overall total available for disbursement, can place great financial weight on a limited number of indicators, with potential negative implications for predictability and the budgeting process. On occasion, in the Armenian case, this raises doubts as to whether funds from some BSPs included in the state budget for the three-year forecast (the MTEF), could be considered predictable.
- The EUD to work closely with the GoA to ensure that disbursements from the EU to Armenia under any new future BSPs adhere closely to the planned disbursement schedule, as agreed within the FA, so as to facilitate forecasts of total budget revenue within the MTEF becoming more predictable and reliable
- However, capacity constraints in terms of HR, has important implications in terms of the ability to manage programmes, especially when there is regular turnover of international staff within the EUD, as part of the EU process. In addition, responsibility for certain BSPs shifted between different members of staff, which led to a lack of continuity and a lack of familiarity with a particular BSP. There are currently, for example, only two members of staff within the EUD who provide an institutional memory for many of the BSPs covering our evaluation period.

A further problem with choosing BS as the favoured modality for providing financial assistance to Armenia is that it becomes impossible to evaluate one BSP thoroughly before moving to the next. Thus, looking at the challenges and difficulties, as well as the positive outcomes, and learning from this experience, and then using it as an input into the design of the next BSP is not feasible within the timeframe that was operating during the period of this evaluation. It appears that there were no end-of-programme evaluations and this was presumably due to staff constraints. Yet, selecting BS as the favoured modality, undoubtedly gives greater importance to what can be learnt from ex post evaluations. ***One recommendation for the future is certainly that more attention should be paid to end of programme evaluations so as to better understand what worked best and was most successful and what encountered the most difficulties and provided challenges. These would be valuable lessons to use when designing a future BSP.***



## 2. EQ 5: Gender

**EQ5:** To what extent do policy dialogue, programming and implementation of EU assistance take into account gender issues? Is there adequate recognition of the specific gender issues faced in Armenia, and are these consistently addressed across all areas of EU support?

### 2.1. Sector background

#### 2.1.1. International instruments and obligations

Armenia is a signatory to a number of international agreements related to the protection of women's rights and the elimination of discrimination against women<sup>69</sup>. In the UN system, Armenia acceded in 1993 to the International Covenant on Economic, Social and Cultural Rights (ICESCR)<sup>70</sup> and the International Covenant on Civil and Political Rights (ICCPR)<sup>71</sup>, which request the states parties to ensure equal rights of women and men to the enjoyment of all economic, social, cultural, civil and political rights (Article 3 of both Covenants). Armenia was the first former Soviet Republic to ratify the UN Convention on the Elimination of all Discrimination against Women (CEDAW), in 1993<sup>72</sup> and acceded to its Optional Protocol establishing an individual complaint mechanism in 2006. Furthermore, Armenia is a party to the International Convention on the Elimination of All Forms of Racial Discrimination, 1966; the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 1984; the Convention on the Rights of Persons with Disabilities, 2006, etc. Armenia has ratified a total of 29 of 188 Labour Conventions<sup>73</sup>. Four conventions directly relate to issues of gender equality and balancing work and family life. Of these Armenia has ratified the Equal Remuneration Convention (C100) and the Discrimination (Employment and Occupation) Convention (C111). However, the country has not ratified the Maternity Protection Convention (C103) of 1952, the more expansive Maternity Protection Convention (C183) of 2000, or the Workers with Family Responsibilities Convention (C156).

The Council of Europe legal standards related to women's rights and gender equality apply to Armenia since 2001<sup>74</sup>. Article 14 of the ECHR provides that the enjoyment of rights and freedoms set forth in the Convention shall be secured without discrimination on the basis of sex. Armenia has also ratified Protocol 12 to the ECHR, which extends protection against discrimination to any right set forth in law. Further, the revised European Social Charter, to which Armenia acceded in 2004, recognises the right to equal

<sup>69</sup> <https://www.un.org/womenwatch/daw/Review/responses/ARMENIA-English.pdf>

<sup>70</sup> Background information: Article 2 of the International Covenant on Economic, Social and Cultural Rights provides that the States Parties undertake to guarantee that the rights enunciated in the present Covenant will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

<sup>71</sup> Background information: Article 2 of the International Covenant On Civil and Political Rights provides that each State Party to the present Covenant undertakes to respect and ensure to all individuals within its territory and subject to its jurisdiction the rights recognized in the present Covenant without distinction of any kind such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

<sup>72</sup> Background information: According to CEDAW's Article 7, the authorities undertook to carry out practical measures to ensure equal participation of women and men in the development and implementation of public policies. Moreover, Recommendation 33 (2015) states the right of access to justice for women is essential to the realisation of all the rights protected under the CEDAW. It is a fundamental element of the rule of law and good governance, together with the independence, impartiality, integrity and credibility of the judiciary, the fight against impunity and corruption, and the equal participation of women in the judiciary and adequate law implementation mechanisms. The right to access to justice is multidimensional. It encompasses justiciability, availability, accessibility, good quality and accountability of justice systems, and provision of remedies for victims.

<sup>73</sup> [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200\\_COUNTRY\\_ID:102540](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:11200:0::NO::P11200_COUNTRY_ID:102540)

<sup>74</sup> Background information: Four major treaties provide the core Council of Europe gender equality standards pertaining to equal access to justice for women. These are the 'foundational' treaties: the European Convention on Human Rights (ECHR) and the European Social Charter, and the two 'new generation' treaties: the Convention on Action against Trafficking in Human Beings (entered into force on 1 February 2008); and the Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention) (entered into force on 1 August 2014).

opportunities and equal treatment in matters of employment and occupation without discrimination on the grounds of sex (Article 20), and also contains a non-discrimination provision in Article E.

Armenia has also ratified the UN Convention against Transnational Organized Crime (2000) and its two Optional Protocols (Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, and the Protocol against Smuggling of Migrants by Land, Sea and Air); as well as the Council of Europe Convention on Action Against Trafficking in Human Beings (2005) which refers to gender equality and gender mainstreaming when implementing measures under the Convention.

Table 11: Republic of Armenia’s legally binding documents and political commitments to reduce gender inequalities

Year	
1993	Accession to the Covenant on Civil and Political Rights, and its optional protocol
1994	Accession to the Convention on the Elimination of All Forms of Discrimination Against Women
1994	Ratification of the Equal Remuneration Convention
1998	Decree No. 242 “On the Basics of the Programme for the Improvement of the Status of Women in the Republic of Armenia”
1998	Decree No. 406 “On Approving the National Plan for the Improvement of Women’s Status and Enhancement of Their Role in the Society for 1998–2000 in the RA”
2002	Ratification of the Convention for the Protection of Human Rights and Fundamental Freedoms
2003	Ratification of the United Nations Convention against Transnational Organized Crime and related protocols
2004	Adoption of the “National Action Plan on Improving the Status of Women and Enhancing Their Role in the Society for 2004–2010”
2006	Accession to the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination Against Women
2008	Republic of Armenia Government Programme for 2008–2012
2008	Ratification of Council of Europe Convention on Action against Trafficking in Human Beings
2010	RA Gender Policy Concept Paper
2011	Protocol Decree No. 19 “On approving the ‘Republic of Armenia Gender Policy Strategic Action Plan for 2011–2015””
2013	Law of the Republic of Armenia on provision of equal rights and equal opportunities for women and men
2015	Amendments to the Constitution
2015	Commitments at the Global Leader’s Meeting on Gender Equality and Women’s Empowerment in September 2015 on Beijing +20
2015	Republic of Armenia’s commitment to the Sustainable Development Goals
2018	Signature of the Council of Europe Convention on Preventing and Combatting Violence against Women and Domestic Violence

## 2.2. Domestic framework

### 2.2.1. Legal and policy framework

Since independence, the Government of the Republic of Armenia has been steadily incorporating the international acquis on gender equality and establishing a number of laws and policies to address gender

inequalities. In 1998, the Armenian Government issued Decree No. 242, “On the Basics of the Programme for the Improvement of the Status of Women in the Republic of Armenia” and Decree No. 406, “On Approving the National Plan for the Improvement of Women’s Status and Enhancement of Their Role in the Society for the Period 1998–2000 in the Republic of Armenia”<sup>75</sup>. In April 2004, the Armenian Government adopted the first National Action Plan on Improving the Status of Women, and, since then, increased efforts have been carried out to contribute to the reduction of gender inequalities in the country.

The main document that reflects Armenia’s current commitment to gender equality policy is the RA Gender Policy Concept Paper, approved by the Armenian Government in February 2010<sup>76</sup>. The mission of the Gender Policy Concept Paper is to facilitate gender mainstreaming in all spheres of socio-political and socio-economic life and in policies at all levels of government, as a tool for ensuring the sustainable, democratic development of society and for consolidating a democratic, open and just civil society and the rule-of-law State.

On 20 May 2011, the Armenian Government adopted the Protocol Decree No. 19, “On approving the ‘Republic of Armenia Gender Policy Strategic Action Plan for 2011–2015’<sup>77</sup>”. The Action Plan was in line with the main directions of the RA Gender Policy Concept Paper and set, inter alia, an objective of, “improving agricultural and rural infrastructures and of expanding women’s opportunities for participation in socio-economic development of rural communities”.

Of great significance for gender policy implementation and for addressing the issues of imbalanced rights and opportunities, was the “Law of the Republic of Armenia on provision of equal rights and equal opportunities for women and men” that was adopted in May 2013<sup>78</sup>. This law regulates the issue of ensuring equal rights and equal opportunities to women and men in the fields of politics, public administration, labour and employment, entrepreneurship, health care and education. Article 16 of the law determines that “Gender mainstreaming is a strategy that makes women’s and men’s interests and experiences an integral component of the process of formulation, implementation, monitoring and assessment of legal acts, policies, projects and measures in political, economic, social, cultural or any other field of public life and that aims to eliminate inequality between women and men”. However, it is important to mention that the adoption of this law was followed by an aggressive campaign against the concept of “gender”<sup>79</sup>. The word gender was ill understood or deliberately misrepresented as «propaganda for sex change, paedophilia, bestiality, and homosexuality» – all of which was blended together<sup>80</sup>.

The 2014-2025 Strategic Programme of Prospective Development of the Republic of Armenia<sup>81</sup> was adopted in March 2014. The national development programme covers many aspects of the country’s development priorities. A number of these issues are of particular relevance for women’s economic

<sup>75</sup> <https://www.osce.org/odihr/elections/armenia/26606?download=true>

<sup>76</sup> [http://www.un.am/up/file/Gender-Concept-Paper\\_Engl\\_2010.pdf](http://www.un.am/up/file/Gender-Concept-Paper_Engl_2010.pdf)

<sup>77</sup> [http://www.un.am/up/file/2011-2015\\_Gender%20Policy\\_NAP-Eng.pdf](http://www.un.am/up/file/2011-2015_Gender%20Policy_NAP-Eng.pdf)

<sup>78</sup> <http://www.un.am/up/file/Law-gender-equality.pdf>

<sup>79</sup> Background information: Newly established ultra-nationalist groups began a campaign against the Gender Equality Law, fanning the flames. For this they used social media, particularly Facebook, as their main platform, posting articles and videos (mostly in Russian) of suspicious origin and content. Also, besides hate speech, they started attacking specific defenders of women’s human rights – who had publicly expressed their concern about the growing hysteria surrounding the issue – posting their pictures and awarding them a mock «Prominent Gender of Armenia» prize. The ultra-nationalists claim that the law’s definition of gender is «ambiguous and goes beyond traditional legal perceptions of the equality of men and women». To spread hate and fear in society, these groups are manipulating the wording of the law, misrepresenting the meaning of «gender equality». Women’s rights defenders are called «traitors of their country», «destroyers of families», a «threat to Armenian values», and accessories to the sexual abuse of minors. Such views are reinforced by the mass media, especially TV, changing the general public’s attitudes towards NGOs working on gender-related issues. Now, many people in Armenia use the word «gender» to describe anything perverted and sinful – anything that will undermine traditional Armenian values and families

<sup>80</sup> Anti-Gender Movements on the Rise? Strategizing for Gender Equality in Central and Eastern Europe, Heinrich Böll Foundation, 2015

<sup>81</sup> [https://eeas.europa.eu/sites/eeas/files/armenia\\_development\\_strategy\\_for\\_2014-2025.pdf](https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf)

empowerment and could be considered in the development of the comprehensive national indicator set on women economic empowerment and the next national strategy for gender equality.

In line with the recommendations established by the Committee on the Elimination of Discrimination against Women in 2010 (CEDAW Committee, 2009), amendments to the Constitution made in December 2015 included important articles and provisions such as: General Equality before the Law (Article 28), Prohibition of Discrimination (Article 29) and Equality of Rights for Women and Men (Article 30). The previous Constitution of Armenia contained only one general norm related to prohibition of discrimination regardless of any ground, including sex with a purpose to ensure equality before the law and in practice.

The principle of equality between women and men is also widely reflected throughout the legislation of the Republic of Armenia. The civil legislation is based on the principles of legal equality, inviolability of ownership, exercise of civil rights and reinstatement of violated rights through judicial procedure. Labour legislation prescribes the legal equality of parties in employment relations irrespective of their sex, race, national origin, language, origin, citizenship, social status, religious beliefs, marital and family status, age, convictions or views, affiliation to parties, trade unions or non-governmental organisations, and other circumstances not associated with the professional skills of an employee. Family legislation stipulates the legal equality of spouses in the family, mentioning that each of the spouses is free in choosing a job, occupation, profession and place of residence. Mutual voluntary consent of men and women entering into marriage and marriageable age thereof is necessary for concluding a marriage. According to criminal legislation, the violation of legal equality of the citizens, in particular direct or indirect violation of human and citizen's rights and freedoms on the ground of national origin, race, sex, language, religious beliefs, political or other opinions, social origin, property or other status that affects a person's lawful interests, shall be considered a crime. And this is guaranteed by the operation of the judicial system as the most effective way to be protected against discrimination: everybody shall be equal before the law and the court and every citizen may apply to the court to protect and reinstate the rights thereof without any discrimination on the ground of sex.

The 2011-2015 Gender Policy Strategic Programme approved by the Government of the Republic of Armenia of 20<sup>th</sup> May 2011 and the 2011-2015 National Action Plan on Combating Gender-Based Violence approved by the Government of the Republic of Armenia of 17<sup>th</sup> June 2011 have essential significance for prioritization of gender mainstreaming as a strategy for promoting the gender policy and ensuring the prevention of the phenomenon of domestic violence. On 17<sup>th</sup> December, 2014 the Law "On Social Assistance"<sup>82</sup> was adopted by the RA National Assembly, which provides definition of "domestic violence" and relevant provisions of social assistance for victims of domestic violence. Later on 13 December 2017, Armenia adopted a law on prevention of violence within the family, protection of victims of violence within the family, and restoration of peace in the family<sup>83</sup> (the law on domestic violence) followed by signing, in January 2018, of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence<sup>84</sup>, but have not yet ratified it. The new law on domestic violence incorporated some elements and standards of the Istanbul Convention<sup>85</sup>, defining various forms of domestic violence and imposing on state authorities a positive obligation to prevent such violence from

<sup>82</sup> [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=106939&p\\_count=8&p\\_classification=15](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=106939&p_count=8&p_classification=15)

<sup>83</sup> The law on domestic violence entered into force on 31 January 2018

<sup>84</sup> [https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/210/signatures?p\\_auth=jxYl0Za5](https://www.coe.int/en/web/conventions/full-list/-/conventions/treaty/210/signatures?p_auth=jxYl0Za5)

<sup>85</sup> Background information: The Istanbul Convention includes numerous provisions aimed at facilitating the access of victims of violence to justice, in particular by requiring states parties: a) to provide adequate legal information (Article 19), b) to encourage reporting (Article 27), c) to provide victims with adequate civil remedies (Article 29), and d) compensation (Article 30), e) to criminalise or otherwise sanction a broad range of forms of violence against women (Articles 33-40), f) to ensure that investigations and judicial proceedings are carried out without undue delay (Article 49), g) that prosecutors can initiate and continue proceedings, even if the victim withdraws the complaint (Article 55), h) that evidence relating to the sexual history and conduct of the victim is permitted only when relevant and necessary (Article 54), i) that mandatory alternative dispute resolution processes or sentencing, including mediation and conciliation, are prohibited (Article 48), j) that victims are protected at all stages of investigations and judicial proceedings (Article 56) and k) that they have access to legal assistance and to free legal aid (Article 57). The Istanbul Convention is based on the "understanding that violence against women is a form of gender-based violence that is committed against women because they are women. It is the obligation of the state to fully address it in all its forms and to take measures to prevent violence against women, protect its victims and prosecute the perpetrators. Failure to do so would make it the responsibility of the state".

occurring and to protect its victims. It also obliged the authorities to develop and to implement a national strategy on domestic violence, establish shelters for victims of violence, provide them with healthcare free of charge, and conduct regular trainings for all professionals working in this field. Until the adoption of the law on domestic violence in December 2017, there have been no specific regulations on domestic violence, and the Criminal Code regulated acts of violence against women in general.

In 2014, Armenia also adopted a Law “On identification of and support to persons subjected to trafficking in human beings and exploitation”. Armenia prohibits both sex trafficking and labour trafficking through Articles 132 and 132 (2) of its Criminal Code, which prescribe penalties of 5 to 15 years' imprisonment – penalties that are sufficiently stringent and commensurate with those prescribed for other serious crimes, such as rape. In latest amendments to the Criminal Code in March 2011, Armenia strengthened its anti-trafficking statutes; the amendments increased the amount of time a trafficking offender must serve before being eligible for an early release, introduced a separate article specifically prohibiting trafficking of children and persons with mental disabilities, and introduced new punitive sanctions against traffickers that deprive them of the right of employment in certain occupations or practice certain activities for up to three years. The new Article 132 (3) prohibits using of service of a person in a state of exploitation<sup>86</sup>.

Every year, with a view to fulfilling the goals set by the strategic and national programmes, the Government of the RA approves annual plans for gender policy and combating gender-based violence. The measures included therein are aimed at gender mainstreaming and establishing gender equality in the field of administration and at decision-making level, in the social and economic fields, in the fields of education, health, culture and public information, and at achieving success in the fight against domestic violence.

The Ministry of Labour and Social Affairs developed the Strategy Implementing the Policy on Provision of Equal Rights and Equal Opportunities for Women and Men and Actions Plan for 2018-2022, which was approved by the decision of the Government of the RA No.1030-L on 6 September 2018<sup>87</sup>. The Strategy defines six major areas in which the Government will focus its activities:

- Overcoming discrimination on gender-based characteristics in the socioeconomic arena, and expansion of women's economic opportunities
- Full and effective participation of women and men, and expansion of their equal opportunities in education and science
- Expansion of equal opportunities for women and men in health care
- Prevention of gender-based discrimination, and equal participation of men and women in governance and decision-making processes
- Improvement of the national mechanism for the promotion of women
- Prevention and combating of domestic violence

### 2.2.2. National mechanism

The primary institutions responsible for gender policy in Armenia are the Council on Women's Affairs (under the Office of the Prime Minister), the Division of Family, Children and Women's Issues within the Ministry of Labour and Social Affairs and the Ombudsman's Office. One of the main objectives of these bodies is to develop policies and work towards gender mainstreaming and gender equality. Their roles and functions are presented below:

**Council of the Prime Minister on women's affairs:** It was established in 2000 with the view to enhancing the role of women in the social, political and economic spheres at all levels of governance, as well as ensuring equal rights and opportunities for men and women. According to its mandate, the Council

<sup>86</sup> Human Trafficking Related Articles in the Criminal Code of the Republic of Armenia  
[http://www.legislationline.org/download/action/download/id/5012/file/Armenia\\_CC\\_am2011\\_en.pdf](http://www.legislationline.org/download/action/download/id/5012/file/Armenia_CC_am2011_en.pdf)

<sup>87</sup> <http://www.sigmaxweb.org/publications/Baseline-Measurement-Armenia-2019.pdf>



considered as a national mechanism for the implementation of policies, strategies and laws related to gender equality. Its main functions related to the provision of expertise and advice, monitoring and evaluation of policies and activities, and raising public awareness. In practice, the Council meets two or three times per year. Representatives of various ministries, NGOs and international organisations were members of the Council. In December 2012, the Armenian Government amended the Charter of the Women's Council affiliated to the Armenian Prime Minister and recommended that the Council be regarded as national mechanism for gender equality<sup>88</sup>. It was replaced by the Council on Provision of Equal Rights and Equal Opportunities for Women and Men in 2014.

***Council on provision of equal rights and equal opportunities for women and men adjunct to the Prime Minister of the Republic of Armenia:*** The Council was established by Decree of the Prime Minister in November 2014 as a national mechanism to coordinate the provision of equal rights and equal opportunities between women and men in all spheres of public life. The Council should coordinate the development and implementation of strategic programmes in all areas of life and of public policies to ensure gender equality, exclude gender-based discrimination, exclude violence related issues and ensure the resolution of such issues. The Council should work with civil society organizations. Council members include the Prime Minister of Armenia, ministers and deputy ministers, representatives of the Office of the President and National Assembly of Armenia, and the judge of the Court of Cassation of Armenia. The Head of the Social Department of the Government Staff serves as the secretary of the Council<sup>89</sup>.

However, the Council did not convene on a regular basis. In 2017, it met only once, and it has remained inactive throughout 2018; although according to the Statute, the meetings should be held at least every four months. Representatives of civil society organizations were not included in the Council. For discussions of specific issues, working groups were usually formed with the participation of representatives of business communities, international organizations and NGOs. These representatives may participate at the Council's meetings in an advisory capacity.

***Department of family, women and children's issues at the Ministry of Labour and Social Affairs:*** The Department is responsible for the development of policy measures, state programmes and coordination of their implementation in the area of social protection of family, women and children in Armenia. The Department is also responsible for developing policies and legal acts in the area of equal rights and opportunities for women and men, and for coordinating their implementation, as well ensuring the unified application of legal acts regulating all the issues. The Department has limited capacities with a small number of staff and the line ministries do not have staff working on gender issues.

***Permanent commissions on gender issues established in each marzpetaran (regional governing body):*** The commissions are responsible for developing annual action plans on gender equality, producing detailed lists of activities for their implementation and introducing the gender policy on the marz level. In Yerevan municipality, the Department of Family, Women and Children's Issues was established.

With a view to ensuring gender equality and preventing discrimination against women at community level, a gender policy component was introduced into the statutory objectives of the custody and guardianship authorities functioning in the communities, and since 2014 a methodological guide on ensuring gender equality was introduced in the communities.

***Advisor on women's issues at the Office of the Human Rights Defender:*** The Advisor researches, records and responds to the issues connected to the rights of women at places of detention and penitentiary institutions, including the rights to adequate living conditions, hygiene, provision of food and clothing, communication with the outside world and other issues related to women's rights.

<sup>88</sup> <http://www.un.am/up/file/CEDAW%20Alternative%20Report%202009-2012.pdf>

<sup>89</sup> See Appendix 1.



Until 2015, the position of an Adviser on Women's Issues existed in the office of the Human Rights Defender. However, in 2016 the CEDAW Committee noted<sup>90</sup> with concern reports that the incumbent was not actively fulfilling her mandate, and the position was eventually abolished. The Human Rights Defender's office currently has a dedicated staff member appointed to act as the focal point on women's rights, and carries out a number of activities and projects related to women's rights, in addition to receiving and handling complaints about violations of women's rights.

**National Statistical Service of the Republic of Armenia:** The Statistical Service has a designated gender focal point and four divisions that are responsible for assisting gender mainstreaming in official statistics. The service annually publishes a compilation of sex-disaggregated statistics, Women and Men in Armenia, with the aim of "providing an impartial basis for comparing and evaluating progress toward the set goal of gender equality and women's empowerment".

Several Armenian law enforcement institutions have a mandate in relation to preventing and responding to incidents of domestic violence and violence against women.

**Armenia's Investigative Committee:** Since 2014, it has been involved in pursuing investigations concerning cases of homicide or serious bodily injuries linked to domestic violence. Investigators are instructed to pursue charges even in cases where the alleged perpetrator may have reached an amicable settlement with the victim. Between 2014 and 2016, Armenia's Investigative Committee investigated 16 cases of murder or heavy bodily injury allegedly committed by family members: 8 of the victims were women and 3 were children. In 2017, the Investigative Committee reported 458 criminal charges related to domestic violence, leading to 86 indictments.

**Armenian police:** The 2017 law on domestic violence equipped the police with new protection measures in cases involving domestic violence. The police carry out the investigation even in the absence of a complaint, or if the complaint is later withdrawn. During the first two and a half months after the entry into force of the new law, the specialised police unit tasked with children and domestic violence cases, established in 2013, registered 463 reports on domestic violence and using the new measures at its disposal, issued 164 warnings and 34 emergency barring orders, removing the alleged perpetrators from the home in 24 cases.

**Armenian prosecutor:** The law on domestic violence entitles the Prosecutor to institute criminal proceedings in cases requiring private charges, regardless of the victim's position on such proceedings.

**Ministry of Labour and Social Affairs:** In 2015, the RA Ministry of Labour and Social Affairs developed a "Methodology for Situational Assessment of Equal Rights and Equal Opportunities for Women and Men" and provided it to the RA regional administration bodies. The Ministry also plans to create shelters for women victims of domestic violence in 2019. Legislation providing the legal basis for these new structures is currently under elaboration. These new shelters would not be operated by the state; rather, the GoA would support existing structures managed by NGOs which provide shelter services.

**Coalition to stop violence against women:** The Coalition was established in 2011 by six non-governmental organizations<sup>91</sup>. It was formed around the case of Zaruhi Petrosyan, a 20-year-old woman beaten to death by her husband. The members of the coalition have taken a number of high-profile domestic violence cases to court and used them to raise awareness. Today, the coalition is Armenia's most important women's rights organisation, comprising eight organisations and a number of independent feminists. Since 2013, communication, co-operation, and trust between women's rights groups in Armenia has increased significantly, mainly because of the growing threats that occurred because of the orchestrated backlash against the Gender Equality Law. As a result, several women's rights

<sup>90</sup> Concluding observations on the combined fifth and sixth periodic reports of Armenia, Committee on the Elimination of Discrimination against Women, 25 November 2016, in paragraph 12

<sup>91</sup> Background information: The founding members of the Coalition to Stop Violence against Women are Society Without Violence, Women's Rights Centre, Women's Resource Centre, Sexual Assault Centre, Women's Support Centre, and Pink Armenia

organisations, as well as independent activists intensified their analyses and improved their strategies and collaboration. In addition, one of its members, NGO Women's Support Centre operates two shelters for victims of domestic violence and a hotline. The shelters operated by the NGO is situated at an undisclosed location in Yerevan out of concern for the safety and privacy of its residents<sup>92</sup>.

### *Women's rights in Armenia - key issues faced*

The approach to "gender equality" in the Soviet period had a profound effect on women's rights in Armenia. The Soviet Union had an official policy of gender equality, and during Soviet rule women were strongly encouraged to participate actively in the professional, social and political life of the country. Even though one of the reasons for women's emancipation was to increase the qualified labour force in a weak economy, these policies led to positive changes in legislation and improvement in the social status of women through positive discrimination and affirmative action. Legal protections, however, did not necessarily bring about a change in underlying attitudes. The new Soviet woman had an increased role in society, but gender roles at home remained unchanged. The transition to democracy and a free market caused deterioration of the status of Armenian women in society, as well as of their economic situation.

### **2.2.3. Physical and psychological integrity**

**Situational analysis:** Armenia faces heinous manifestations of gender-based violence, including sex trafficking, rape, and sexual harassment, along with high rates of sex-selective abortion and domestic violence. Violence against women is one of the pressing issues in Armenia. Yet, there is still a lack of consensus about the prevalence of domestic violence. Part of this can be attributed to the increasing, but still low level of reporting of incidents of violence in the family. While it may not seem publicly to be a prevalent problem in society, women experience many different forms of violence; psychological violence, physical violence, sexual violence and economic violence: 62% of the surveyed women reported that they had experienced "controlling" behaviour by their partner, 25% had been subjected to psychological violence, 9% had experienced physical violence by an intimate partner and 3% had experienced sexual violence by an intimate partner<sup>93</sup>. A study carried out by the OSCE found that 60% of the surveyed women had been subjected to domestic violence during their lifetimes<sup>94</sup>. In response to the question 'In your opinion, what is the main reason for violence in Armenia?', 55% cited social and economic hardships and unemployment, while 17% mentioned alcohol and drug abuse and 16% national mentality. Moreover, Armenia has the third highest level of birth masculinity observed globally, with the Gegharkunik region in particular having the highest known rate at 118 males born per 100 females<sup>95</sup>. There are a number of reasons for the preference for male offspring in Armenia. First of all, it has to do with the recent war over Nagorno-Karabakh. Since the 1990s, Armenians have begun to prefer boys to girls because the former may become soldiers and protect their country. Also, during the war many men were killed, so families decided to have more boys to balance the loss. However, there are other reasons behind this imbalance, too. Armenia is a patriarchal society where women and men have very different, socially prescribed gender roles. In Armenian culture it is important for a couple to have at least one boy, and the hope usually is that the first-born is male because then, «a woman's most important task has been accomplished». Selective abortion also has socio-economic motives. Traditionally, when a girl grows up and gets married, she leaves her parents' house. This means a very low «return on investment» for girls. Sex-selective abortions threaten women's fundamental rights and the nation's demographic and economic stability and growth potential. Consequently, women's rights and international organisations,

<sup>92</sup> Background information: The Women's Support Centre (WSC) was created in 2010 and located in Yerevan, but working across Armenia. The Centre advocates for women's rights and legislation, conducts public education campaigns about healthy relationships and early warning signs of abuse, runs two shelters and a national hotline, and trains professionals (social workers and police) who respond to domestic abuse situations

<sup>93</sup> <http://evaw-global-database.unwomen.org/-/media/files/un%20women/vaw/vaw%20survey/armenia%20vaw%20survey.pdf?vs=5411>

<sup>94</sup> <https://www.osce.org/yerevan/88229?download=true>

<sup>95</sup> Guilhoto (2013). Sex Imbalances at Birth in Armenia: Demographic Evidence and Analysis

as well as the Armenian government are currently discussing possible strategies to counteract this phenomenon.

**Key challenges:** lack of statistics and social and scientific research, imperfection of the legislative framework, lack of an efficient system of moral and sexual education for adolescents and the youth.

#### 2.2.4. Economic, social and cultural rights and empowerment

**Situational analysis:** In post-independence Armenia, more women are relegated to secondary roles in society. Only 53% of women ages 15–64 participate in the labour market, which is slightly higher than the Europe and Central Asia average, but 18 percentage points lower than the share among men in Armenia<sup>96</sup>. The gender difference in participation are greatest in the 25–34 age group. Preschool institutions, which could help women balance work and childcare responsibilities, are available, but they operate at 75% capacity, and preschool attendance is extremely low by international standards, particularly in rural areas (14% of children). Women, who make up the majority of the population due to male out-migration<sup>97</sup>, are facing rampant poverty. More and more are single mothers and the sole bread winners for their children and elderly parents. One third of the Armenian population lives in rural areas; about half of these rural inhabitants are women. Agriculture employs 45% of the work force in Armenia; almost half of these workers are women. The existence of vertical (unequal access to career hierarchies) and horizontal (in jobs and employment spheres) segregation in the labour market, which results in a significant gender pay gap, are strongly present in Armenia. According to the UNFPA's "Diagnostic Study on Discrimination against Women in Armenia 2015-2016", women earn 36% less than what men are paid, meanwhile, in the EU member countries, there is a gender wage gap of 16%. Women are involved in mostly non-competitive areas (agriculture, education, health, and culture) where wages are lower than (national) average. In the financial, IT sector, where wages are relatively high, jobs are held mainly by men. As evident from the "Study of the situation with regard to ensuring equal opportunities and equal accessibility to economic resources for women and men in the labour market" carried out in 2015 by National Institute of Labour and Social Research of the Ministry of Labour and Social Affairs of the Republic of Armenia, the majority of men, regardless of their marital status, are paid 66.000-120.000 AMD (\$140-250), and the majority of women - up to 66,000 AMD (\$140). Only a small number of women earn 200.000-400.000 AMD (\$415-830). Women borrow more compared to men for reasons such as home construction, health, emergencies, school fees, weddings, and funerals. Women's limited presence in entrepreneurship persists in Armenia. According to the most recent available data, there are 1.5 women for every man in tertiary education. Yet, almost half the women with intermediate education, and more than a third of women with advanced education do not participate in paid work. Women borrow more for health and medical purposes (18%) than men (9%). Sources of borrowing are financial institutions, private informal lender, family or friends. There is no gender inequality on access to these sources but men are more likely to come up with emergency funds (25%) compared to women (18%)<sup>98</sup>. When other opportunities fail, women resort to migration<sup>99</sup>, which can have different forms. In Armenia the number of households headed by females may be a consequence of the large number of women who emigrate. Surveys conducted by the Armenian Department of Migration and Refugees and the National Statistics Service have illustrated that about one-third of those who leave the country are labour migrants. The migration is driven by social-economic causes, the lack of any prospects to find professional employment, the low level of income, and scepticism about the future. About two-thirds of them are women. Furthermore, women constitute 53% of those who leave for permanent residence.

<sup>96</sup> Background information: Men participate in the labour force at a higher rate than women (71% of men, 53% of women). 47% of women compared to 28% of men are economically inactive (<https://www.armstat.am/en/?nid=82&id=1976>).

<sup>97</sup> Background information: Nearly 1 million people have migrated from Armenia since 1991; the vast majority of these migrants are men. Female-headed households constitute about 27% of Armenian households

<sup>98</sup> Armenia Country Gender Assessment, Poverty and Equity Global Practice, World Bank, 2016

<sup>99</sup> [https://hiqstep.eu/sites/default/files/hiqstep\\_final\\_report\\_women\\_in\\_power\\_study\\_.pdf](https://hiqstep.eu/sites/default/files/hiqstep_final_report_women_in_power_study_.pdf)

**Key challenges:** low income of women, vast unemployment amongst women, limited business activity by women, inadequate participation of women in the process of social and economic development in rural areas, underdevelopment of national arts and crafts that traditionally generated employment for women, insufficient participation of women in the process of social and economic development in urban communities, deterioration of the pre-school child care infrastructure, especially the reduction in the number of, and lack of access to, pre-school institutions.

### 2.2.5. Political and civil rights – voice and participation

**Situational analysis:** There are 3.1 million people living in Armenia. Women comprise 52% of the population of the country and 58% of those with the higher education. However, politics in Armenia is male dominated, not only in the very low number of women who hold political office but also in the psychology of political institutions. The amendment to the Election Code on May 19, 2005 increased the minimum proportion of women in lists of political parties from 5% to 15%. According to the Gender Policy Concept Paper 2011-2015 several measures are planned with a view to increasing the representation of women from 15% to 30% in the Armenian National Assembly, to 25% in political and discretionary positions of the executive branch, to 30% in the highest ranks of the civil service and to 25% in local self-government bodies. Under the Millennium Development Goals, Armenia has committed to ensure that women would make at least 25% of the legislative body and 10% of the local authority leaders by 2015. Despite that, women's representation in political decision-making, business and economic management, local self-government and in key regional and central units of public administration as well as in governing bodies of political parties is still quite low. Less than 2% of community heads; around 12% of local council members (data of 2016); 18% of National Assembly members; 6% of Government Ministers and 3.5% of Deputy Ministers; 0% female governors, 10 percent of vice-governors<sup>100</sup>. Women are also underrepresented in the legal system -79% of judges are male, 21% are female and only 11% of members of the Constitutional Court are women<sup>101</sup>. Women appear less likely than men to discuss politics with friends and colleagues (22% vs. 40%, respectively), less likely to have an opinion on the direction of domestic politics in the country (30% of women “do not know”, as opposed to 20% of men respondents), and seem slightly less likely than men to vote (79% vs. 83%). Access to legal aid is not an isolated legal policy, but a function of the overall legal, social and cultural paradigms presents in Armenia. It is largely dependent on state interventions. In the private sector and in public life, women's share of leadership roles is limited. Within firms with at least five employees, women's participation in ownership is less likely than men's participation. In 1993, Armenia acceded to ICCPR without making any declarations or reservations with regard to the ICCPR and recognised the competence of the Human Rights Committee (Article 41). By this first step, the country was internationally committed to the development of legal aid as one of the important concepts for access to justice. According to the Armenian Constitution and the Criminal Procedure Code, everyone has the right to receive legal aid. Suspects and accused persons have the right to retain lawyers of their own choosing. The body conducting criminal proceedings is responsible for ensuring that the suspect or the accused receives legal aid, and to provide it free of charge if the financial situation of the persons concerned necessitates this. For this purpose, the Public Defender's Office was established in 2006 as a part of the Chamber of Advocates to “provide legal aid to socially vulnerable categories”. While the creation of this system is undoubtedly a positive and necessary step, the imperfection of national regulatory framework, among other concerns<sup>102</sup>, hampers effective protection of women's rights. Particularly, there are gaps and shortcomings in the existing Armenian law on advocacy, which does not possess an article on the provision of free legal aid to victims of domestic violence.

<sup>100</sup> <http://www.am.undp.org/content/armenia/en/home/projects/women-in-local-democracy-2--phase-2.html>

<sup>101</sup> Study on Gender profiles of the Eastern Partnership countries, Armenia, September 2013

<sup>102</sup> Background information: The heavy workload, insufficient number of public defenders and low salaries are considered to be major issues, which are not conducive to the delivery of quality legal aid, in particular in regions.

**Key challenges:** Insufficient mechanisms and regulations to advance gender equality at the national and local level; reluctance of political parties to appreciate and promote women leadership; narrow gender identities; limited access to resources for economic empowerment; lack of female leadership culture and support networks; power distance; lack of confidence and skills among women.

In addition to that, as it was mentioned in the section 1.2 of the present report, the national gender machinery consists of the Council on Women’s Affairs under the Office of the Prime Minister; the Department of Family, Women and Children’s Issues under the Ministry of Labour and Social Affairs; and standing committees on gender issues at the provincial levels, Yerevan city and all administrative centres of the RA. Nevertheless, there are several limitations of this mechanism. The focus of these bodies is on addressing women’s issues. The Department of Family, Women and Children’s Issues under the Ministry of Labour and Social Affairs has a limited mandate and capacity and is not able to act effectively on the coordination and monitoring of gender equality policy implementation due to the lack of a network of gender focal points across line ministries, holding proper gender reviews of draft policies to ensure gender mainstreaming<sup>103</sup>.

## 2.3. International/donor interventions in sector

### 2.3.1. Key players

In the period under review, several international and donor organisations funded and implemented projects targeting Armenian women, except the EU. The United Nations, US and European bi-lateral donors are all mandated to mainstream gender in their programming, but few donors supported projects that addressed women’s empowerment on a large scale. As evident from Table 12: Map of donor engagement in gender equality (2010-2017) support was provided in different forms including technical assistance (TA), grants (G), budget support (BS), and other.

Table 12: Map of donor engagement in gender equality (2010-2017)

Sub Sector	EU						Other Donors/IFIs							
	EU	AT	DE	SE <sup>104</sup>	FR	UK	SW	US	HBS	WB	HBS	CoE	UN	OSCE
Women’s economic empowerment	G/TA			G				G					TA	TA
Prevention of gender-based violence	G/BS			G				G					TA	
Prevention of gender-biased sex selection	G												TA	
Women’s political participation	G						G						G/TA	
Women’s rights	TA/G			G					TA				TA	

<sup>103</sup> Concluding observations of the CEDAW on the combined fifth and sixth periodic reports of Armenia (2016), p. 12

<sup>104</sup> Sweden is involved through Kvinna till Kvinna foundation.



Most focused on specific spheres in which women are disadvantaged and, with the exception of small grants to organizations that work with sexual minorities, none appear to be addressing gender issues that uniquely affect men. The United Nations addressed such topics as reproductive health/family planning, population and development strategies, and gender equality, through the UN Population Fund (UNFPA), strengthening national gender mechanisms, promotion of gender sensitive budgeting and gender-based violence through the UN Children's Fund (UNICEF), economic empowerment of rural women groups through the UN Women Fund for Gender Equality (FGE) and the achievement of the MDG, through the UN Development Program (UNDP). The OSCE Office in Yerevan concentrated on women's economic empowerment. The European Bank for Reconstruction and Development (EBRD) operated the TAM/BAS (Turn Around Management and Business Advisory Service) program in Armenia to provide direct assistance to small and medium-sized enterprises, which includes the EU-funded Women in Business program to promote female entrepreneurship through business advice, training and mentoring to women-led companies<sup>105</sup>. US Embassy in Armenia supported the establishment of Women Entrepreneurs Network<sup>106</sup> which promotes women economic participation in Armenia, while USAID provided support in improving women participation in the decision-making process. At the same time, the number of EU Member States who active in gender equality and women empowerment (GEWE) in Armenia is extremely low. The Swedish were active through Kvinna till Kvinna Foundation, which supported a number of interventions in Armenia focused on promotion of women's political participation, raising awareness of women's rights and offering free health care. The Germans are also seen as active on gender equality because of the committed GIZ gender focal point (GFP) but in fact they do not have GEWE-specific projects.

### 2.3.2. Dialogue platforms

The main dialogue platform on mainstreaming gender in development work in the country and into Armenia's development agenda is the Gender Theme Group (GTG). The GTC was established in 2008 and had 5 groups composed of 63 (13 UN; 50 non-UN). This includes 13 members from ministries and government structures (including the Ministry of Health, the Ombudsman, and the National Statistical Service); 14 international organizations (including Oxfam, the Council of Europe, and the British Embassy); and 23 NGOs and think tanks (including the Armenian Young Women's Association, the Armenia Inter-Church Round Table Foundation, and the Centre for Gender and Leadership Studies)<sup>107</sup>. The stated purpose of the GTG is to promote gender mainstreaming in the activities of development partners, to track gender equality throughout assistance frameworks, to promote a deeper understanding and commitment to gender-responsive development programming and to create a venue for regular sharing of information, experience and tools on implementing gender equality in Armenia<sup>108</sup>. The GTG was chaired by the UN Country Team in Armenia (UNFPA) and OSCE and a representative from the Government of Armenia (the Ministry of Labour and Social Affairs) during 2010-2016 and since 2017 onwards, the group is chaired by the UNICEF, World Bank and MLSA. The UN agency chairmanship is based on a rotational basis, and decision on rotating leadership on behalf of UN system is taken by UN Country Team (UNCT). Annual work plan and structured quarterly meetings serve as instruments in fulfilling GTG activities.

Another platform for high-level political dialogue on human rights issues is the Armenia-EU human rights dialogue, which was established in December 2009<sup>109</sup>. The Human Rights Dialogue meetings take place

<sup>105</sup> <http://www.ebrdwomeninbusiness.com/>

<sup>106</sup> <https://businesswoman.am/en/organizations#>

<sup>107</sup> [https://undg.org/wp-content/uploads/2016/02/ECA-IBC-Gender\\_GTG-Analysis\\_August-2016\\_260218.pdf](https://undg.org/wp-content/uploads/2016/02/ECA-IBC-Gender_GTG-Analysis_August-2016_260218.pdf)

<sup>108</sup> [http://www.un.am/up/file/GTG\\_TOR-ENG.pdf](http://www.un.am/up/file/GTG_TOR-ENG.pdf)

<sup>109</sup> <https://www.mfa.am/en/bilateral-relations/eu>



annually, in Yerevan and Brussels, respectively. The inclusive agenda of the dialogue consists of a host of human rights related issues, such as national framework for the protection of human rights, judicial reforms, freedom of expression and information, freedom of assembly, civil society activities and gender equality, particularly combating discrimination and domestic violence against women.

The commitments of the country with regards to promotion of GEWE is also reflected in the EU-Armenia bilateral trade relations which regulated by a Comprehensive and Enhanced Partnership Agreement (CEPA)<sup>110</sup>. The CEPA commits the EU and Armenia to strengthen respect for fundamental freedoms. Under the GSP+ dialogue, the Armenian authorities committed to implement the CEDAW.

## 2.4. Overview of EU interventions in sector

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In June 2010, the EU Council adopted a Gender equality and women's empowerment in development EU Plan of action 2010-2015, which is an operational gender action plan (GAP) for the European Commission and Member States. One of the specific objectives set by the EU GAP is to '*place gender equality issues systematically on the agenda of dialogue with partner countries*'. Among actions envisaged to that aim, the EU engages to 'ensure that annual country reviews include an assessment of gender equality and the Country Strategy Papers (CSPs) and National Indicative Programmes (NIPs) are gender mainstreamed'. The relevant indicators set the following targets: 'Next generation CSPs and NIPs have a gender country profile and gender is mainstreamed. At least 50% identify gender equality-related specific actions'. The EU GAP applies also to cooperation with the six European Partnership countries including Armenia. Over the period 2007-2013, cooperation in Armenia was mainly funded under the European Neighbourhood and Partnership Instrument (ENPI). The country also benefited from 'horizontal' instruments, such as the thematic programme Investing in People under the Development Cooperation Instrument (DCI), which had a gender equality as a priority area of action. For the programming period 2014-2020, the EaP was covered under the new European Neighbourhood Instrument (ENI). In this context, ENI regulation, CSPs and NIPs were replaced by the Single Support Frameworks (SSF) where there was an ENP Action Plan. The instructions for the programming of the ENI for 2014-2020 envisaged that 'proper integration of cross-cutting issues, in particular gender and environment/climate change' is to be ensured and 'the main efforts should be to mainstream these within wider interventions'. The European Commission and the European External Action Service (EEAS) adopted EU Gender Action Plan (GAP) II for the period 2016-2020, which will also inform ENI programming. Three thematic objectives of the EU GAP 2016-2020 in Armenia have been identified: (i) Girls and women free from all forms of violence against them both in public and private sphere; (ii) Equal access to quality education and vocational training and education for girls and women; (iii) Equal rights and ability for women to participate in policy and governance processes at all levels.

The document review indicated that the EU in Armenia supported five gender mainstreaming in budget support operations and gender-specific projects during 2010-2017:

- EU Advisory Group to Armenia – implemented by United Nations Development Programme (UNDP), policy development support initiative.
- Promoting Equal Rights and Equal Opportunities in Armenia: Women in Local Democracy, implemented by UNDP. C-287857 (2012–2015).
- Social and Economic Empowerment of Women in Armenia, implemented by national NGO Armenian Young Women's Association. DCI-GENRE/2012/920 (2012–2015).
- Gender-Based and Domestic Violence project, implemented by national NGO, the Centre for Innovative Research and Development. EuropeAid/129-805//ACT/AM (2010–2012).

<sup>110</sup> <http://ec.europa.eu/trade/policy/countries-and-regions/countries/armenia/>

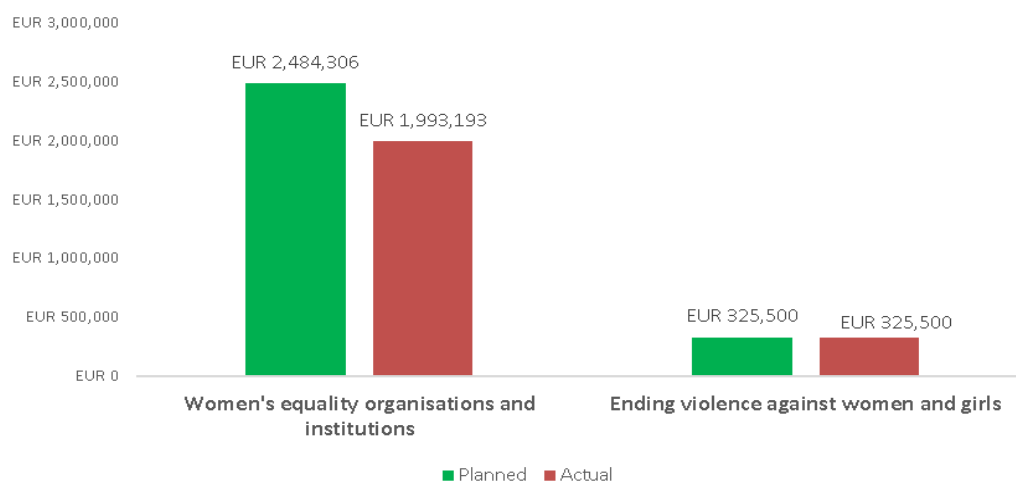
- Sector budget support programme: Support to Human Rights Protection in Armenia. ENI/2014/032-771 (2016-2020).

The analysis of CRIS demonstrates that the EU allocated in total EUR3,309,806 for gender mainstreaming in budget support operations (EUR500,000) and gender-specific projects (EUR 2,809,806) during 2010-2017, while the actual spending constituted 70% as of December 2017.

Figure 2: Budget allocated by the EUD Armenia for gender-specific projects (2010-2017)

Source: CRIS (2018)

During the period under review, the EU support focused on the advancement of gender equality in Armenia through provision of legislative and policy planning support, in particular in the framework of the human rights budget support and by the EU Advisory Group, awareness raising campaigns, prevention



of gender-based violence, prevention of sex-selective abortions, women economic and social empowerment, gender equality in local governance through Women in Local Democracy project which organised pre- and post-electoral support to women from all ten regions of Armenia.

## 2.5. Response to EQs by judgement criteria

**JC 5.1.** Robust gender evidence is used to inform policy dialogue, programming and implementation of EU assistance in Armenia

### *Integration of gender analysis into country strategies, programme design and reviews*

The **Country Strategy Paper (CSP) for Armenia (2007–2013)** states that **gender should be mainstreamed into programmes**. Gender issues were not adequately identified in the country analysis and so could not be used as the basis for decisions on strategic objectives. **Evidence collected during the country mission shows a low level of implementation of gender mainstreaming.** A gender differential reference is made in terms of the demographic impacts of labour migration (a low birth rate and more women than men present in the country) but this is not taken up in the programmes supported in the migration sector.

**The first NIP (2007-2010) includes several references to issues and the impact of social inequality** –without defining the axis of inequality in the country. **The second NIP (2011-2013) identifies women (and children) as vulnerable subjects in human trafficking, and gender imbalances in unemployment, rural development and access to entrepreneurship.**

The European Neighbourhood Policy includes a (short) analysis of social and cultural norms that discriminate against women. The 2014-2019 Progress reports pick this up and stresses that discrimination against women (and also LGBT) still exists. The recognition of gender inequality was translated into the Single Support Framework for Armenia (2014–2017) which has three priority sectors of intervention: private sector development, public administration reform and justice sector reform. The support package (called Annual Action Programme 2014) provided in total EUR 19 million of bilateral allocation to Armenia in 2014 for two actions: (1) Support to small and medium enterprise (SME) development in Armenia (EUR 7 million); and (2) Support to human rights protection (EUR 12 million). This second priority support includes the objective to develop effective gender equality mechanisms and protection of victims of domestic/gender-based violence.

### *Gender analysis in programmes and projects*

**In spite of the reference to gender mainstreaming in the country strategy for Armenia, gender equality has not been fully mainstreamed in EU-funded programmes/projects and most of sectoral (and multi-sectoral) budget support** (e.g. sector support to justice, VET, public administration, migration). The **gender equality was mainstreamed only in the human rights budget support**.

The projects and programmes in the VET, justice and migration sectors have not included a systematic gender perspective; at most female-focused activities are present. The Twinning project (supported by EU, Sweden and Poland) on asylum and incoming migration have introduced women's specific basic needs in a new sectoral legislative framework; but these have not been planned results. The UNICEF project providing support to families 'left behind' have included women as main target beneficiaries, and there is an intention to work with men on health and parental care issues. The People in Need project that supports male returnee migrants (supported by the Czech Republic) has missed the opportunity to work on gender inequality issues in different project interventions, for example with men on issues of health (specially HIV/AIDS and STDs).

The sector budget support programme for VET did not incorporate gender-disaggregated indicators and gender equality performance indicators. No gender analysis has been made for this intervention. None of the five comprehensive groups of conditionalities included or made reference to GEWE. The only exception is a mention in Annex II of the Financing Agreement, which states that 'gender issues ... will be considered during the implementation of the SPSP.' While GEWE issues were occasionally raised in the VET sector policy dialogue processes, they were never prioritised, as confirmed by respondents from EUD and the Ministry of Education and Science.

As evident from the judicial statistics, women are under-represented in the legal system – 79% of judges are male, 21% are female and only 11% of members of the Constitutional Court are women. Even though the technical and administrative provisions (TAPs) for the justice sectoral budget support made a reference to gender being a cross-cutting issue (together with human rights, governance and democracy), but it did not include women judges as a performance indicator (neither is it mentioned in the final evaluation report).

The multi-sector budget support on public finance management / administration has been defined – by EUD staff – as not having a link to gender equality due to its technical focus. The TAPs for both phases of the support to the Government of Armenia for the implementation of the ENP Action Plan and preparations for the future Association Agreement did not include a reference to gender as a cross-cutting issue. Phase I TAPs made a reference that the budget support aims to improve the use of government resources and therefore it will contribute to addressing issues related to poverty, access to basic needs, and gender. Phase II TAPs included a reference to environment and human rights, but not to gender equality. Gender issues in the sector have been informally discussed between Germany (which provides technical assistance) and the EUD, but this has not resulted in concrete activities.

At the same time, the TAP for a budget support on human rights included a separate objective for promotion of gender equality, i.e. ensuring the protection and rehabilitation of victims of domestic/gender-

based violence and abuse, by introducing relevant legislation and professional services and a specific condition, i.e. adoption of stand-alone legislation on domestic violence in line with the UN CEDAW. General recommendation No. 19 and with the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention).

### *Mainstreaming in dialogue processes*

Since 2009, the EU has been focused on strengthening awareness and visibility of GEWE in the country (such as tolerance and discrimination issues which are linked to equal opportunities for all) in its public interventions. The EU Ambassador stated that gender equality issues are systematically put on the agenda of the dialogue between the EU and Armenia. Issues such as domestic violence and sex selective abortion have been discussed during the annual human rights dialogue of the past years. Most of reviewed online summaries (third to seventh rounds) do not mention specifically gender equality or women's issues (full documents are not for disclosure). They nevertheless make reference to 'protection of vulnerable groups' and 'anti-discrimination' issues. The only reviewed summary on the 8th Human Rights Dialogue between the European Union and Armenia states 'The EU encouraged Armenia to increase participation of women and national minority representatives in politics. The EU called on Armenia to adopt a standalone law against domestic violence and to operate a multi-referral mechanism to support victims (in line with UN CEDAW Concluding Observations) as well as a standalone law against discrimination; stressing its commitment to the universality of human rights for all'<sup>111</sup>.

#### **The human rights strategy for the EU in Armenia includes two specific actions on gender equality:**

- i) on monitoring the state policy programmes and exchange of information to ensure gender equality and
- ii) on ensuring enforcement of the law on equal rights and opportunities for women and men.

In summer 2013, there was a public debate in the media – led by Armenian NGOs financed from Russia – about the EU values and definition of gender equality. This was a politically motivated movement that arose at the same time as the EU and the GoA were discussing the Association Agreement. The campaign targeted organisations aligned to EU principles and these values were framed as a threat to the national identity and values. The Armenian media spread misleading information, and civil society expected a stronger reaction from the EU and Member States (MSs) which never materialised. This political momentum, named the 'anti-gender campaign' by gender experts and donors, affected not only the development of the national gender equality agenda, but the political dialogue between the government and the donors. The EU (the Delegation's political section) has been an active actor in the drafting and passing of recent laws on domestic violence and on equal rights for women and men. When the GoA decided first to dismiss the domestic violence law and then to question the concept of gender equality within the new approved law on equal rights, the EUD was a strong voice in the political and public debate that followed. The Association Agreement was never signed, and in autumn 2013 the GoA decided to join the pro-Russian Eurasian Customs Union.

The current political context shows a mixed picture: recent pressure and shrinking space for CSOs working on gender in Armenia and international organisations advocating for gender equality are perceived as externally imposing their agendas on the GoA. **The EU has been an active player in the engagement with civil society on human rights with clear results for the gender equality agenda.** There have been a few formal and informal consultations with civil society organisations, which have resulted in coordinated actions between donors to influence the government on gender equality issues.

**The sectoral policy dialogue in the VET, justice and migration sectors did not include gender-sensitive indicators.** Based on evidence collected, no gender equality issues, or women's specific needs have been identified by either of the parties (i.e., GoA and EUD) in these sectors. Both the GIZ and the EU are active donors in the public financial management / administration sector, but there have

<sup>111</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/27119/press-release-8th-human-rights-dialogue-between-european-union-and-armenia\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/27119/press-release-8th-human-rights-dialogue-between-european-union-and-armenia_en)

been no regular or technical discussions on gender aspects between them. GIZ maintains a regular dialogue with the EU but gender has not been discussed or included in concrete activities in the sector. GIZ concludes that there are two constraints for including gender in the sector: lack of capacity (the need to tackle the basic skills and knowledge of financing first, and then gender might come up as a demand); and the fact that the donors in this country work under a demand-driven approach, and gender issues (or gender-sensitive budgeting) have not come up on the government agenda.

The Gender Theme Group (GTG) has seen at times a clear articulation of objectives for policy and political dialogue with the GoA. It is a good space for actors to come together to share information and achieve an 'apparent' coordination, but some interviewees suggest that this should become a technical level group that engages in political dialogue. During the 2013 anti-gender campaign, the GTG facilitated a series of internal dialogues between donors that ended up in a public statement signed by the OSCE, the EU, the UN, the Council of Europe and the United States. They urged the government to implement the law on equal rights and equal opportunities for women and men. This came after the Women's Council – a group chaired by the Prime Minister – issued its own statement, which reaffirmed the Government's commitment to gender equality. The EU staff member who attends most frequently and actively engages in discussions is not the GFP, it is the political officer in charge of human rights. In general, there is a perception that the EU plays a low-key role on gender issues. Further, while almost all the donors have provided financial support for the group's logistics costs, the EU has not been able to as it does not have financial instruments to sponsor ad hoc activities, such as logistics of the GTG meetings. The EUD political officer delivered a 'strong statement' in a GTG meeting when the government decided to drop the process of passing the domestic violence law. This dismissal was considered a major setback in the gender equality agenda that was agreed within the Association Agreement between the EU and the GoA. One of the challenges in the political dialogue during 2010-2017 was the lack of an efficient and strong machinery for women. However, the challenges for the Ministry of Labour and Social Affairs (whose Deputy Minister co-chairs the GTG) were that donors did not target needs, were driven by their own domestic politics and policies, and do not complement each other to avoid duplication.

**JC 5.2. Gender was mainstreamed in all stages of project cycle (formulation, management, monitoring)**

As evident from the interviews and document review, the senior management of the EUD Armenia had moderate level of commitment towards gender mainstreaming during 2010-2015, while since 2016 onwards the level of commitment is high. The EU Ambassador repeatedly raised awareness about EU support to gender equality and the fight to end Gender Based Violence, which were also manifested in a dialogue with women beneficiaries in projects implemented in rural areas of the country.

To strengthen the work of the EUD on gender, the Brussels-based geographical unit (F1) developed a country-specific guidance on mainstreaming gender in projects and programmes, sector and general budget support in 2014. The Toolkit targets four sectors (public administration, justice/rule of law, private sector, and migration). It spells out key elements of a gendered human rights approach and the crucial factors to be considered within the gender mainstreaming processes in each individual sector as well as indicators and means of verification. It also provides a checklist for gender-sensitive assessment. Afterwards, in 2015 the EUD initiated a research in order to contribute to analytical work in the area of gender mainstreaming with particular focus on priority sectors of SSF: 1) private sector development, 2) public administration reform and 3) justice sector reform. the research took into account the results and recommendation of the Gender Profiles of EaP countries commissioned by HQ, as well as the toolkit on gender mainstreaming in EU assistance in Armenia. It contained baseline indicators and qualitative analysis on gender that in some cases suggests primary data collection in the above-mentioned sectors. However, the usage of this research was limited. As evident from evaluation interviews and document review, the EU has identified women's participation as a missed development opportunity for Armenia in the SSF 2017-2020. Therefore, the EUD included women empowerment, gender equality, and protection of child rights as an objective in its 2018 Annual Action Plan.



Even though most EUD staff recognise the necessity of mainstreaming gender into all projects and programmes, no signs of personal commitment and willingness to take this agenda forward could be found. There is a perception that gender equality will slow down the implementation of EU-funded interventions. **Evidence indicates that EUD has not implemented capacity building initiatives for actors to promote GEWE in their programmes during 2010-2017.** This is in spite of having had several consultations with civil society organisations who have called for their capacity to be improved in monitoring the implementation of international instruments (e.g., Beijing Platform for Action against domestic violence). However, it is important to highlight that EU-sponsored training Rights Based Approach (RBA) that took place in Yerevan in mid-April 2018 with participation of 30 representatives of the GoA and EU Member States. Many government staff requested further RBA information, training and technical support to advance this within their sector. Therefore, the EUD plans to hire an Advisor on RBA during 2019.

A mechanism of internal accountability on gender equality is present: Brussels geographical unit quality assures the gender checklists and provides feedback when it is required. The Gender Action Plan (GAP) annual country report does not play a role as an internal accountability mechanism. Most of the interviewed EUD staff did not mention the GAP or the annual reporting exercise.

**JC 5.3.** Gender specific activities conducted under the EU support (i.e. aiming at enhancing equality between men and women, support to institutions and organisations working for gender equality and women's empowerment) have contributed to demonstrable/tangible improvements for that particular gender

The EU in Armenia has developed several initiatives to strengthen the capacity of staff to mainstream gender in the EU programming. **The Gender Country Profile and the Gender Mainstreaming Toolkit for Armenia are well-conceived products. There is a perception that time is needed for these tools to be embedded but likewise time is also needed to change people's minds and institutional structures.**

The EC resources are evaluated as not user-friendly: language is too complex, too theoretical, and not practical. There is an established communication between the GFP and the Brussels Gender Unit, but what is most commonly cited is the support from the geographical desk, including support on gender equality issues.

Another source of capacity building on GEWE was a mandatory training course held in July 2014 and attended by half of EUD staff. The low attendance has been explained by the absence of people due to summer holidays. It lasted 1 ½ days, and because of its length people were coming in and out of the session. **The course was helpful in further raising gender awareness, but it received mixed evaluations.** Some staff mentioned that it needed better structure, a focus on sectors and more concrete practical exercises. Others however felt it was practical but was too short and focused too narrowly on sectors.

The EUD staff do not think that extra resources are needed to mainstream gender. They stated that what is needed is to identify how to spend the funds already available for the Delegation. For this to happen there must be a strong top-down management decision and communication that indicates that gender is a key priority and, hence, funds should be allocated to gender equity programmes. EUD staff think that senior management in Brussels and in Armenia need to show a personal commitment towards gender equality.

Over the last years, as a result of the negotiations and discussions on the Association Agreement, many Armenian political leaders included gender equality in their discourses as this was framed as a shared set of values between Armenia and the EU. But this changed in 2013 when the GoA decided to join the Eurasian Customs Union instead of the EU agreement. This reversal was concurrent with an 'anti-gender campaign' (orchestrated by pro-Russian NGOs) which produced a shift in discourse among the national



political class. Over the months of the anti-gender campaign, there were intimidations of women's NGOs, an intentional fire in a gay disco and reports of street abuse of gay men. The EUD actively asked the President of Armenia to address these issues and protect citizens. The EUD, consequently as part of its mandate on human rights, re-focused its political dialogue with the GoA towards the protection of LGBT groups and human rights defenders<sup>112</sup>.

The EU Armenia Gender Country Profile highlights that the low number of women present in the decision-making process is largely the result of the perception that men are more successful in creating 'effective' social networks than women. The EU Advisory Group provided advice to the Ministry of Justice, the Human Rights Defender's Office, Ministry of Foreign Affairs, National Assembly and the National Security Council on labour rights, gender equality machinery and domestic violence. Moreover, the **EU support to increase women's political participation through a specific project is a clear response to a gender equality need present in the country.** The Women in Local Democracy (WILD) project implemented by UNDP aims to increase women's political participation through enhanced knowledge and mechanisms for fostering democratic governance at the local level. With regard to economic reforms, women have for the most part been side-lined in terms of entrepreneurship, ownership, access to economic resources and leverage in economic decision making. Against this socioeconomic context, the EU supported the project Social and Economic Empowerment of Women in Armenia (implemented by the Armenian Young Women's Association), which aimed to contribute to the promotion of women's social and economic empowerment in Armenia. **The project promoted women's economic independence and participation in economic growth in Armenia through the development of an integrated strategy at local level.** When it comes to the gender-based violence issues, the EU also funded the project Advancing Gender Equality and the Rights of Survivors of GBV in Armenia which was implemented by the Near East Foundation and has helped to **build a commitment toward preventing gender-based violence and promoting gender equality among community leaders and employers.**

Table 13: Examples of the results of GEWE projects funded by the EU in Armenia<sup>113</sup>

Project title	Promoting equal rights and equal opportunities in Armenia: Women in local democracy	Social and Economic Empowerment of Women in Armenia Project	Advancing Gender Equality and the Rights of Survivors of Gender-Based Violence in Armenia <sup>114</sup>
<b>Description</b>	To improve participation of women in local governance, promote participatory and gender-sensitive governance, and to raise public awareness of gender equality	To improve the social and economic situation of women in the Lori region in Armenia, by improving their business skills through trainings, networking and grants.	To strengthening Armenian civil society in promoting women's rights and gender equality among vulnerable groups of women
<b>Timeline</b>	2012-2015	2013-2016	2015-2017
<b>Budget</b>	EUR 525 000	EUR 614 686	Near East Foundation UK (NEF-UK)
<b>Results</b>	<ul style="list-style-type: none"> <li>Supported the participation of women</li> </ul>	<ul style="list-style-type: none"> <li>Better skills: 11 business trainings have been</li> </ul>	<ul style="list-style-type: none"> <li>The project helped 230 survivors of GBV gain</li> </ul>

<sup>112</sup> Two applications were supported through EIDHR emergency facility for human rights defenders at risk

<sup>113</sup> [https://ec.europa.eu/budget/euprojects/search-projects\\_en?keywords=&country=AM&programme\\_name=All&budget\\_contribution=All&timeframe\\_start=All&timeframe\\_end=All&highlights=1&op=Apply&hash=35643333343232353763633662](https://ec.europa.eu/budget/euprojects/search-projects_en?keywords=&country=AM&programme_name=All&budget_contribution=All&timeframe_start=All&timeframe_end=All&highlights=1&op=Apply&hash=35643333343232353763633662)

<sup>114</sup> <https://www.near-east.org/stakeholders-meet-to-discuss-gbv-issues/>

	<p>in the local elections in the period 2012–14. Of the 623 female candidates running in the major cycle of local elections in September 2012, 107 were project beneficiaries, of whom 66 were elected (62%).</p> <ul style="list-style-type: none"> <li>• During 2013 and 2014 elections, a total of 17 women candidates were trained, 12 of whom were elected (70%).</li> <li>• Overall, 1,028 women and 70 men benefited from various activities of the WILD project, including 50 training courses, 29 networking events and five leadership schools.</li> <li>• Thanks to WILD's workshops and campaigns, members of civil society and the local media have started to promote a non-stereotyped portrayal of women and men.</li> </ul>	<p>conducted with 220 women participating.</p> <ul style="list-style-type: none"> <li>• More opportunities: 11 business projects granted, and 15 more are in the process.</li> <li>• Better access to institutions: Women's Councils established in more than ten communities of the Lori region.</li> <li>• Strategies developed: Local economic development strategies/models developed in a participatory manner, targeting a total of 43 local communities.</li> <li>• Networking: Beneficiaries of the project are part of women entrepreneurs' community in Armenia and also became members of 'Women Entrepreneurs Network of Armenia', coordinated by AYWA. The membership gives them the opportunity to find new partners, customers, and share best practices.</li> </ul>	<p>increased employability, small business skills, and establish small businesses. 70 women received vocational training in various specializations, 130 received financial support to start their small businesses, 80 developed career development plans, and 50 women found employment in the labour market.</p> <ul style="list-style-type: none"> <li>• The partner community organizations have strengthened their cooperation and signed agreements with regional agencies in Armenia, aiming to create referral mechanisms for victims of GBV</li> </ul>
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Nevertheless, the proportion of the EU-funded cooperation and development initiatives promoting gender equality and women's empowerment in Armenia during 2010-2017 was low and constituted just 7% of all planned allocations. In overall, the budget support initiatives were weak regarding gender mainstreaming. There were programmes (financed through thematic and geographic instruments) that have limited gender equality focus. The political dialogue carried out had included women's rights objectives (gender equality and domestic violence laws). Specific projects on gender equality reviewed show encouraging results in the areas of women's political and economic participation.

The Constitution and the legal framework of Armenia guarantee and promote equality and non-discrimination on the basis of sex. However, women are not able yet to fully benefit from equal opportunities provided by the law and enjoy gender equality. The progress in terms of implementation, enforcement and monitoring of gender equality is mixed.

**The gender gap in labour market participation remains high at nearly 19%** (2016 World Bank data), reflecting also the overall lack of job opportunities in the country. Armenia ranked 98<sup>th</sup> out of 144 countries in the World Economic Forum's Global Gender Gap Index<sup>115</sup> in 2018 vs 90<sup>th</sup> out of 132 countries in 2009 and features among the lowest-ranked countries of Eastern Europe and Central Asia.

Table 14: Global Gender Gap Index for Armenia

<sup>115</sup> The *Global Gender Gap Index* measures the magnitude and scope of gender-based disparities in economic participation and opportunity, educational attainment, health and survival, and political empowerment

	2009	2012	2013	2014	2015	2016	2017	2018
<b>Global Gender Gap Index</b>	90	92	94	103	105	102	97	98
<i>Number of countries</i>	132	135	136	142	145	144	144	144

**The gender pay gap has decreased over the last ten years by 11 percentage points but stands still at 33.5%.** Steps taken to address this issue, such as a gender-neutral job classification and remuneration system, remain concentrated in the public administration. Nevertheless, even there, existing legislation does not prevent indirect discrimination. The existing legislation (Labour Code and Law on Equal Rights and Equal Opportunities for women and men) still does not rightly incorporate the principle of equal pay for work of equal value. In its 2017 report, the Committee of Experts on the Application of Conventions and Recommendations (CEACR) repeated its request for legislative amendments in this regard. The amended Constitution generally prohibits all kinds of discrimination, but there is no implementing secondary legislation and the prohibition is not specified for employment and occupation. Equal access to employment and recruitment is not well covered by legislation. Legislation should also be amended or adopted, as well as the practical measures, in collaboration with workers' and employers' organizations, to prevent sexual harassment in employment and occupation.

Men and women have equal access to education, with women being slightly more enrolled at most levels of education with exception for STEM education tracks. However, women have more difficulties in finding well-paid jobs, especially in the non-agricultural sector. It is noteworthy that 40% of 58% of economically active (ages 15-64) women are employed in agriculture young women (15-24 years of age) are relatively more likely to be unemployed than men.

The proportion of women aged 20-24 years who were married before age 15 and before age 18 in Armenia is almost at the same level as the average in Europe and North America. Only 1% of were married before age 15 in Armenia, compared to 0% in Europe and North America and 16 percent in Central and Southern Asia. Only 6% of women were married before age 18, compared to 8% in Europe and North America, and 43% in Central and Southern Asia<sup>116</sup>.

**Significant improvement was tracked in terms of decreasing sex ratio at birth in Armenia** (from 114 boys/100 girls in 2010 to 110 boys/100 girls in 2017<sup>117</sup>).

In terms of combating domestic violence, Armenia demonstrated good progress. **Armenia has adopted a standalone law on domestic violence** called "Preventing violence in the family, protecting the victims of violence in the family, and restoring harmony in the family" in December 2017 followed by signing, in January 2018, of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (the Istanbul Convention). The preparation of the new law was accompanied by a public awareness campaign, as in the previous period there has been opposition to this initiative by certain groups. The new law on domestic violence incorporated some elements and standards of the Istanbul Convention, defining various forms of domestic violence and imposing on state authorities a positive obligation to prevent such violence from occurring and to protect its victims. It also obliged the authorities to develop and to implement a national strategy on domestic violence, establish shelters for victims of violence, provide them with healthcare free of charge, and conduct regular trainings for all professionals working in this field. Although the law on domestic violence entered into force on 31 January 2018, the practical implementation of its provisions was designed to follow in several stages and the entire law was expected to take full effect on 1 January 2019. The Council for Prevention of Domestic Violence was set up by the Prime Minister in July 2018. The Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention) signed by Armenia on 18 January 2018 has not yet been ratified. These are significant steps and will greatly contribute to being in line with Armenia's international commitments and the conventions that have

<sup>116</sup> SCA and Demographic and Health Survey, for Armenia, and UNWOMEN "SDG Report-2018"

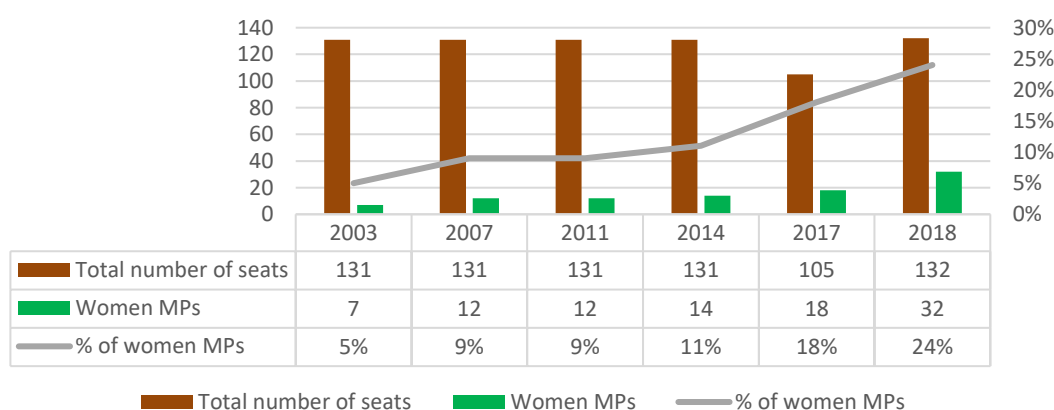
<sup>117</sup> [https://sustainabledevelopment.un.org/content/documents/20315Armenia\\_SDG\\_VNR\\_report.pdf](https://sustainabledevelopment.un.org/content/documents/20315Armenia_SDG_VNR_report.pdf)

demanded domestic violence laws. However, the mechanisms relevant for the implementation of the law still need to be put in place.

The proportion of women members of parliament in Armenia, which used to be very low indeed, has seen a gradual increase in the last decade. In terms of political empowerment, the most notable development has been the introduction of the 25% gender quota in the 2016 Electoral Code, to be increased to 30% from 2021. As a result, the number of women elected to the Armenian parliament has increased by 15% as compared to 2007 and makes 24% of all lawmakers in 2018, i.e. thirty-two out of one hundred and thirty-two parliamentarians. Nevertheless, the number of Armenian female lawmakers is lower than Europe-wide average (29.3%)<sup>118</sup>. Among few female politicians, there are few women’s champions, the understanding of gender issues is limited, and female politicians are very often “gender blind” and do not represent women’s interests.

Figure 3: Proportion of seats held by women in the parliament of Armenia

Thanks to the introduction of the quota system in the new Electoral Code and increasing the women’s representation in the Parliament to 24%, Armenia has improved the political empowerment sub-index of the Global gender gap index by 14 points (ranked 111<sup>th</sup> out of 144 countries, Global Gender Gap Report 2017). However, this score is far from the goal of 40% in political and public functions, defined in the



Council of Europe’s Recommendation (2003) 3 on balanced participation of women and men in political and public decision making.

There was good progress in terms of women’s involvement in ministerial positions. In 2017, there were 25% of women envoys and ministers which is on 14% higher compared to 2012 where women’s representation in government positions at the national level constituted just 11%. Nevertheless, it is still lower Europe-wide average of 27.3%. Furthermore, the women’s engagement in local governance is very low. There were only 1.9% of female mayors in 2017. Women accounted for only 2.02% and 11.7% of local council members in 866 rural communities in 2016.<sup>119</sup> The comparison of the results of 2012 and 2016 big cycles of local elections show that the number of female candidates for local council office increased by 17% and the number of females elected as councillors has increased by 24%. The positive aspect though that the first woman mayor was elected in August 2018. The Yerevan City Council election in late September 2018 resulted in the election of 20 women (31 % of 64 members)<sup>120</sup>.

Despite many positive changes in place, gender inequalities broadly persist in Armenia. Discriminatory practices are based on strong perception about traditional segregation of gender roles in the society. For example, woman’s role is more seen as a family cherisher rather than equal economic partner. Issues

<sup>118</sup> European Institute of Gender Equality (EIGE): [http://eige.europa.eu/gender-statistics/dgs/indicator/ta\\_pwr\\_pol\\_parl\\_wmid\\_natparl](http://eige.europa.eu/gender-statistics/dgs/indicator/ta_pwr_pol_parl_wmid_natparl)

<sup>119</sup> <http://womennet.am/%D5%AB%D5%B6%D6%86%D5%B8%D5%A3%D6%80%D5%A1%D6%86%D5%AB%D5%AF%D5%A1/>

<sup>120</sup> <https://www.elections.am/council/election-27551/>

related to reproductive rights and gender-based violence are only now being discussed widely outside of home; before they were not recognized as gender issues as such.

## 2.6. Concluding remarks

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As noted in the context section, during the period of the evaluation, there have been fundamental gender needs that called for a stronger commitment by both the government and the development actors. However, these gender issues were not adequately identified in the country analysis for the CSP (2007–2014) and so could not be used as the basis for decisions on gender mainstreaming into sector priorities. The Single Support Framework (2014–2017) does include as an objective the development of effective gender equality mechanisms and protection of victims of domestic/gender-based violence. This is a clear sign of commitment towards the gender equality agenda in the country. The several initiatives of the last two years (gender equality country profile, gender mainstreaming country toolkit, gender equality training) seem to have had an effect on the policy development of the EU. **The major challenge is the translation of this commitment into concrete GEWE-specific projects and gender mainstreaming into the sector priorities, given the low technical capacity and low personal commitment of EUD staff found in the course of this evaluation.**

The EU in Armenia shows a very low level of gender mainstreaming into sectoral initiatives and of gender-specific projects. One reason that might partially explain this is that implementing partners (from government to NGOs) did not consider that gender equality was connected with the projects' objectives, activities or expected results and impact. **The EU has not implemented capacity building interventions on GEWE in support to its interventions; consequently, partners do not have skills to recognise the potential differential impact by gender of the activities they implement.**

The justice, VET, and public financial management/ administration budget support initiatives had not considered a gender equality perspective. This could be partly explained by the focus of these initiatives, for example: refurbishment of VET schools or setting up of financial control frameworks. **The Gender Mainstreaming Toolkit for Armenia detailed the gender equality needs present in those sectors, but the EUD staff have not been able to include gender equality issues in the sectoral policy dialogues.** This conclusion also applies to the migration sector where there are missed opportunities in not recognising the particularities of the project target populations: men who migrate have clear gender issues around their sexual health (e.g. HIV/AIDS) and women (who are left behind) have a change in their socio-cultural status in the families and communities.

The major challenge for the EUD staff is now to use the Armenian gender mainstreaming toolkit in the new initiatives under design, as it provides a practical gender mainstreaming methodology as well as gender-sensitive benchmarks and indicators. This could be complemented by the secondment from MS Sweden that could further strengthen the work already done in the country. **The opportunities are there through the human rights budget support (violence against women), the budget support for rural economy (women's needs), and the governance programme (women's political leadership).** Financial resources seem not to be an obstacle for taking forward GEWE initiatives in the EUD; what is required is a top-down directive and incentives that indicate that gender is a priority in the country programming.

The EU GEWE-specific projects reviewed show encouraging results in women's political and economy empowerment and they are clearly responding to the country needs. **The potential for these to become sustainable are jeopardised by the lack of involvement of the EU in the respective sector policy dialogues.** So, for example, around 300 women entrepreneurs have had access to financial services, but the chance to use these good practices for feeding the development of evidence-based public policies has not been considered. It is reasonable to link this weakness with a lack of gender-specific knowledge



and skills in the government implementing partners, but this could also be the result of two factors: i) absence of EU gender-specific capacity building initiatives and ii) lack of EUD staff's GEWE competences to take forward the policy dialogue.

The key factor that has hindered progress in terms of political and policy dialogue has undoubtedly been the adverse context of recent years when several GEWE achievements have been halted or substantially modified (i.e. the content of the gender equality law and the dismissal of the domestic violence law). The other noteworthy challenge is the **lack of comprehensive and systematic oversight of the GEWE work in the country**, which has resulted in:

- gender equality dialogue being narrowed to the political sector, while the cooperation side implements sector policy dialogues without gender equality objectives.
- interventions delivered without consideration of the complementarity of instruments, for example, political dialogue on domestic violence law and budget support for the justice sector.

The socio-cultural context has been another obstructing factor for the work of the EU in the country. There is a low level of public awareness of gender needs, a common belief that women and men are equal in Armenia because that is a national identity value (a legacy of the communist times), and widespread gender stereotypes on the role and the position of women and men in the society. Against this background, **the major achievements of the EU in Armenia lie in developing a legal framework based on women's human rights, and supporting gender's dissident voices:**

- support the drafting of two key gender equality policies: combatting violence against women and promoting equal rights for men and women.
- involvement in political dialogue around the 'politics' of gender: consultations with civil society organisations from the women's and LGBTs movements, and a proactive role in donor coordination.

## 2.7. Areas for recommendations

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To improve the application of gender mainstreaming and RBA across the EUD portfolio, it is recommended: (1) to revise the job descriptions of the staff of the Cooperation sections and PMs and include the provision of the usage of the existing resources for supporting measures on gender equality, and (2) put much more focus on RBA approach and gender mainstreaming during preparation of the next Strategic studies contract.

In light of the upcoming changes in the national regulatory framework in the area of anti-discrimination and domestic violence, as well as possible ratification of the Istanbul Convention, the EU should consider the provision of support for capacity building of judges, police officers and prosecutors on gender equality, including the concept of "gender"; preparation of special mandatory courses/training for prosecutors, judges and investigators, to be included in the curricula of the Armenian Justice Academy; investing in courses that involve women as judges, prosecutors and crime investigators, especially in reference to cases of violence where women are victims; strengthening the monitoring capacity of the Office of the Human Rights Defender, and expand its work to the regions to better prevent violence and protect women's rights.

To improve gender policy and promote gender equality in the country, it is recommended that the EUD provided further support in setting tangible implementation mechanisms to monitor the Gender Strategic Action Plans; following the recommendations of international human rights bodies to co-ordinate and manage the Strategic Gender Policy Action Plans; introducing a mandatory course in high schools and universities, to break gender stereotypes and, especially, preventing violence against women; contribute

to the formulation of gender equality policies for media outlets; providing resources and programmes for the strengthening of women's media literacy in designing, accessing and managing information and content in media technologies; supporting the activities of centres for gender studies, both state and non-state (e.g. Coalition to Stop Violence against Women), aimed at disseminating gender knowledge and raising public awareness; collating and periodically publish synchronised and cumulative data concerning women's access to justice; holding the media accountable in its role of addressing gender stereotypes and inequalities; promoting measures aimed at increasing women's political and public participation; prioritising gender equality programmes in state budgeting.

## 3. EQ 6: Democratic institutions

**EQ6:** To what extent, and how, has the EU assistance to Armenia contributed to strengthening democratic institutions, rule of law and reform of the judiciary?

### 3.1. Sector background

#### 3.1.1. National strategies and policies

##### *i. Justice*

**Poverty Reduction Strategy (PRSP) (2003-2008)** has underlined the importance of development of more efficient and accessible judicial system. Implementation of constitutional reforms was an integral part of Armenia's commitments for accession to the Council of Europe, which were aimed, inter alia, at the establishment of an independent and efficiently functioning judicial system in the country.

The **Sustainable Development Programme (SDP)** sets out the priorities for sustainable development in Armenia for the period **2008-2021**, with strategies for modernising the country's administration system and promoting good governance, among other things.

**Armenia Development Strategy 2014-2025** has put high importance on creation of local jobs and economic growth as key policy priorities for overcoming country's migration related issues. It identifies the education sector as a fundamental tool for the sustainable development of the country. The Strategy focuses also on reforms that together comprehensively address the key elements of the justice system: the judiciary, the criminal justice and penitentiary systems, administrative justice, civil justice, the efficient and effective functioning of the courts system, advocacy, prosecution, and various services to citizens. An overriding objective of the Strategy is to the trust of the population in the courts and the judiciary, while improving both the quality of and access to justice, particularly for vulnerable groups of the population.

**Government Programmes for 2008-2012, 2016 and 2017-2022** are another policy instrument that has clearly spelled out the main objectives of the GoA which focused at protecting human rights and freedoms more effectively, ensuring access to and effectiveness of the judicial system and attaining the goals of the justice system through innovative solutions in addition to advancing the education system that fully serves national interests including enhancing the quality, efficiency of and access to higher education as well as enhancing the quality of primary vocational and middle vocational education and ensuring the match with the Armenian labor market demands.

**The 2012-2016 Strategic Programme for Legal and Judicial Reforms** and the **corresponding action plan** which has been prolonged until the end of 2017<sup>121</sup> are the main guiding documents of Judicial Reform. The main objective of the ongoing program is to ensure a legal system and judiciary power in Armenia in line with the modern standards of a state with rule of law. It emphasises the following areas: (i) independent, transparent and accountable justice sector; (ii) efficient and accessible justice; (iii) revision of criminal code and alternative punishment systems; (iv) quality of services to the public; (v) penitentiary reform; (vi) increasing effectiveness of administrative justice and administrative punishments, (vii) increasing effectiveness of civil justice and perfection of civil legislation, and (viii) reforms in the advocacy system. The Strategic Programme for Legal and Judicial Reforms includes, inter alia, improving the selection procedure for judges and introducing objective criteria and procedures for the evaluation of their performance and promotion; enhancing self-governance of judges; revising the procedures and

<sup>121</sup> Decree NK-242-A of the President of the Republic of Armenia from 30.11.2016

grounds for invoking the disciplinary liability of a judge; developing a new Criminal Code and Criminal Procedure Code (CPC); enhancing the independence and accountability of the prosecution service, including through a review of procedures for appointments and disciplinary matters.

The next reform plan aimed at further improvement in justice area for 2018-2023 is being currently considered. The **draft 2018-2023 Strategy on Judicial and Legal Reforms in the Republic of Armenia and the Action Plan**<sup>122</sup> provides for new solutions or new methods of solution for the issues still existing in the sector. In general, it pursues the following targets: ensuring full independence of the judiciary, elimination of corrupt practices, effective application of the institute of disciplinary liability of judges, issues of heavy workload of courts, balancing of the number of judges, the number of their staff and the number of cases examined, full application of alternative means of dispute resolution, observing reasonable time limits of examination of cases, expanding accessibility of legal assistance and enhancement of the quality thereof, proportionate and fair application of detention as a measure of restraint, issues of juvenile justice, enhancing the effectiveness of the system of criminal punishments, and of restorative justice, issues of full introduction of electronic justice, raising the quality of services provided to citizens, raising the public confidence in the judiciary and other entities in the field of justice, as well as other issues existing in the system. Currently, the Draft Strategy for Judicial and Legal Reforms and Action Plan is undergoing revision and public consultations by the new Government of Armenia. In this context, the EU launched an enhanced EU-Armenia policy dialogue in the justice sector in September 2018. While Armenia continues to address issues related to human rights and fundamental freedoms, further work is necessary.

Armenia has done a lot in reforming its penitentiary system. The first step was transferring the penitentiary system from the Police to the Ministry of Justice, a process which was completed in 2003. The key laws adopted by Armenia, namely, **the Law on Keeping the Arrestees and Detainees (2002), the Law on Penitentiary Service (2003), and the Penitentiary Code (2004)**, provided for a solid basis for democratisation of Penitentiary. In 2015, the **state programme on reforms in penitentiary system for 2016-2018** was adopted together with the action plan for its implementation.

In June 2016, the **Law on Probation Service** entered into force and as of September 2016 the new Probation Service formally started functioning<sup>123</sup>. Its creation, among other goals, is expected to contribute to wider use of alternation methods and sanctions and decrease of overcrowding in prisons.

### 3.1.2. Anti-corruption in public administration

The Armenian commitment to reform the public administration (PAR) is enshrined in several sector strategies addressing different aspects of PAR, such as Civil Service Strategy and Action Plan (2016-2020), Open Government Plan (2014-2016)<sup>124</sup>, e-Governance Action Plan (2014-2018), Strategy of the Commission on Ethics of High-Ranking Officials (2016-2018), and Anti-Corruption Strategy and Action Plan (2015-2018).

**The Civil Service Strategy and Action Plan (2016-2020)** was adopted in December 2015 and was revised in January 2016. The strategy sets forth the necessity to modernise the civil service system in order to ensure the highest possible level of effectiveness and efficiency of the system, to develop further merit-based system in respect to recruitment and appointment, promotion, motivation, and to improve civil servants training system.

<sup>122</sup> [http://www.moj.am/storage/files/legal\\_acts/legal\\_acts\\_172042756181\\_Strategy\\_ENG\\_Final\\_1\\_.pdf](http://www.moj.am/storage/files/legal_acts/legal_acts_172042756181_Strategy_ENG_Final_1_.pdf)

<sup>123</sup> The 2016 legislation related to the introduction of probation (Law No.48-N "on probation", and Law No.49-N "on amendments and additions to the RA Criminal Code")

<sup>124</sup> <https://www.opengovpartnership.org/members/armenia/>

**The Open Government plans for the periods 2012-2013, 2014-2016 and 2016-2018**<sup>125</sup> present commitments of the GoA aimed at strengthening transparency, accountability and participation as a member of the Open Government Partnership. The Priorities of Open Government Action Plans were concentrated on the following areas: Ensuring Transparency and Accountability; Promotion of Public Participation; Strengthening Public Integrity; Promoting Access to Information<sup>126</sup>.

The **E-Governance Strategy and Action Plan for the period 2014-2018** were adopted in April 2014 and February 2015 respectively. The strategic framework requires creating an effective and efficient e-administration to allow citizens to access faster, cheaper and better services. During the recent years, the Government has implemented a number of activities aimed at improving service delivery via the introduction of relevant IT solution, such as business registration, vehicle registration, registration of civil status for citizens, judicial system management, etc.

Armenia adopted the **Anti-Corruption Strategy and its implementation Action Plan for 2015-2018** on 25 September 2015<sup>127</sup>. The Strategy is based on the Concept on the Fight against Corruption in the Public Administration System<sup>128</sup> and includes selected measures for prevention of corruption, criminalisation and law enforcement, with the focus on civil service and public administration reform, civil society engagement, transparency and accountability. In addition, it covers four specific sectors: health, tax, education and service delivery by police. Most of the activities are focused on overhauling the legislative and institutional framework for fighting corruption, conducting analysis of international good practices, drafting regulations and carrying out public consultation. Furthermore, a Strategy to enhance the capacity of the Ethics Commission is in place (2016-2018). While the government has declared the prevention and fighting corruption a key priority, the strategies and action plans will now need to be implemented. Furthermore, following the adoption of a new Constitution in 2016 and to increase citizens' trust in the elections' process, a new Electoral Code was adopted 1<sup>st</sup> June 2016 introducing new technologies in respect to voter registration and identification.

### 3.1.3. Elections

Armenia's **Electoral Code** was last changed in June 2016 as part of the referendum which approved the country's transfer to a parliamentary system of governance. The reform was worked on in a '4+4+4' format – which entailed four representatives from the authorities, four from the opposition and another four from civil society. The opposition put forward its demands, but the authorities only approved of changes deemed appropriate and reasonable. The current electoral code divides Armenia into 13 election districts, of which four are in Yerevan and nine in urban areas. The number of MPs in parliament must be no less than 101, and four may be representatives of national minorities. Every party participating in the elections must put forward two lists for every district – a proportional list and ranking list. This means that the voter chooses not only a specific political party, but also votes for specific individuals that are put forward in the party's list in a given territorial district. Thus, half the MPs enter parliament according to the proportional system and half by the ranking system.

### 3.1.4. Key issues faced

#### *i. Justice sector*

**Independence of judiciary:** The President of Armenia has unlimited discretionary power to reject nominations of judges. While the Official Lists for appointment and promotion of judges are compiled by the Council of Justice, the President has discretion to appoint judges and to promote judges. Moreover,

<sup>125</sup> Background information: The Republic of Armenia became a member of OGP in September 2011. Joining the initiative Republic of Armenia expressed its willingness to ensure transparency and accountability in the sphere of public governance and delivery of public services

<sup>126</sup> <https://ogp.am/en/plan/>

<sup>127</sup> Decision of the Government of Armenia 1141-N (2015)

<sup>128</sup> Adopted by the Government of Armenia in April 2014



if not selected by the President to be appointed or promoted, the judge is deemed rejected and drops out of the process. The Chairperson of the Cassation Court exercises unlimited control over every judge in Armenia; however, the Constitutional Reform has limited this control. The grounds for judicial dismissal are too broad and discretionary as well. In terms of the grounds for dismissal of the judges, it is problematic that the current Judicial Code provides that in addition to violation of working discipline, breach of ethical norms, judges may be subjected to disciplinary liability on the ground of an “obvious and grave violation of a provision of substantive or procedural law in the administration of justice which was committed maliciously or by gross negligence”. Another problem is inadequacy of budgetary allocations. In recent years, the GoA has significantly cut the volume of judicial pensions. The changes in the legislation are set so that pensions should be calculated not from the total payments received by the judges (which includes the rate of pay, years of experience, etc.), but from their rate only, despite the fact that the judges, when in office, had been paying the respective taxes from the total sum. The Armenian JC used to have a provision which prevented reduction of judge’s salary and supplements during the judge’s term of office, but this provision was abolished by amendments in 2013. In addition, the budgetary allocations to the judiciary are extremely low (less than 1% of total state budget including the legal aid), and do not reflect the increases in other spheres of governmental spending.

**Effectiveness of judiciary:** Workload of Armenian judges persists as an overarching problem affecting the quality of judicial decisions. The workload of judges is tremendous, since Armenia has currently 226 judges in total, i.e. around 6.7 judges per 100,000 inhabitants as compared to the European average of 21. The need of increasing the number of judges is acknowledged by the advocates, judges and prosecutors. Alternative dispute resolution (ADR) mechanisms was introduced in Armenia in 2006 and further diversified in 2015 to improve the access to justice are not effectively applied yet. The first step of creating an ADR system was taken in 2006 when the Law on Arbitration was adopted, in 2008 the Financial System Mediator Office (FSMO) was established with the mandate to solve the claims filed by the clients against the organisations, not exceeding AMD 10 million (approx. USD 20,000). As evident from data, the FSMO mechanism is working and there is a trend of increase of the number of complaints reviewed concerning financial organisations. However, the number of complaints not admitted but admissible for the FSMO review is quite high and stands on the level of 46%. To increase the diversity of the cases to be adjudicated in non-court proceedings, in 2015 the Mediation Institute was established which considers labour, family and other civil law disputes. As a result of a fair and competitive process organised by the Ministry of Justice, 54 people received the status of a certified mediator, and currently are included in the official registry of the Ministry, along with their contact data and bios. However, so far this institute has been underutilised, a problem which can be solved by developing it into a full-fledged, trusted, effective and accessible institution for alternative resolution disputes, including by: (1) training of the mediators; (2) transparency of entry exams for the mediators; and (3) independence of the mediators from the parties.

**Predictability and quality of judgments:** In Armenia, the judges are not trained how to write highly qualified judicial decisions that show why or how they have reached a particular opinion in the case. In most criminal and civil, and some administrative cases the judges just mention the evidence in the case, insert the provisions from the law and declare their decision without proper justification/substantiation on why that particular law was applied in that particular way to those particular facts. In terms of predictability, again more in criminal and civil, and less in administrative cases, the same judges vary drastically in their interpretations of the law with regards to the same facts. In addition, the judges do not have the properly remunerated and independent analysts/clerks, who would be able to study the jurisprudence for the judges, write briefs for the judges, etc. All this requires direct linkages between the judiciary and the legal educational institutions which should be able to send their best graduates to clerk for judges. Moreover, administration of justice should be monitored by public – both as an anti-corruption means, and as a tool to increase public awareness on judicial activities. All of that makes the justice highly unpredictable for Armenian society and businesses. According to the official statistics, each year around 60,000 of population leave Armenia. This is in line with the fact that 18,000 small and medium-sized companies

have been shut down in Armenia in 2014-2015 according to the National Union of Employers, and 13,500 – according to the official statistics<sup>129</sup>.

**Corruption in judiciary system:** Despite a number of reforms implemented, corruption in the judiciary has not decreased. The Ombudsman's 2013 Annual Report, based on the interviews with the lawyers, states that the bribe amounts to 10% of the cost of the lawsuit. The bribe amounts from USD 500 to 10,000 at courts of first instance, from USD 200 to 15,000 at the Court of Appeals, and from USD 10,000 to 50,000 at the Court of Cassation. There is no legal framework to effectively prevent conflicts of interests in judiciary and illicit enrichment. Uncertainty of the substantive law increases the risk of corruption in court judgments. The criminal penalties imposed by judges and application of other substantive (Criminal and Civil Law) highly depend on the discretion of the judge only. This inevitably creates lack of trust in judiciary, uncertainty in the justice system, and carries huge corruption risks. The substantive criminal and civil law need to be amended in a way to exclude corruption risks, which also make the judges the targets of undue pressure (for instance, the difference between the minimal and maximal terms of imprisonment of criminal sanctions should be narrowed, mandatory imposing of minimum or absolute penalties should be prescribed, as it is the case with the Spanish, French, German and other Criminal Codes). Random assignment of cases has been introduced to reduce corruption in the courts. However, there is a great possibility of external interferences to be made in the operation of the system. The judges who would like to hear particular cases might approach the Judicial Department, asking the people in charge of system operation to secure assignment of the particular case to them. The cases that are usually received in the court in the morning would not be assigned by this electronic assignment system sooner than at 8 p.m. of the same day, which allows or at least gives an opportunity for such manipulation. Moreover, this system is operational only in Yerevan, which completely leaves the discretion of the assignment to the chairpersons of the regional courts, whereas the majority of all criminal and civil cases are considered in the regions (58% of civil cases, and 64% of criminal cases).

**Penitentiary reform:** Armenia's 12 prisons are designed for 4,400 people, but they regularly hold 5,000 or more<sup>130</sup>. Space is so tight that inmates often have to sleep in shifts. Most prisoners in Armenia are held in ill-equipped Soviet-era facilities, where they sleep in bunk beds in large rooms of up to 70 square metres. After Armenia joined the Council of Europe, it closed prisons in Gyumri and Vanadzor which were renowned for their harsh conditions, and replaced them with newly-built institutions designed for 245 and 373 people, respectively. Overpopulation entails a lot of issues: convicts do not get full services, it affects the quality of both medical and social-psychological services<sup>131</sup>, security issues occur. On the other hand, the buildings and resources of the prisons lead to a situation when the correctional facility is not correcting a person. Armenian Penitentiary lacks an independent complaint mechanism, which essentially leads to a situation where the inmates' complaints raised against the prison officers are examined by the head of the prison, who is unwilling to punish his subordinates and prefers solving the problem on the spot, without his subordinates being punished. It also prevents effective review and investigation of corruption. Lack of control by the National Assembly over the penitentiary is another issue. Although the Head of Penitentiary has a status of the Deputy Minister of Justice, he or she is appointed and dismissed directly by the President, and in practice does not report neither to the Minister, nor to the Parliament. The system of early conditional release lacks transparency and predictability, since the inmates are precluded from directly applying to the courts. Another problematic aspect of Penitentiary is the situation of life prisoners. There are slightly more than 100 lifers in Armenia, out of which 97 are kept at Nubarashen prison in Yerevan, a facility highly deteriorated by all accounts.

**Probation:** The probation service covers only penitentiary and post-penitentiary stage and it does not help the judges in deciding on application of measures of pre-trial restraint alternative to detention. This is especially important since according to the Armenian tradition detained defendants will receive

<sup>129</sup> [http://arka.am/en/news/economy/about\\_18\\_000\\_small\\_and\\_medium\\_companies\\_shut\\_down\\_in\\_armenia/](http://arka.am/en/news/economy/about_18_000_small_and_medium_companies_shut_down_in_armenia/)

<sup>130</sup> <https://iwpr.net/global-voices/overcrowded-prisons-armenia>

<sup>131</sup> Note: One of the main issues in this field is improvement of material and technical conditions of medical units in penitentiary institutions. The scope of modernisation in the field shall also include capacity building of medical staff of penitentiary departments.

imprisonment once convicted (and they are convicted in 98% of all trials). Institutional independence of the probation officers is not also guaranteed to the full extent, as the Probation Service is a Department within the Ministry of Justice.

### *i. Corruption*

Armenia's legal system remains stagnant and unable to reform its judiciary, law enforcement, and compulsory enforcement sub-branches. During twenty-two years of independence, the legal system has failed to achieve any tangible results in tackling corruption. Bribery and patronage are two rampant forms of corruption within the legal system. telephone justice is used extensively by the executive branch to intervene and goes beyond the reach of public oversight. Moreover, officials in the judicial/legal system often use their positions for personal and/or clan interests. As noted in the TI report "...the Armenian judicial system as a whole is significantly influenced by the president of the country and other political and non-political actors"<sup>132</sup>.

The judiciary and law enforcement agencies tasked with the enforcement of judicial acts are largely Soviet holdovers both in form and content. Criminal court proceedings, similar to their Soviet prototypes, continue to function as a system serving the interests of the regime. The essential function of guaranteeing rights of Armenian citizens is mostly neglected. Consequently, courts do not exercise their duty of securing justice and have instead been turned into an accessory of the investigative-prosecutorial systems. The punitive system cooperates with the prosecutorial system; however, it only fights crimes that threaten their own existence. As a rule, these courts merely endorse the actions of the punitive system in the name of "justice". The system allows the investigator to assume the role of the court of the first instance, the prosecutor to assume the role of the appeals court, and the chief prosecutor to assume the role of the cassation court. The two structures on the accusing side the preliminary investigative body and the prosecution continue to control the judiciary. As in Soviet times, the prosecutor predetermines the conduct of the court, which results in neglect of basic legal principles, particularly the presumption of innocence and equality of sides before the court, and eventually violates the principle of pre-eminence of the judicial process over the pre-trial process. Preliminary investigative bodies were set up as a consequence of the recent round of reforms in the pre-investigative system. This has resulted in an increased risk of departmental corruption and further deepened the ineffectiveness of the judicial system. The courts remain an inseparable component of the executive branch of government subject to arbitrary intervention and pressure. The establishment of an independent and unbiased court system is impossible given these conditions. The interim function of the court system is reserved to the appeals court, making the system bloated and essentially superfluous. The cassation court has become a judicial elite cut off from real life interventions within the justice process in individual cases. The parameters of this intervention are unclear and severely discretionary, causing them to become ineffective. The extensive powers given to general jurisdictional courts significantly impact the quality of the case investigations and the effectiveness of justice. Given the lack of adequate judiciary expertise in Armenia, widespread arguments regarding verdicts and decisions are common. As a result, a greater workload is left for the higher courts. In its present form the Ministry of Justice reduces the effectiveness of governance, facilitates the entrenchment of corruption, and provides an additional tool for the executive branch for discretionary action and intervention in judicial matters.

According to surveys, the education sector is considered among the most corrupt sectors in Armenia<sup>133</sup>. Corruption in the education system is widespread in all domains, especially in general and higher education. While there have been attempts to improve the situation through reforms, these efforts have also resulted in the creation and exploitation of new loopholes. The Bologna Process the driver behind

<sup>132</sup> Transparency International Anti-Corruption Center, 2010a. "European Neighbourhood Policy: Monitoring Armenia's Anti-Corruption Commitments." [http://transparency.am/dbdata/enpti\\_armenia3.pdf](http://transparency.am/dbdata/enpti_armenia3.pdf)

<sup>133</sup> These surveys include: (1) 2010 Armenia Corruption Survey of Households; (2) OSCE: Student's perception on Corruption in Armenian Higher Education System, Yerevan 2010; (3) Government of the Republic of Armenia, "The Republic of Armenia Anti-Corruption Strategy and Its Implication Action Plan for 2009-2012"; Yerevan 2009; and (4) H. Aleksanyan, "Cases of Corruption and its Prevention in Armenia's Education System; Yerevan 2012."

Armenia’s educational reform, to which the country became a signatory of in 2005<sup>134</sup>—has become largely a smokescreen producing no tangible results. Regarding university education, the inter-nationally funded and accredited universities the American University of Armenia, the French University, the Armenian-Slavonic University, and the German University are somewhat immune from problems described in this section (to various degrees), but it is unclear how they are integrated into the overall system and whether or not they contribute to the education and human capital development in the country in the long run. Given the economic and human rights conditions in Armenia, the degrees received from these universities which are less expensive to receive than in the host countries may be seen as convenient launching pads for seeking job opportunities abroad.

### 3.2. International/donor interventions in sector

The reforms in justice sector over the period under review were supported by the EU, World Bank<sup>135</sup>, USAID, individual EU and non-EU countries (the Netherlands, Germany<sup>136</sup>, Sweden, Switzerland, Japan, etc.) via direct instruments or by supporting the efforts through CoE or UNDP or UNICEF<sup>137</sup>.

The EU has been assisting the GoA in judiciary reform, so that its justice is administered fairly and efficiently by independent courts established under the law in a transparent and adversarial manner, providing both the parties in the cases and the public in general with predictable and non-discriminatory application of the law and strengthening the legal system with integrity and reliability. Besides the EU, Norway and Germany have been active in this sector.

In general, the projects funded by the EU and Member States focused at: (i) increasing public awareness on European values in the sector; (ii) establishing of the Translation Centre of the Ministry of Justice; (iii) capacity building for different rule of law actors, including for Justice Academy; (iv) development of draft laws; (v) improving ethical and disciplinary rules and practice, (vi) enhancing compliance with European standards in the areas of selection, appointment, promotion, evaluation of judges and disciplinary measures; (vii) advisory support to the Constitutional Reform; and (viii) supporting Association of judges for publication of the legal journal.

At the same time, other donors (World Bank, Norway, OSCE<sup>138</sup>, CoE<sup>139</sup>, USAID<sup>140</sup> and the US INL) focused on (i) reform of ADR, (ii) reforms in civil justice, criminal justice and penitentiary; (iii) strengthening the accountability and independence of judiciary, and (iv) reform of the law-making process.

The support was provided mainly in the form of technical assistance (TA) and budget support (BS).

Table 15: Main donors in Armenia in the field of the Legal and Judicial Development, Anti-Corruption in public administration and free and fair elections (2010-2017)

Sub-sector	EU	DE	UK	NO	US	CoE	OSCE	WB
Independence of Judiciary	BS	TA		TA	TA	TA	G	
Penitentiary	BS	TA			TA	TA	G	

<sup>134</sup> Armenia signed the Bergen Communiqué of the Ministers of Education from the Bologna participating countries on May 19, 2005.

<sup>135</sup> Background information: The World Bank has provided extensive aid in judicial reform during 2007-2015, support to renovation of courthouses, consultancy on judicial governance (including information technologies management systems), legal information, raising public awareness of reforms, and alternative dispute resolution

<sup>136</sup> Background information: GIZ provided assistance in the field of administrative justice, penitentiary reforms and criminal justice, civil law and civil procedure law and a functional judiciary. The German Foundation for International Legal Cooperation is focused on notary law, penitentiary law and training of judiciary personnel.

<sup>137</sup> Background information: UNICEF supported reforms in the juvenile justice system in Armenia

<sup>138</sup> Background information: OSCE has supported court monitoring in criminal justice, and capacity building of judges, prosecutors, and advocates

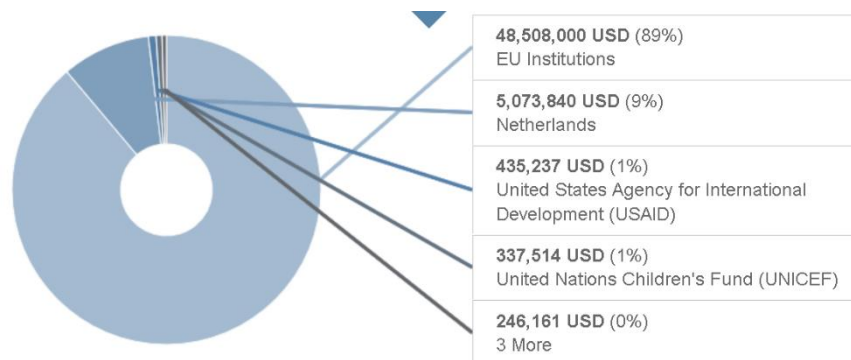
<sup>139</sup> Background information: The CoE is fostering human rights by supporting penitentiary reforms

<sup>140</sup> Background information: USAID focused on issues of judicial independence with on-going projects with the Association of Judges, as well as on supporting the Chamber of Advocates

Law Reform	BS	TA		TA	TA	TA		
Approximation and Translation	TA							
Free and Fair Elections	BS/TA	G	G		G		TA	
Anti-corruption	BS/TA	TA			G/TA			TA

In total, 66 projects on legal and judicial development were initiated during 2010-2017 in Armenia. As of end of 2017, 43 of these projects were completed. The biggest donors in the area of legal and judicial development was the EU institutions (50%) and the US (around 30%). Donor coordination is set to be realised by permanent coordination, led by the Ministry of Justice and with the participation of main national stakeholders, as proposed in the Justice Strategy for 2012-2016<sup>141</sup>.

Figure 4: Funding allocated to the Legal and Judicial Development during 2010-2017



Donor coordination is set to be realised by permanent coordination, led by the Ministry of Justice and with the participation of main national stakeholders, as proposed in the Justice Strategy for 2012-2016<sup>142</sup>.

### 3.3. Overview of EU interventions in sector

The EU commitment to democracy as a principle underpinning its external action is reflected in numerous policies, including: i) the November 2009 Council Conclusions on 'Democracy support in the EU's external relations', ii) the 2011 'Agenda for Change' guiding EU development cooperation, iii) the 2015-2019 Action Plan for Human Rights and Democracy, and iv) the new European Consensus on Development.

The *Strategy on Accelerating the reforms in the Republic of Armenia within the framework of the Eastern Partnership*, adopted by the President of Armenia in 2011, stresses the importance of enhancing the democratic structures and ensuring the rule of law as well as implementing reforms in the field of Justice, Liberty and Security (JLS). Furthermore, it emphasises the respect for human rights and fundamental freedoms. Same issues are underlined in the "White Paper on Republic of Armenia Reform Agenda within the EU Integration Context" from the Armenian Government, translating the Strategy in more concrete actions.

The Joint Staff Working Document on Eastern Partnership – Focusing on Key Priorities and Deliverables of 2016 developed to support the implementation of the priorities agreed in Riga recognises the necessity to enhance the implementation of judiciary reforms. In particular independence, impartiality, efficiency, and accountability of the judiciary are the core of the reform.

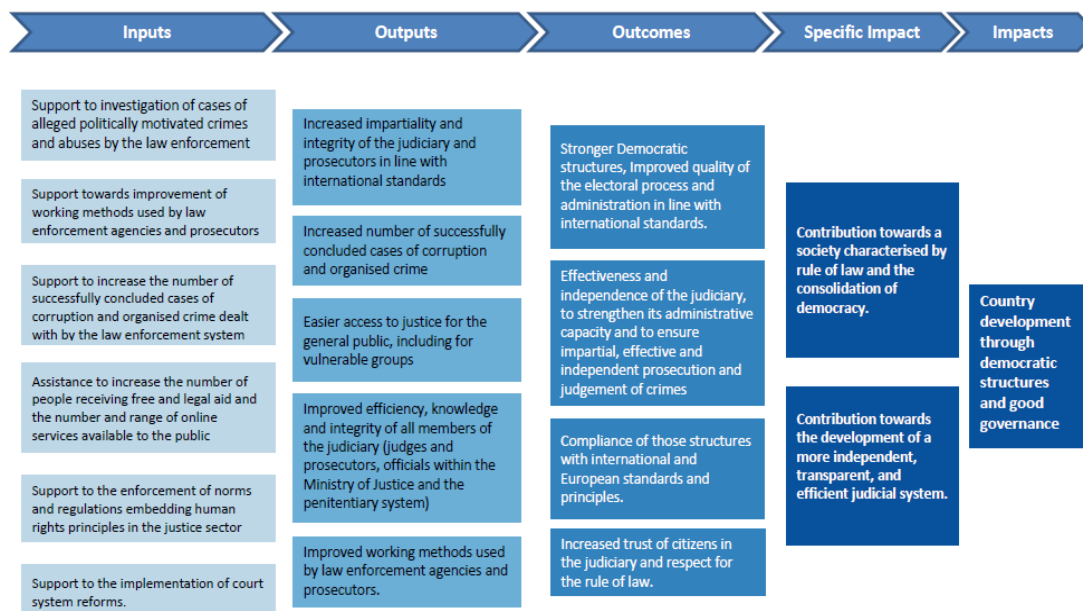
<sup>141</sup> Armenia SSF 2014-2017, p. 11

<sup>142</sup> Armenia SSF 2014-2017, p. 11



The EU has been supporting the judicial and legal reforms in Armenia since 2009. The main and long-standing objective of the EU support in Armenia has been to ensure a judicial system, which is fair, efficient, accountable to the public and protects the civil, economic and social rights of the people and their safety.

Figure 5: Intervention logic: Democratic institutions, rule of law and reform of the judiciary



The EU supported 36 interventions during 2010-2017 which were focused on legal and judicial development (see Appendix 2).

The following sample of the projects were taken by the ET for more in-depth analysis:

Table 16: List of projects focused on legal and judicial development during 2010-2017<sup>143</sup>

No	Project	Goal	Duration	Implementation period	Budget
1	Support to the implementation of the judicial reform in Armenia	To promote judicial independence, the effectiveness of legal proceedings and access to justice	12 months	May 2017- April 2018	N/A
2	Supporting the criminal justice reform and combating ill-treatment and impunity in Armenia	To strengthen the implementation of European Human Rights standards in Armenian the context of fight against torture, ill-treatment and impunity.	24 months	July 2015- December 2017	EUR 500,000
3	Strengthening the Independence, Professionalism and Accountability of the Justice System in Armenia	To strengthen the independence and professionalism of the Armenian justice system and facilitation of institutional and legislative reforms related to the Armenian judiciary in line with European standards	31 months	June 2014- December 2016	EUR 1,669 211

<sup>143</sup> [https://d-portal.org/ctrack.html?country=AM&sector\\_code=15130&year\\_min=2010&year=2010&year\\_max=2017&year=2017#view=list\\_activities](https://d-portal.org/ctrack.html?country=AM&sector_code=15130&year_min=2010&year=2010&year_max=2017&year=2017#view=list_activities)

4	Strengthening Integrity and Combatting Corruption in Higher Education in Armenia	To strengthen integrity and combatting corruption in higher education institutions by supporting effective implementation of the Armenian Government's Anti- Corruption Action Plan 2015-2018	36 months	January 2015- December 2017	EUR 588,000
5	Increasing civil society participation in national policy dialogue in Armenia	To strengthen and promote CSOs in building effective, accountable and transparent reform monitoring mechanisms through policy dialogue	36 months	January 2014 – January 2017	EUR 1,200,000
6	Support to Justice Reform in Armenia – Phase II	To contribute to the development of a more independent, transparent, accountable, accessible and efficient judicial system, in line with the "2012-2016 Strategic Programme for Legal and Judicial Reforms", including promoting an independent, transparent and accountable Justice Sector; efficient and accessible justice; revision of the criminal code and alternative punishment system, quality services to the public and penitentiary reform.	48 months	May 2014 – May 2018	EUR25,000,000 (Budget Support)
7	Multi-Faceted Anti-Corruption Promotion	To increase the role of CSOs in promoting anti-corruption reforms	37 months	December 2013 - January 2017	EUR 585,000
8	Approximation Process of EU Acquis and Policies on Judicial Cooperation and Capacity Building of the Translation Centre on Judicial Sector Terminologies and Methodologies	To develop appropriate structures for Judicial Reform within the MoJ for the effective implementation and enforcement related to the approximation of the EU acquis in the Justice Sector and to support the Translation Centre (TC) with modern translation methodologies and techniques	24 months	September 2012- September 2014	
9	Support for Access to Justice in Armenia	To assist with the reform of the justice sector in Armenia through institutional capacity-building, training of legal professionals and provision of legislative assistance.	27 months (additional 12 months of no cost extension)	October 2009 – December 2012	EUR 4,157 000

Overall, the EU allocated about EUR 50m for Legal and Judicial Development during 2010-2017 and only around EUR 31m were spent, i.e. the budget utilization rate stood at the level of 62%.

Figure 6: Budget for Legal and Judicial Development during 2010-2017 (planned vs actual)



Source: CRIS, 2018

### 3.4. Response to EQs by judgement criteria

**JC 6.1** There has been a positive change in functioning of key democratic institutions and procedures, including Judiciary and elections

Under justice sector reforms, the EU support contributing towards more publicly accountable, transparent and accessible justice system, reducing corruption risks, as well as improving legislation and strategy of the judicial system. However, whilst acknowledging the progress of the conducted reforms, there is still room for improvement as numerous problems remain unsolved including lack of hard evidence on justice sector reforms, appointment of judges<sup>144</sup>, poor quality of judgements, high workload of Armenian judges, absence of constant monitoring and evaluation within the judiciary.

Progress in the implementation of reforms in the justice sector under the sector budget support programme 2008 was being assessed in late 2010 as part of the conditionality matrix review mission for the disbursement of the first variable tranche. Nonetheless amongst the major achievements considered is the involvement of justice stakeholders in the reform, which resulted in a Presidential Ordinance approving a "Program of strategic measures of judiciary reforms 2009-11", and an action plan<sup>145</sup>. Important steps have already been taken in approving legislation which increase people's participation in the debate of laws and in approximating the code of conduct to EU standards including anticorruption measures. A new Judicial Code was adopted in February 2018, which strengthened the independence of judges and received a generally positive assessment from the Venice Commission. The application of the Judicial Reform Strategy 2012-2016 continued while a new Strategy 2018-2023 was drafted in 2017 with the aim of tackling further challenges, including consistent application of the law in court rulings, independence and integrity of the judiciary, as well as identifying alternative dispute-resolution mechanisms. Currently, the draft Strategy for 2018-2023 is being fine-tuned. In December 2017, it passed a short open consultation process online. A team of EU experts provided support to further shape the strategy and launch implementation of reform effort in this key area<sup>146</sup>.

Two positive amendments were made to Constitution in 2015: (1) chairpersons of the courts (including the Cassation Court) are precluded from the membership in the Supreme Council of Justice (SCJ), (which will replace the Council of Justice) and (2) the decisions of judicial dismissals shall be adopted by the

<sup>144</sup> Armenian authorities have not undertaken necessary measures to promote independence of the judiciary. Current legislation provides the President with significant discretion in selection of judges, while under the new Constitution, President appoints the judges of the Cassation, first instance and appellate courts upon the recommendation of the National Assembly and Supreme Judicial Council.

<sup>145</sup> ENI Progress Reports 2011 and 2014

<sup>146</sup> Report on EU-Armenia relations in the framework of the revised ENP, June 2018

SCJ, not by the President. The persisting problem, thus, is that the CCC still has a power to initiate disciplinary proceedings against judges.

Table 17: Key changes in the role of the President and the Parliament in the judiciary

Subject matter	Before the Constitutional reform of 2015	After the Constitutional reform of 2015
<i>Composition of the Council of Justice/SJC</i>	2 members of the Council of Justice (legal scholars) appointed by the President, 2 members (legal scholars) – by the Parliament, and up to nine judges elected by the General Assembly of Judges	5 members of the Supreme Judicial Council (out of 10) elected by the Parliament (special majority - 3/5 of votes of the total number of MPs)
<i>Appointment of judges and chairpersons of the courts of first instance</i>	judges and chairpersons of the courts of first instance and courts of appeal appointed by the President upon recommendation of the Council of Justice	judges and chairpersons of the courts of first instance and courts of appeal appointed by the President upon recommendation of the Supreme Judicial Council
<i>Appointment of judges of the Court of Cassation</i>	judges of the Court of Cassation appointed by the President upon recommendation of the Council of Justice	judges of the Court of Cassation appointed by the President upon recommendation of the Parliament. The Parliament shall elect the nominated candidate by at least three fifths of votes of the total number of MPs, from among the three candidates nominated by the Supreme Judicial Council for each seat of a judge
<i>Appointment of the chairpersons of the chambers of the Court of Cassation</i>	the chairpersons of the chambers of the Court of Cassation appointed by the President of the Republic upon recommendation of the Council of Justice	the chairpersons of the chambers of the Court of Cassation appointed by the President of the Republic upon recommendation of the Supreme Judicial Council
<i>Appointment/election of the Chairperson of the Court of Cassation</i>	the Chairperson of the Court of Cassation appointed by the President upon recommendation of the Council of Justice	the Chairperson of the Court of Cassation elected by majority of votes of the Parliament upon recommendation of the Supreme Judicial Council
<i>Termination of powers</i>	final decision taken by the President	final decision taken by the Supreme Judicial Council
<i>Lifting of immunity</i>	a judge may not be detained, involved as a defendant, or subjected to administrative liability by court procedure without the consent of the President of the Republic, given on the basis of a proposal by the Council of Justice	a judge may not be deprived of liberty, with respect to the exercise of his or her powers, without consent of the Supreme Judicial Council except where he or she has been caught at the time of or immediately after committing a criminal offence. In this case, deprivation of liberty may not last more than seventy-two hours

The new Judicial Code of the RA was adopted by the National Assembly on February 7, 2018. Under this code, solely one general jurisdiction court of first instance will function in capital city Yerevan. In addition, a bankruptcy court will be established in 2019. Also, the new Judicial Code specifies the rules of ethics, which a judicial self-governing body will confirm. Furthermore, the code states that if losing a case at the European Court of Human Rights (ECHR), proceedings may be launched against Armenia's judges.

The new constitutional amendments and the new Judicial Code of the RA aimed at their implementation have created a solid basis for the genuine independence of the judiciary. In particular it refers to the balanced composition of the institutional guarantor of the independence of the judiciary such as Supreme Judicial Council, the rotation of the chairmen from non-judges and judges. These regulations are serious

guarantees for the independence of this body itself which in its turn will lead to proper realization of the constitutional mission of this body.

Systems of random case allocation protect judges from arbitrary case assignment decisions that can serve to reward or punish them<sup>147</sup>. Such systems reassure that cases are heard by an impartial arbiter. In the new Judicial Code, provisions have been made for the distribution of cases based on random selection conducted automatically.

With regard to the powers of the Supreme Judicial Council, enshrined in the RA Constitution, it is fully consistent with the status of the guarantor of the independence of the judiciary. However, the provisions of the Judicial Code related to the jurisdiction of the Supreme Judicial Council are problematic, since in many cases they are not directly related to the constitutional function of this body to guarantee the independence of the judiciary, and they are mainly aimed to provide proper management of court system.

Besides, new regulations of appointment of judges, particularly those providing certain liabilities of the RA National Assembly will make the process more transparent and help to fill the judicial system with professional judges who have been elected as a result of the public discussion process<sup>148</sup>.

Public perceptions that Armenia's justice system is flawed are pervasive. In the 2017 annual nationwide survey by the Caucasus Research Resource Centre, a non-profit independent research organisation, only four percent of respondents fully trusted the courts and 30% fully distrusted them.

Armenia has the highest rate of mortality in prisons among all European countries, say the results of the Council of Europe annual statistical study of the European countries' penitentiary systems. The report, issued on March 14, is based on data of 2015 from the prison authorities of the Council of Europe member states. In detail, there are 95.5 deaths per 10,000 prisoners in Armenia, while the average for Europe makes only 27.3 deaths. Moreover, the report says that 38 deaths were recorded in 2014 in Armenian penitentiary institutions, including four suicides. This index is also high as compared to other countries – the suicide rate in Armenia made 10.1 cases per 10,000 prisoners, while the average in Europe is six cases. This shows that the situation in the Armenian prisons is deplorable and the safety of prisoners is not secured well. The same situation can be observed in the Armenian army. Another noteworthy milestone is that there were 3,900 prisoners including six minors in Armenia in 2015, and this constitutes approximately 130 inmates per 100,000 population. For comparison, the average for Europe is 116 prisoners. In general, the number of inmates per 100,000 population in Armenia has increased by about 48 percent since 2005. Thus, Armenia has been among the leading countries in terms of detention during 2005-2015. The top four countries in the report in terms of imprisonment level are Turkey (191 percent), Albania (90), San Marino (79) and Macedonia (61). As for the total number of prisoners in Armenia, it has increased by 38 percent from 2,800 inmates in 2005 to 3,900 in 2015.

On June 6, 2016, the first Armenian Law on Probation and Probation Service has entered into force. This is an important milestone towards the humanization of criminal justice system in Armenia. The principles of sanctioning system in Armenia has remained almost unchanged throughout the past 25 years and has been criticized both by the international human rights bodies and domestic civil society groups on its methods and the outcome of its work. The alternatives to the current criminal justice culture which would promote reintegration of offenders and better implementation of victims' interests are in urgent need in Armenia.

The establishment of a completely new Probation Service in Armenia is seen by many as such an alternative and is focused on the empowerment of victims and development of a more individualized treatment for each offender through reintegration programs and case-by-case approach. In addition to the instruments aimed at the work with offender and his/her better reintegration into society, the law

<sup>147</sup> GRECO (2017), "Corruption prevention – Members of parliament, judges and prosecutors – Conclusions and trends" (<https://rm.coe.int/greco-fourth-evaluation-round-conclusions-and-trends/16807b8ae8>)

<sup>148</sup> Venice Commission Opinion No. 893/2017 on the draft judicial code of Armenia, CDL-AD (2017)019, 9 October 2017, paragraph 53



incorporated provisions on the victim-offender mediation, which is, indeed, the cornerstone of the concept of restorative justice. International restorative justice developments and especially the emergence of victim-offender reconciliation programs in Canada, USA and Europe inspired the same movement in Armenia.

The first draft law on the future Probation Service did not envisage the institute of mediation and only briefly touched upon the importance of reconciliation between victim and offender. In the final version of the draft the lawmakers, nevertheless, took the risk of introduction of the mediation schemes. This was done despite the absence of corresponding infrastructure and a roster of experienced mediators in Armenia. Unfortunately, there have been no evaluated pilot projects on the victim-offender mediation implemented before the adoption of the law. Concerns may also be raised about the fact that according to the Law on Probation mediation services will not be provided by an independent private or public service, but by the mediators appointed by the Head of Probation Service from his/her own staff.

The reforms to the free legal aid system with the establishment of the Public Defender's Office under the Chamber of Advocates was an important achievement which can have strong impact for the access to justice and for the human rights situation in the future. The limited resources available to the system up to now would tend to limit the overall impact.

In overall, in the area of good governance, rule of law and democracy Armenia has implemented a number of reforms. Nonetheless, Armenia ranked 101 out of 138 countries in judicial independence Global Competitiveness Report 2016-2017 and dropped from 37 in 2010 to 50 in 2017 percentile rank in Worldwide Governance Indicator on Rule of Law<sup>149</sup>.

Despite a number of reforms implemented in recent years, corruption in the judiciary has not decreased. According to the 2017 Caucasus Barometer only 16% of people said that they trust the courts, whereas 54% said they distrust the judiciary<sup>150</sup>. There is a trend of increasing of distrust towards judiciary if compare with 2010<sup>151</sup>.

On December 15, 2016, NA adopted the legislative initiative on criminalizing illicit enrichment. The new article of the RA Criminal Code provides definition for the criminal offence of illicit enrichment and foresees three to six years of imprisonment to those officials who fail to provide reasonable justification to increase in their assets or reduction in liabilities significantly exceeding their legal revenues. The new Electoral Code, which entered into force on June 1, 2016, states that the OAS exercises control over the payments made to the pre-election funds, expenditures, as well as instant supervision over the financial activities of political parties; the institutional status of the OAS, however, is not entirely in line with the ODIHR's recommendations and needs to be clarified. Its effective application will also need further capacity building.

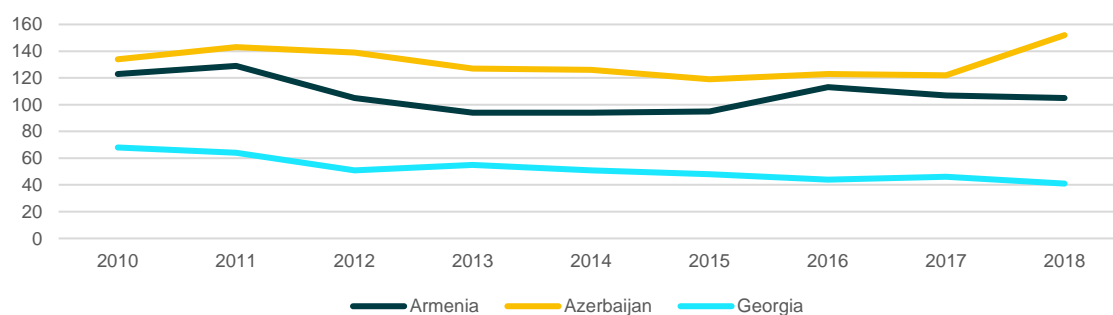
Armenia's has slightly improved its position in an annual survey of corruption perceptions around the world conducted by Transparency International. Still, it ranked, together with Macedonia, Ethiopia and Vietnam, only 107th out of 180 countries. By comparison, neighbouring Georgia is 45th while Azerbaijan 122nd in the rankings based on interviews with businesspeople and experts. Armenia was also rated less corrupt than Russia (135th), Ukraine (130th), Moldova (122nd) and all five ex-Soviet republics in Central Asia. Armenia occupied 123rd place in the 2010 CPI that that covered 178 nations.

<sup>149</sup> <http://info.worldbank.org/governance/wgi/#reports>

<sup>150</sup> <https://caucasusbarometer.org/en/cb2017am/TRUCRTS/>

<sup>151</sup> Background information: According to the 2010 Caucasus Barometer only 17% of people said that they trust the courts, whereas 44% said they distrust the judiciary

Figure 7: Corruption Perception Index in South Caucasus (2010-2018)



Source: <https://www.transparency.org>

The Transparency International's Global Corruption Barometer (2016) showed that Armenians rate anti-corruption efforts of the Government, poorly: 65% of the respondents consider the steps taken by the Government against corruption as bad or fairly bad, and only 14% of the respondents assess these measures fairly well or very well. 37% of Armenian respondents agreed that corruption is among the three most important problems facing Armenia. Among the institutions perceived as most corrupt are the Governmental institutions (45%), the President and his staff (44%) and tax officials (43%). Citizens of Armenia were pessimistic about their role in fighting corruption<sup>152</sup>.

In the Nations in Transit survey by Freedom House, in 2018 Armenia scored 5.43 out of 7(1 most democratic and 7 least democratic). This rating is the lowest for Armenia since 2011. According to the Freedom House this decline is as a result of "solidification of systemic corruption as a consequence of the HHK's [ruling Republican Party of Armenia] consolidation of executive, legislative, and judicial power, and due to accumulated evidence of government unwillingness to root out high-level abuse of office"<sup>153</sup>. On the World Bank's Worldwide Governance Indicators (2016) Armenia's score of 'control of corruption' is 33, (0 the lowest and 100 the highest) a marginal improvement by 3 points compared to 2006<sup>154</sup>.

**JC 6.2** The priorities of the EU programmes meet issues identified in independent (i.e. non-EU) analyses of the judicial system

Action documents for each of the interventions include analyses of national development policy and sector context. Reference is made to the Sustainable Development Programme (SDP), which sets out the priorities for sustainable development for the period 2008-2021, with strategies for modernising the country's administration system and promoting good governance. The political commitment required to undertake the strategic steps, together with signs of progress, were observed.

The 2011 *Strategy on accelerating the reforms in the Republic of Armenia within the framework of the EU Eastern Partnership* stressed the importance of enhancing democratic structures and the RoL, including reform in Justice, Liberty and Security (JLS), as well as respect for human rights and fundamental freedoms. These issues are underlined in the government's *White Paper on Republic of Armenia Reform Agenda within the EU Integration Context*, which translated the Strategy into concrete action. The 2009 *Anti-corruption Strategy of Armenia and Action Plan 2009 – 2012* followed the main recommendations of the OECD and Group of States against Corruption.

<sup>152</sup> <https://transparency.am/en/gcb>

<sup>153</sup> <https://freedomhouse.org/report/nit-2018-table-country-scores>

<sup>154</sup> <https://databank.worldbank.org/source/worldwide-governance-indicators>

The first comprehensive justice reform strategy was the *Strategic Action Programme for Judicial Reforms 2009-2012*, which was followed by the *Strategy of Judicial and Legal Reforms for 2012-2016 and its Action Plan*. The Strategy, developed with EU support, was linked to the aims of the SDP, and structured around nine pillars: justice sector coordination, penitentiary reform, criminal justice, civil justice, administrative justice, functional judiciary, prosecution, advocacy, and services to citizens. It is observed that each of the actions under consideration integrated all of these strategic pillars.

There is recent evidence of participatory processes in the development of RoL programmes, for example in 2016 a Joint Analysis, based on the 2014-2025 Armenian Development Strategy (ADS), was endorsed by EU MS in Armenia as the result of extensive consultations with MS and Switzerland, CSOs and stakeholders, including the private sector. The analysis was positively received by the government and donor community and is now the cornerstone of EU's bilateral support to Armenia.

The *Strategy of Judicial and Legal Reforms for 2012-2016 and its Action Plan*, referred to above, and which was developed with EU support, was drafted through an inclusive approach involving all relevant stakeholders, including the Ministry of Justice, the judiciary, the prosecution, police, lawyers, civil society representatives, and donors. This was then directly linked to the design of subsequent EU-supported programmes.

Programming documents stressed that efforts were to be made to support civil society capacities and engagement in the development, implementation and monitoring of national sector strategies, including through participation in policy dialogues and service delivery schemes; hence consultative approaches were clearly a cornerstone of the EU support to the sector. It is noted that several on-going projects promote structured dialogue between CSOs, local authorities, government and EU institutions, and 25 on-going projects have as their objective the inclusion of CSOs and local authorities in national policymaking.

Progress documents underscore that the EU embedded the key principles of development effectiveness in the design and implementation of support to the country. Country ownership was sought by engaging with the government at the programming stage of EU actions, based on the country and sector strategies, and on joint analyses of the EU and MS. The coordination between EU and the Government of Armenia, and related on-going policy dialogue, have both helped to increase the transparency and accountability of EU's interventions.

The degree of ownership in the implementation of projects was observed by stakeholders consulted to be variable, however the participatory processes noted above, particularly in the development of the Strategy, would have themselves increased the degree of ownership by each of the institutions and other stakeholders consulted.

In the second Budget Support, the EU introduced a requirement that all legislative acts represented in the conditionality matrix were to be first discussed with CSOs, which centred the support on qualitative performance, and embedded participatory processes at all stages of implementation.

Specific sector needs were not directly assessed by the programming documents, and hence the responsiveness of EU interventions could not be directly analysed. Generally speaking, given the support provided by the EU to the Strategy referred to above, and that this in and of itself responded to needs that were clearly articulated by a broad range of stakeholders, it is considered that these elements were adequately taken into account in the design of EU support.

Since the 2018 "Velvet Revolution", renewed justice dialogue has been launched to support the ongoing review of the Strategy for Judicial and Legal Reforms and Action Plan and comprehensive reforms in this area, with a focus on the complementarity of EU support to the current programme of legislative and institutional reform. The EUD observed that there exists strong political will in the wake of the Revolution, and a desire on the part of government to lead on policy reform, with EU providing the means to implement this policy for instance with further assessment through a functional review of the justice system and in

view of a future SRPC in this area depending on the needs and priorities of the Armenian counterparts. A roadmap is currently being developed with the Ministry of Justice.

**JC 6.3** Sample EU programmes have identifiable results which can show a clear link to overall change in the judicial system

Due to the EU support, Armenia now has in place a comprehensive and well-defined Judicial Reform Strategy, resulting from a wide consultation, with clearly stated deadlines, and benchmark to control its achievements. The strategy is effectively addressing the main shortcomings, has realistic timelines, has a logical sequencing of actions, has responsible bodies that are clearly defined, and a monitoring mechanism in place allowing for a mid-term review and leading to appropriate corrective actions when needed. Nonetheless, the main bottleneck which still remains is that the Armenian Judiciary is too small to be fully functional: it is underfunded and understaffed. It has very few judges, not enough well-trained court clerks, an architecture that is too elementary -either regarding Judicial geography, either regarding the structure of jurisdictions - and it is clogged by an excessive backlog mainly generated by small claims.

The EU has provided strategic, sustained, and wide-ranging support to improving the skills and procedures of RoL entities. The Support to Justice Reform aimed to provide a comprehensive strategy for implementation of judicial reform and proper PFM system in the justice sector, and the Consolidation of the Justice System programme targets the better governance of the judiciary through improved budgeting, management practices, and institutional structure.

The **2008 Support to Justice Reform programme** targeted Armenia's accession to several international agreements in the field of justice law and security, and to support the development, adaptation or amendment of laws in line with international standards. The **Sector Policy Support Programme** intended to help improve mechanisms to nominate, evaluate promote and discipline judges, including through amendments to the Judicial Code; to increase the transparency and role of the Ethics and Disciplinary Commission; and to increase the accountability and transparency of the justice sector through the publication of relevant statistical indicators, digitalisation of court archives and random assignment of cases.

Moreover, the **2008 Support to Justice Reform programme** sought to streamline the implementation of laws via establishment of a permanent training system/ scheme; to optimise the penitentiary system, including legal framework adjustment, structural optimization and implementation; and to strengthen cooperation and exchange with relevant authorities in EU. The **Support the Access to Justice in Armenia Project** assisted the reform of the justice sector in Armenia through institutional capacity-building, training of legal professionals and provision of legislative assistance. As a result, a School of Advocates was established in September 2012. The School provides relevant training to 120 advocates and advocate candidates per year. The Manual for the entrance exam at the School of Advocates has been compiled in line with European best practices based on the Human Rights Programme for Legal Professionals (HELP Programme). The 2012 Justice Reforms Programme (Component 1) provided support to the Justice Academy and the School of Advocates, thereby contributing to better-trained judges, prosecutors and advocates. The Justice Academy is now equipped with a quality human rights curriculum for investigators that became an integral part of its training programme in criminal justice<sup>155</sup>. Based on the new curriculum, 22 specialised instructors were trained as trainers to teach effective investigation techniques against ill-treatment to peers, ensuring, therefore, sustainability. As from 2016 investigators have been benefiting from a systemic human rights training thanks to the significantly higher capacity of the Academy in providing quality training in criminal justice. In addition, TA was to be used to build the capacity of relevant civil society organisations in evaluating and monitoring the budget support conditions (i.e. through the Increasing civil society participation in national policy dialogue in Armenia

<sup>155</sup> The curriculum is composed of five comprehensive modules with manuals developed, respectively on: (1) general criminal investigative methodology, (2) investigations of alleged torture and ill-treatment, (3) investigations involving vulnerable victims/witnesses and suspects, (4) investigation of cases pertaining to pre-trial detention and (5) admissibility of evidence in criminal proceedings.

project (2014-2017). The **Sector Policy Support Programme** also provided support to the Justice Academy and School of Advocates. Support was provided to the establishment of a Chair for EU and International Law, and EU Centre, at the State Law School. In the TAIEX Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia Report (2017) it was mentioned that the Academy of Justice is well established and obviously well-functioning. Its academic personnel as well as the staff are dedicated to their tasks. No undue political influence could be noticed and remarkably even representatives of NGOs agreed to that finding.

The EU has consistently supported and encouraged the fight against corruption in Armenia through provision of funding support. In the fight against corruption, in the framework of the **Strengthening the Independence, Professionalism and Accountability of the Justice System in Armenia Project (2014-2016)**, the steps were taken to improve the judicial accountability system and procedures, as the Code of Conduct of Judges has been revised, the By-laws of newly established Ethics and Disciplinary Committee and the By-laws of the Judicial Evaluation Committee have been drafted and adopted. Judicial Code and the By-laws of the Ethics and Disciplinary Committee were amended to allow judges to submit written requests to the Ethics and Disciplinary Committee for the provision of individual consultations on the application of ethical rules. A Court Users' Satisfaction Survey was conducted in Armenia for the first time in all courts of all instances by using the methodology of the European Commission for the Efficiency of Justice (CEPEJ). Recommendations on the reduction of the workload of judges, the case management procedure and the system of judicial accountability resulting from the survey were included in the draft Strategy and Action Plan for Legal and Judicial Reforms for 2018-2023 by the Ministry of Justice (MoJ). The adoption of these recommendations in the new draft Strategy and related Action Plan laid a good foundation for improving access to justice.

**JC 6.4** Achieved changes in the judicial system resulting from EU interventions remain in place and are likely to remain over the coming years

The EU has made tangible contributions to strengthening the rule of law and improving access to justice. This was mainly achieved through capacity building, TA and budget support that made it possible for the EU to develop a long-term strategic plan of sector engagement. Overall, the reforms in the justice sector in Armenia recorded initial significant progress in the areas of penitentiary and probation legislation, however, are still not demonstrated through budgeting and implementation<sup>156</sup>. EU support to justice sector reforms has improved compliance with international standards and conventions. However, difficulties have been experienced in effecting positive changes for the end users of the criminal justice sector.

The EU invested considerable amounts in infrastructure, for example, the reconstruction of courts through the budget support programmes; however, the contribution in qualitative terms to RoL principles of such projects is considered to have been minimal. Nevertheless, significant contributions were made relative to information and equipment, which was desperately needed. There has been progress with respect to conditions of detention as a result of the construction of accommodations at Armavir prison in the framework of the EU budget support programme, which has significantly reduced overcrowding. At the same time, the Review of the Sector Support Programme for "Support to Justice Reform in Armenia 'Phase II'" Project found out that while there has been progress with respect to the physical conditions of inmates as a result of the construction of Armavir, including through the reduced pressure from overcrowding in other older prisons, it cannot be verified that at least 1,200 inmates are living under such improved conditions, there still being less than 600 held in Armavir itself (despite a capacity of over 1,200). With respect to the requirement to adopt a penitentiary reform action plan detailing the way improvements achieved in the pilot prison, would be rolled out across other prisons, there was no credible action plan: what was produced was overgeneralised and characterised by lack of sequencing and unrealistic timeframes and budget estimates. In 2017, the Human Rights Defender published an Ad-hoc Report on

<sup>156</sup> Development Partners' Joint Analysis of the situation in Armenia, May 2018, p.133



Ensuring the Right to Healthcare for Persons Deprived of their Liberty in Penitentiary Institutions. According to the report, in the course of the years some positive dynamics is noticeable regarding the provision of healthcare services to the persons deprived of liberty, however, at the same time it is acknowledged that improvement of prison healthcare services requires systematic approaches. According to the PMG and other human rights activists, LGBTI individuals experienced the worst prison conditions. They were frequent targets for discrimination, violence, and sexual abuse, and were forced by other inmates to perform degrading labour. Prisons did not have ombudsmen, and prisoners lacked effective mechanisms to report problems with their confinement. Authorities did not always permit prisoners and detainees to submit uncensored appeals to authorities concerning credible allegations of inhuman conditions<sup>157</sup>.

The reform impetus from the EU has also been evident in the judiciary system, and in the areas of equal opportunities and non-discrimination. However public distrust in the system's integrity remained high. According to the Freedom House, Armenia's score in 2016 for judicial framework and independence was 5.50 out of 7, where 7 stands for the lowest level of democratic progress. GRECO assessed the independence of the judiciary –from external and internal actors – as unsatisfactory<sup>158</sup>. As evident from 2017 Court Users' Satisfaction Survey<sup>159</sup>, in general, **court users are satisfied with the overall functioning of courts and with the costs for accessing justice**. However, topics worth particular attention are: the trust in the justice system (with a particularly low score for courts of appeal and Court of Cassation grading on average 2.8 on a scale from 0 to 6) and the speed of dealing with cases (with a particularly low average score of 2.5 for Yerevan first instance courts and 3.6 in Marzes). Analysis shows positive assessment of court users' perception of physical accessibility and premises of the courts. However, there are several courthouses in Marzes, which lack minimum physical conditions for the administration of justice. Another area of serious concern is the access to the courts for persons with disabilities. Furthermore, court users seem to be quite satisfied by the punctuality of the hearings and the politeness of the non-judge personnel, as well as by organizational elements of the functioning of courts. Nevertheless, the independence of judges emerged with a comparatively low satisfaction level especially in the capital city with score 4.1. In particular, the respondents, who were victims in criminal cases examined by the first instance courts of general jurisdiction of Yerevan, in many cases were not satisfied with the independence and impartiality of judges conducting oral proceedings (average score 2.4), considering independence of judges as right of judge or something that is for the benefit of judges. The accessibility and costs of information provided by the courts as well as means of communication are satisfactory for court users' perception. **Prosecutors score** is rather low, compared to all other categories involved in the court service provision (scored 2.4 for professionalism, 2.8 for attitude and politeness). As a general rule, court users seem to be satisfied by **advocates and public defenders** that represented them during the court proceedings even if the question regarding the fees to be the least satisfying question for them.

The 2015 *Law on Making Changes and Amendments to the RA Law on Commercial Arbitration* brought Armenia into line with UN Commission on Trade Law (UNCITRAL) standards and extended the application of arbitration to disputes of a non-commercial nature. Amendments facilitating access to justice were also introduced into other legislation, including the Civil Code, the Civil Procedure Code, the Family Code, the Labour Code, the Law on Protection of the Rights of Consumers, and the Law on Compulsory Enforcement of Judicial Acts. For example, the 2015 "Mediation Package" amended the Civil Procedure Code, the Judicial Code, the Civil Code, the Family Code, and the Law on State Duties to introduce the institution of mediation. These initiatives have been accompanied by training to ensure their effective implementation. On the whole, the establishment of the arbitration and mediation system can have strong impact on the economic agents and individuals as these systems can speed up commercial

<sup>157</sup> United States Department of State, *2016 Country Reports on Human Rights Practices - Armenia*, 3 March 2017

<sup>158</sup> Monitoring report on implementation of ENP in Armenia in 2015-2017, Open-Society Foundation, October 2017

<sup>159</sup> Analysis of the Results of Court Users' Satisfaction Survey of all Courts of all Instances of Armenia, retrieved from <https://www.coe.int/en/web/cdcj/-/analysis-of-the-results-of-court-users-satisfaction-survey-of-all-courts-of-all-instances-of-armenia>

conflict resolution and can lower costs. The number of cases handled by the arbitration court has gone up from 0 to over 8,000 from 2010 to 2018.

The EU contributed significantly to the changes related to the legal aid system under the 2012 Support to Justice Reform II through increased funding for free legal aid, provision of necessary improved physical resources to the Public Defenders' Office to provide legal aid coverage across the country, and specialised compulsory training to Public Defenders to ensure the quality of the legal services provided.

There is an impressive development and prospective impact. With an increase in staff from only 32 to 54 public defenders the number of criminal cases supported has almost doubled and the number of civil and administrative cases has 7 gone up from close to zero to 7,000. The public defenders point to severe overload and need for additional resources. 2018 CEPEJ Report says 'Armenia has 61.9 lawyers per 100,000 inhabitants. It is more than twice lower than the European average of 162 lawyers. The indicator is highest in Cyprus – 425 lawyers. Armenia's budget of legal aid per capita (0.25 EUR) is among the lowest among the Council of Europe states. The European average here is 6.96 EUR per capita<sup>160</sup>. That is why, since 2014, without waiting for Government funding, Public Defender's Office started hiring additional public defenders on the contractual per hour basis at the expense of Chamber of Advocates budget. As for 2018, there were 31 licensed advocates contracted for provision of public defence services to lessen the number of cases accumulated year by year. This achievement is an important contribution to access to justice for the poor and there is need for further State resources in this area.

Evaluation interviews also indicated that EU observed that judicial institutions (judiciary, prosecutors, lawyers) in the early stages of EU cooperation refused to cooperate with each other. Subsequent EU initiatives contributed significantly to these institutions finding common areas of concern and provided the environment necessary to finding collective solutions. An early justice strategy was developed collaboratively in the early 2000s, an initiative which constituted the cornerstone of subsequent EU support.

Nonetheless, all in all, the impact of assistance in the field of **Criminal Justice** is mixed. The statistics from first instance courts and from the criminal appeals court shows that while the number of cases received has slightly decreased, the backlog has doubled to 1,800 Cases in the first instance courts. Similarly, the number of appeals has increased with 80% in the period 2012 to 18 and the backlog in the appeals court has more than quadrupled in the same period. Altogether a picture of a criminal court system is that to an increasing degree it is not able to handle the number of cases and appeals. On the other hand, the improvements related to parole and probation combined with recent improved practice limiting the pre-trial detention system has had high positive impacts. The data show a clear impact of the establishment of the probation service with a simultaneous decrease of the prison population to less than half of pre reform levels at the same time as the number of persons on probation has nearly doubled. The issue is whether the probation services with the marginal financing they receive and the tiny staffing the service has will be able to sustain these gains with a little over 100 staff keeping check on 5,500 probationers.

Impact on **Civil and Administrative Justice** has been marginal and in fact the development in both areas is negative. The statistics shows that in first instance courts the number of civil cases has tripled and administrative cases have doubled. The backlog has increased 4 times in the civil courts to 45,000 cases and in administrative cases the backlog has increased with 20%. Civil appeal courts have managed to handle a substantially increased number of cases, while the administrative appeals court backlog has multiplied 10 times to 2,800 cases. The data provide clear evidence that the backlogs have increased, and that the system is not able to efficiently handle the number of cases received and appealed. There

<sup>160</sup> <https://rm.coe.int/armenia/16808d0248>

would though seem to have been increasing efficiency in the sense that the system is trying hard to manage increasing number of cases.

Moreover, according to the 2018 CEPEJ report, Armenia is among the countries with the lowest public budget allocated to judicial system per capita in 2016 – 8.4 EUR. It is almost eight times lower than the average 64.5 EUR and 25 times lower than the maximum indicator (Switzerland with 214.8 EUR per capita). Armenia also sits among the countries with the lowest number of professional judges per 100,000 inhabitants (7.7 judges), while the average European indicator here is 21<sup>161</sup>. During evaluation interviews, it was also highlighted to the ET that the budget allocated for functioning of the judicial system in practice was almost always 13-20 % less than requested.

TAIEX Peer Review on Reforms in Judiciary, Penitentiary and Prevention of Torture and Ill-Treatment in Armenia Report (2017) says that 'The Armenian judiciary is too small to be fully functional: it is underfunded and understaffed. It has very few judges, not enough well-trained court clerks, an architecture that is too elementary - either regarding Judicial geography, either regarding the structure of jurisdictions - and it is clogged by an excessive backlog mainly generated by small claims... All courts and jurisdictions generate backlog and are not able to cope with a growing number of incoming cases. The Judiciary appears not to have much prestige and credibility, and corruption appears to be a relevant issue, although judges seem to be decently paid. Digital Audio Recording in court sessions is widely implemented, but its effects on the transparency of Court operations appear to have been overestimated. IT tools are of surprising good quality, domestic-made, and they promise further applications. Case-flow management system CAST is a multi-functional facility that records cases, stores files, helps make jurisprudence searchable thus fostering case-law coherence. Statistics, however, need to be improved and reported according to CEPEJ standards'.

The Anti-Corruption Network (ACN) monitoring team in its 2018 report stated 'the judicial reform included a number of positive developments. However, involvement of political bodies or officials in making important decisions regarding the judiciary remains high. Moreover, implementation of the judicial reform is at quite an early stage<sup>162</sup>'.

**JC 6.5** Selected sample interventions delivered institutional change in proportion to their cost, and were delivered on time

There were cases of delays and timely progress finalisation of projects. Factors that negatively influenced project implementation were the length of reform processes, administrative bottlenecks, and political volatility. In addition to that, the major difficulty which caused delays related to the significant coordination efforts required by most projects, since they often involved several ministries and other stakeholders. For example, the project 'Support to Access to Justice', faced difficulties from the start caused by both internal (problems of on-site management and poor communication with the partners, slow decision-making) and external reasons (assumptions were not fulfilled). All these difficulties have caused delays in the implementation of activities. Eventually the major difficulties were overcome, and the project has gained momentum. Without the granted extension the project was at risk of not reaching its targets. During this extension, implementation of activities was intensified. Adoption of the Law on Advocacy in December 2011 allowed proceeding with the establishment of the School of Advocates. High-quality advice was provided in drafting legislation and training of the target groups. Upon request of the beneficiary's new activities were introduced, including those related to introduction of mediation and e-notary, which were not included in the original design. The complexity of procurement procedures has slowed down progress'.

The EC cooperation contributed to enhancing the capacity of the judiciary and its efficiency but, in the absence of a consensus on structural reforms, independence and fairness of justice have not been yet

<sup>161</sup> <https://rm.coe.int/armenia/16808d0248>

<sup>162</sup> <https://www.oecd.org/corruption/acn/OECD-ACN-Armenia-4th-Round-Monitoring-Report-July-2018-ENG.pdf>

achieved. Monitoring reports indicated that with very few exceptions EC projects delivered the outputs they were meant to deliver. But very few attempts were made by the Commission to assess the outcomes and impacts of its interventions at project or sector levels through ex post monitoring and evaluation, as evident from the only 5 ROMs conducted in the area of justice. The important initiative though was the conduction by the EU of the impact assessment of past Justice reforms 2012-2017.

The first round of the budget support progressed successfully, with 97% of funds paid and a conditionality matrix that concentrated on key issues including independence of justice, access to justice and access to information in the justice sector, as well as ambitious procurement components (see also IT and infrastructure below). The second budget support was more challenging, with a decision made to have only a variable tranche. This resulted in some difficulties, for example, relative to the participation of civil society organisations but ultimately “*represented a qualitative step forward*” in the design of this support.

The first tranche was however considered “a failure”, with only 32% of the budget ultimately paid, rising however to 90% by the third tranche, and an overall amount of 72% disbursed. The reasons for these earlier difficulties was linked to institutional flux (three ministers, and fourteen focal points in the MoJ in the corresponding implementation period, amongst other structural and political obstacles); these issues were largely resolved with the appointment of a permanent focal point within the MoJ.

The EU provided some support and encouraged the fight against corruption in Armenia. A recent action by the EU includes assistance to a ‘**Multi-Faceted Anti-Corruption Promotion**’ project aimed to increase the role of civil society organisations (CSOs) in the promotion of anti-corruption reforms through strengthening their capacity to monitor and oversee the reforms. Moreover, the programme aimed at establishing a sustainable dialogue between CSOs and the government in order to improve the mechanisms for fighting corruption. Early achievements of the project include the establishment of the CSO Anti-Corruption Coalition of Armenia, the criminalisation of illicit enrichment and drafting of two independent anti-corruption agency models<sup>163</sup>. The government has reiterated its willingness to fight corruption through the third Anti-Corruption Strategy for the period 2015-2018 that focuses on state revenues, police, education, and health. Armenia's Anticorruption Council, established in 2015, is chaired by the Prime Minister and attended by representatives of various Armenian ministers, institutions, civil society organisations and international organisations. The Council has not functioned as a specialised preventive, law enforcement or multi-purpose agency, but only advised the government on implementing anticorruption policies. The effectiveness of the Council's operations has been challenged by the civil society experts. In December 2016, illicit enrichment was criminalised in the Criminal Code. In June 2017, the Parliament adopted an anti-corruption package which was drafted in close cooperation with civil society organisations. The package includes the Law on the Corruption Prevention Commission, the Law on Making Amendments in the Law on Public Service and the Law on Whistleblowing System and on the Anti-Corruption Commission. In May 2018, Prime Minister Pashinyan highlighted the fight against corruption as one of his main policy priorities<sup>164</sup>.

The cost of establishment of Probation Service in the RA constituted 240 million drams (US\$ 520,000), and around 600 million drams a year to run<sup>165</sup>. Huge savings on the cost of imprisoning all offenders are anticipated – about two billion drams (US\$4.5 million) a year, equivalent to 20% of the cost of running the penal system. Per capita, government spending on individuals serving probationary terms will be a tenth of what the government allows for convicts on the inside.

<b>JC 6.6 Selected sample projects delivered institutional change according to the agreed plans</b>
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<sup>163</sup> Report on EU relations with Armenia and Azerbaijan, October 2017

<sup>164</sup> Report on EU-Armenia relations in the framework of the revised ENP, June 2018, p.17

<sup>165</sup> <https://iwpr.net/global-voices/probation-system-seen-major-step-forward-armenia>

Based upon an analysis of the triangulated data, the ET identified the following sample of EU funded projects which delivered institutional changes<sup>166</sup>.

**The Support for Access to Justice in Armenia Project (2009-2012)** have achieved important results and more are anticipated, and good progress towards the achievement of the three specific objectives. The Law on Advocacy was adopted; the School of Advocates was established and started its operations. The judiciary has been provided with knowledge and tools, which can be used for the improvement of training and education of judges and court personnel. Support in drafting legislation has been recognized by the beneficiaries as exceptionally qualified and useful. With the project assistance radical revision of the Civil Procedure Code (CPC) has been initiated. Expertise of other draft laws was provided. Legal advice was well absorbed. The Chapter on free legal aid was included in the Law on Advocacy. The project's extension enabled it to introduce additional results, including support on the establishment of a mediation institute and introduction of e-notary. The mediation component has made good progress, the results of the e-notary component remains very much dependent on the delivery of equipment.

**The Approximation Process of EU Acquis and Policies on Judicial Cooperation and Capacity Building of the Translation Centre on Judicial Sector Terminologies and Methodologies Project (2012-2014)** provided the MoJ (3 departments of the MoJ in charge of EU integration) with policy documents (strategy/action plan) and drafts of legal instruments apt to increase the capacities for the harmonization work related to the justice sector. The existing capacities of the staff of the 3 departments of the MoJ in charge of EU integration were strengthened as to the implementation of daily activities with regard to technical know-how to support the harmonization process inside the MoJ, analysis and evaluation of foreign legal materials, coordination of experts and interaction with actors of the justice sector. Management software purchased, installed and operational in the IT of the Translation Centre (TC), necessary software was purchased, translation management tool was developed and tailored to the needs of TC.

**The Supporting the criminal justice reform and combating ill-treatment and impunity in Armenia Project (2015-2018)** helped to advance the criminal justice reform in Armenia by providing expert analysis and support in drafting a number of key legal acts, including the draft Criminal Procedure Code and draft Criminal Code. The Project strengthened the institutional capacity of the Justice Academy to deliver high quality human right training programme, which is another significant achievement. Well-trained investigators are essential in a legal system that promotes the protection of human rights and supports the rule of law; therefore, 650 investigators and 112 candidate investigators were trained on human rights curriculum in 2016-2018. The Project also contributed to the development of the capacity of judges, judicial servants, prosecutors, staff of the Human Rights Defender's Office and NGO representatives through organisation of a number of seminars, workshops, round table discussions and trainings-of-trainers to better apply European human rights standards in their daily work. Based on the Project's recommendations, the pre-trial electronic investigation case management system of the Investigative Committee was improved so as to increase the quality of the proceedings and to strengthen human rights safeguards. Furthermore, the study of national courts' practice for 2008-2018 on cases of ill-treatment, a unique research paper, was prepared for the first time, based on a CoE methodology of assessing the overall effectiveness of the judicial practice on the basis of more than 15 principles of the Article 3 of the ECHR.

With a view to promoting alternative dispute resolution mechanisms, the EU support through the Council of Europe assisted in the establishment of an enabling legal and institutional framework<sup>167</sup> that resulted in the adoption of a new law on Mediation, the introduction of the court-annexed Mediation Institute in Armenia in 2016 and the establishment in December 2016 of the Self-Governing Organisation of Mediators of Armenia. This enabling framework led also to the amendment of the law on arbitration

<sup>166</sup> Note: this list does not include budget support programmes as they were mentioned earlier in the report

<sup>167</sup> The Council of Europe supported the drafting of amendments on a number of associated codes and laws for the introduction of the court-annexed mediation institute, the drafting of amendments to the Law on Commercial Arbitration that entered into force in 2015, supported the final revision of the Judicial Code as well as the drafting of the new law on Mediation and the new Civil Procedure Code.



allowing for a broadened scope for the application of arbitration<sup>168</sup> and to the establishment of the Association of Arbitrators of Armenia in 2017. The Armenian authorities were supported in raising the capacities of mediators, judiciary representatives and practicing lawyers in applying mediation and in implementing a pilot initiative as a result of which a total of eight cases were solved through mediation in 2016, while in March 2018 as a results of 8 day long pilot project on mediation four cases were settled and 18 cases were pending settlement.

**The Support to the Implementation of the Judicial Reform in Armenia Project (2017-2018)** has supported the Armenian authorities in implementing judicial reform in line with 2012-2017 Strategic Programme for Legal and Judicial Reform. The Project provided legal drafting support in the post Constitutional reform processes in the areas of the reform of the judiciary and disciplinary framework, as well as institutional and capacity-building support to the Ministry of Justice, judicial institutions, judges, advocates, mediators and arbitrators. The Project has achieved substantial results in legislative drafting in line with the CoE standards, which, among other things include drafting the new Judicial Code, new Civil Procedure Code, the revisions of the draft Code of Administrative Offences and other laws deriving from the newly adopted Judicial Code. The Project also actively worked with the Women Judges Section of the Association of Judges of Armenia, trained judges on ensuring access to justice for women and supported the participation of the Armenian first team at Frankfurt Investment Arbitration Moot Court.

Through **the Strengthening Healthcare and Human Rights Protection in Prisons Project (2015-2018)**, the support was provided for improving the detention conditions in prisons. On 19 January 2017, the Government adopted a concept paper on “Upgrading the medical services in the prison system” prepared with the Council of Europe’s expertise. It addresses, among other issues, the need to strengthen the institutional independence of prison health care services and to raise the qualification requirements for medical prison staff. The adoption of two legislative amendments based on the recommendations of the concept paper contributed to the improvement of the legal framework for prison health care. The special needs of vulnerable groups such as women, juvenile and life-sentenced prisoners in terms of health care provision were addressed with the drafting of guidelines on healthcare rights of detainees and convicts. Tangible improvements were achieved in the material conditions of primary health care units in 11 prisons as the result of the provision of a significant amount of missing medical equipment and furniture. The capacity of the prison system to enhance the protection of the right to health care of prison inmates in line with European standards was strengthened through extensive training of medical and non-medical staff (800) that resulted in increased knowledge and improved ability and skills to apply Medical Ethics and Health Prevention/Promotion in prisons. The inclusion of these two training modules in the syllabus and official training programme of the Legal Education and Rehabilitation Programs’ Implementation Centre of the MoJ, together with the creation of a pool of 33 local trainers, will secure the sustainability of the results.

Within the scopes of the European Union and Council of Europe Partnership for Good Governance Program an assessment of “**The independence and operational effectiveness of specialized anti-corruption bodies**” has been carried out for Eastern Partnership countries (Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus)<sup>169</sup>. Among Armenian anti-corruption bodies, the Anti-Corruption Council, the Special Investigation Service, the Commission on Ethics of High-Ranking Officials as well as the Prosecutor’s Office have been subject to assessment for the 2017-2018 time period. The Gilardi Index has been used as basis of measurement of the aforementioned bodies’ independence. The operational effectiveness of each of the anti-corruption bodies under evaluation falls into one of the following categories: no or limited effectiveness, basic level of effectiveness, moderate level of effectiveness or high level of effectiveness. In accordance with the above-mentioned index of independence, the Commission on Ethics of High-Ranking Officials has obtained 0.87 points out of 1 for its independence as well as a high level of operational effectiveness.

<sup>168</sup> New areas include employment and the right of consumers

<sup>169</sup> <http://www.ethics.am/en/news/item/2019/01/22/news124/>

In the framework of the **Strengthening Integrity and Combatting Corruption in Higher Education in Armenia Project**, the Model Codes of Ethics for students, academic staff and managers of higher education institutions (HEI) of Armenia have been developed. Staff from 15 major HEIs has been trained on development of these Codes of Ethics and other relevant key policy papers for HEIs including policy on conflict of interest, whistle-blower's protection, academic honesty policy, etc. Expertise is provided to 5 piloting HEIs as they develop the Codes of Ethics and other key policy papers. Three toolkits containing reporting and assessment templates for educators, students and university staff were developed with the participation of the civil society and the Ministry of Education and Science. They meant to ensure transparency and accountability in higher education governance, human resource management, student assessment and curricula development, and enable students and educators to “set the alarm” when a suspicion of corruption or other offensive behaviour arises. Staff from 15 major HEIs has been trained on implementation of these toolkits. Based on the toolkit enhancing transparency and accountability in higher education governance, the online reporting platform Ensuring Transparency and Accountability in Governance of higher education institutions (<https://etags.emis.am>) has been developed and staff from 15 HEIs is trained on its implementation. Four civil society organisations have carried out awareness-raising and advocacy campaigns for general public and main stakeholders on integrity and corruption risks in higher education in Armenia through the Micro Grant Scheme.

### 3.5. Concluding remarks

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Armenia has been implementing justice reforms since independence in 1990, through the declaration of independence itself and through a series of Constitutional and legal amendments and institutional reforms. The last reforms were the 2009-11 Sector reform program and the 2012-16 Sector reform program as well as the Constitutional amendments from 2015. In 2016, the last reform period was extended to include 2017 and in view of lack of progress in some areas were deleted from the reform in 2016. In practice some of the planned activities have continued to be implemented in 2018.

In overall, the evaluation found that the judicial reform has not matched in pace and faces many challenges. Predictability of court rulings, lack of independence of the judiciary, a culture of bribery among judges and advocates, and lack of alternative dispute resolution mechanisms are some of the problems that require still active tackling. These challenges prevent the potential of the judiciary to enhance economic and social development in Armenia. In the field of efficiency of judiciary, a tremendous effort was done, with the passing of organizational measures and fundamental pieces of legislation, but there is a need of a new managerial, result-oriented approach.

The Armenian Penitentiary system is still suffering from a Soviet heritage and barriers must be taken down on a number of areas to move away from this. At the same time this must be done with some respect to the public who in general will not be in favour of all necessary changes. Information before changes is crucial. The infrastructure and general conditions are also an old heritage and not up to standards. The whole staffing situation is a major obstacle for moving forward. Technical staff are needed in higher numbers as well as regular prison officers. The prison officers are not sufficiently trained and not used optimally. Prisoners are still kept in their cells to a very high degree and they are only activated marginally. Because of remaining bad habits, and lack of staff, there are still remnants of an old Soviet instrument called watchers who in reality control and most probably punish other inmates. Rehabilitation is a concept that is talked about, but it needs to be put into practice in a whole new scale. The new legal framework needs to be put in place. The use of conditional release is not working optimally in general and e.g. prisoners sentenced to life imprisonment are not being pardoned or given a set sentence.

Armenia made important steps in reforming of its anti-corruption legislation and institutions, but a genuine resolve to address widespread corruption has been lacking.

### 3.6. Areas for recommendations

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**Lesson 1:** The evaluation has shown that processes and commitments among the key stakeholders are crucial factors to the development of a complex justice system. Time and patience are needed to establish relations and confidentiality between the key players in the sector.

**Recommendation 1:** It is recommended that continued support to justice sector development in Armenia will build further on the momentum and the move towards a “justice sector wide approach” that has already been achieved through the EU budget support programmes. However, a stronger political and financial commitment from the GoA would be required.

**Lesson 2:** There can be a trade-off between focusing on alignment, national ownership and sustainability issues on the one hand and on cost-efficiency and immediate results on the other hand.

**Recommendation 2:** It is recommended to carefully balance the focus on short-term results with the need for developing sufficient capacity within the national justice sector to be able to carry on with the processes and activities at a time when external funding support will cease. This should include consideration of exit strategies, in addition to plans for how the national justice system will be able to sustain and maintain the provided buildings, equipment and vehicles and continue development of management and staff capacities.

**Lesson 3:** When programme planning and implementation are not guided by baselines and specific and targeted indicators, it becomes difficult to manage a programme from a results-based perspective.

**Recommendation 3:** It is recommended that further support to the justice sector in Armenia should more explicitly introduce M&E as an integrated element of planning and implementation. Care should be taken that the development of a M&E system will be demand-driven and user-oriented and that potential capacity issues by the institutions/staff involved will be addressed up front.

**Lesson 4:** A well-functioning justice system requires that all justice institutions are performing according to their mandate. If just one institution is under performing it can seriously affect the performance of the whole system.

**Recommendation 4:** It is recommended that future support to the justice sector should in particular address managerial and systemic challenges within those institutions that are currently facing the most serious challenges.

**Lesson 5:** The evaluation shows that good communication, coordination and cooperation among justice sector institutions is a necessity for the achieving of wider systemic impacts in the sector. The CSOs can play an important role as “bridge makers” between communities and justice institutions.

**Recommendation 5:** It is recommended that further developing and strengthening of communication, coordination and cooperation among justice sector institutions will be the focus also of continued support to the justice sector in Armenia.

**Lesson 6:** Non-custodial sentences and innovative approaches have potential for reducing prison overcrowding and at the same time provide other benefits to Prison Services and the prisoners.

**Recommendation 6:** It is recommended to continue the piloting of innovative approaches to the persistent case backlog in the court system and prison overcrowding.

## 4. EQ 7 Public Administration Reform and Public Finance Management

**EQ7:** To what extent, and how, has the EU assistance to Armenia contributed to improving transparency, accountability and efficiency of the public administration and PFM at central, regional and local levels?

### 4.1. Sector Background

#### 4.1.1. Sector Background: PAR in Armenia, 2010-2017/18

As background to this current evaluation, developments in PAR in Armenia up to 2014, may be divided into three sub-phases: 1999-2003; 2003-2008; and 2009-2014. The first sub-phase of reform (1999-2003) targeted the administration of government, the structure and functions of governmental agencies and led to the creation of a more professional civil service. The second sub-phase of reform (2003-2008) aimed at developing the functions of other public servants, the GoA accountability systems and improvement of service delivery. The third sub-phase of reform (2009-14) focused on modernising the civil service, introducing e-governance and improving the quality of service delivery.

From 2014 onwards, reforms in public administration have been implemented within the framework of the Armenian Development Strategy (ADS), 2014-2025, which was adopted by the GoA in March 2014. According to the ADS, improved quality of public administration plays “a key role in the social and economic development of the country” and includes a specific chapter, *inter alia*, on the following: establishing and strengthening a modern system of public administration, inspection systems, local self-governance, PFM, public investment, the civil service, judicial reform and anti-corruption. The commitment to reform by the GoA is also encompassed within several sector strategies addressing different aspects of PAR: the Civil Service Strategy and Action Plan, 2016-2020; the Open Government Plan, 2014-2016; the e-Governance Action Plan, 2014-2018; the Strategy of the Commission on Ethics of High-ranking Officials, 2016-18; and the Anti-Corruption Strategy and Action Plan, 2015-18. The Armenia government programme, 2014-2017, placed actions within a medium-term perspective and included a broad range of measures to improve public sector management in line with the ADS.

Details can also be provided on an assessment of public policy and of the SIGMA principles in practice in Armenia. The proposed programme is in line with the SSF, 2014-17, which indicates PAR as a second of three priority areas for EU-Armenia cooperation. An EN Policy review, published in November 2015, noted that promoting good governance, democracy, the rule of law and human rights, continues to be a goal of the EU with partner governments in the region. Accountable public administration at central and local government level is recognised as key to democratic governance and economic development. The review also highlights the necessity of strengthening democratic and independent institutions; developing local and regional authorities; developing e governance; and the development of institutional sectoral strategies. The 6 SIGMA principles derive from international good governance principles developed by the OECD/SIGMA.

The years 2017-18 witnessed a fundamental transformation in the organisation and functioning of the public administration system in Armenia. In November 2017, the EU signed a new CEPA with the GoA, which provided a framework for strengthening and deepening the cooperation between the EU and Armenia. PAR, including the development of a accountable, efficient, transparent and professional civil service, was one of the key areas of domestic reform. Through a constitutional reform in April 2018, the semi-Presidential political system was transformed into a Parliamentary one, requiring numerous

changes in a number of laws regulating the organisation and functioning of key state institutions. In May, following widespread peaceful demonstrations, a new PM was appointed, and a temporary government formed, which started work on implementing reforms to fight corruption and improve the business environment. Parliamentary elections took place in December 2018.<sup>170</sup>

The strategic framework for PAR reform requires further work since the quality of the strategies related to PAR is poor, often lacking clarity in setting reform objectives with corresponding outcome level indicators and targets and do not provide sufficient costings or monitoring and reporting arrangements. The shortcomings in PAR monitoring, for instance, mean that it is impossible to assess progress against either strategic objectives or implementation of the strategies. Responsibility for PAR is assigned at the political level but not at the organisational level.

The legal framework for policy development and coordination is in place but is not comprehensively supported through guidance from central government. The quality of strategic planning and monitoring is poor and lacks well-defined policy objectives, outcome-level indicators and detailed cost estimates. SIGMA commends GoA on the transparency of its government decision-making but the internal enforcement of the requirements for procedural policy development and consultation is inconsistent. The quality of assessing regulatory impact is weak while public consultation focuses on draft laws and need to be more fully integrated into policy making. Primary and secondary legislation is available on-line and free. The new civil service law expands the service's scope but certain special groups of public servants and top-level positions are still excluded. Most secondary legislation was adopted by the end of 2018 although the widespread use of discretionary bonuses compromises the fairness of remuneration. The institutional and legislative framework, adopted in 2017 and 2018, to promote integrity and prevent corruption, covers the entire public service, including the creation of a new Commission for the Prevention of Corruption, although it has yet to be implemented. (*see also Accountability; Service delivery; PFM*).

#### 4.1.2. EU rationale for support to PAR:

The main rationale for EU support to PAR in Enlargement and Neighbourhood countries is that an effective public administration is considered a pillar of good governance and the rule of law, and essential for the function of the state. The EU finds that a good public administration determines a government's ability to provide public services and foster the country's competitiveness and growth and plays a fundamental role in the European integration process by enabling the implementation of crucial reforms and organising efficient accession dialogue with the EU. The EU has committed substantial financial and organisational resources to its support of PAR, complemented by relevant policies and regulations. A sound public administration framework is one of the preconditions for the improvement of public services, of the PFM system and of macroeconomic indicators, and PA reform is considered an essential element in the overall action for the improvement of the institutional framework of society. It is on this basis that a PAR strategy has been included in the 2014-15 Enlargement Strategy, accompanying rule of law and economic governance among political criteria for EU accession. In the European Neighborhood, PAR is viewed as a key area for cooperation and support in country programmes, funded from ENI, while ENI programming guidelines for the period 2014-2020, emphasize the link with the rule of law and good governance, both of which were deemed to be important for the Association Agreement, including the DCFTA.

Thus, the new EU approach to PAR from 2014 can be seen in the following: the 2014-2015 Enlargement Strategy; the Neighborhood Policy; the Principles of Public Administration (SIGMA); and Budget Support (especially Sector Budget Support), and, in turn, these are reflected in a number of EU documents: the

<sup>170</sup> Annex 1 of Action document for 'Support to PAR in Armenia: Better service Delivery through a More Efficient and Responsive Public Administration', CRIS: ENI/2016/039-595), with an intended value of €20,875,000, of which €12mln was for BS and €8 mln for Complementary Support (delivered via grants - through a call for proposals for twinning projects; grants – direct award; and indirect management through UNDP)



Multi-Country Indicative Strategy Paper (MCSP) 2014-2020, the Indicative Country Strategy Paper (CSP) and the Single Support Framework (SSF). One problem is that there is no clear-cut *acquis* in the field of administrative reform, which partly explains the variety of public administration models and traditions existing within the EU, each of these representing deeply rooted historical patterns and recent political decisions. Considerable variety can be observed when it comes to, for example, institutional hierarchy, the status of civil servants, local self-government and remedies against illegal or unsound administrative decisions. PAR is, however, important in terms of several individual chapters of the EU *acquis communautaire* and, in order to meet EU accession conditions, pre-accession countries need to fully align their legislation and implementing capacity to all relevant *acquis* chapters. In this context, PAR may be seen as a broad horizontal reform that can contribute to facilitate transition to and implementation of some of the *acquis* goals, while it is itself a prerequisite for the successful alignment to and implementation of all the *acquis* on the 35 chapters. There are 4 *acquis* chapters that relate specifically to PAR, and particularly to PFM: chapter 5, on public procurement; chapter 16, on taxation; chapter 22, on financial control; and chapter 33, on financial and budgetary provisions.<sup>171</sup>

#### 4.1.3. Institutions and thematic areas covered by EU support for PAR, before and after 2014

Since there was no EU PAR Strategy prior to 2014, PAR served loosely as an umbrella term for a number of different thematic areas and institutions, including the following: public administration at central and local levels; the Civil Service; statistics and the National Statistics Committee; the rule of law and justice; home affairs; police reforms; and Public Financial Management. From 2014, EU evaluations of PAR, cover the following six horizontal focus areas, which were defined in detail by the Principles of Public Administration, developed by the EC in cooperation with OECD/SIGMA during 2014:

- A **strategic framework for public administration reform**, which includes the political commitment to the reform process, including political leadership and technical coordination and monitoring of implementation. It is important to assess the extent to which EU support contributed to the establishment, implementation and monitoring of such a framework.
- **Policy development and coordination**, which includes appropriate coordination at the centre of government, inter-ministerial coordination, policy development and financial analysis. Existence and functioning of integrated and coherent government policy making
- **Public service and human resource management**, which includes the definition of the scope of public services, the legal framework governing the organisation and functioning of public services (including their de-politicisation), and the degree to which implementation had led to merit-based recruitment and promotion, training and professionalization.
- **Accountability**, which includes rationality, transparency and affordability of public administration, including internal reporting and oversight lines, as well as citizens' rights to good administration (with concomitant protection against administrative wrongdoing) and functioning of the justice system
- **Service delivery**, which includes improving services for citizens and business, including better administrative procedures and e-government services
- **Public Financial Management (PFM)**, which includes a commitment to a more comprehensive approach to improving management of public finances and the overall budgetary process through preparation and implementation of multi-annual PFM programmes and engaging in a PFM policy dialogue with the Commission and IFIs. A credible and relevant PFM programme is also a prerequisite for several budget support and general budget support operations. The Public Expenditure & Financial Accountability assessment framework (PEFA) provides a snapshot of the PFM system at a particular point in time and its indicators look at the system's performance, whereas PAR indicators for PFM relate more to institutional, organisational and legal arrangements. Taxation is only

<sup>171</sup> Draft desk report

considered inasmuch as the enforcement of tax laws leads to a greater demand for quality public services and public accountability.

#### 4.1.4. EU instruments for delivering assistance to PAR

The EU uses two important instruments for its assistance to PAR. The main instrument is policy dialogue with partner country governments, which aims to change public administration related policies. This policy dialogue takes place in the six horizontal focus areas, noted above. The second instrument for EU support to PAR is financial and technical support, which helps partner countries to implement the reform agendas arising from the policy dialogue. At the operational level, both instruments rely on a number of country and multi-country strategies, groups and forums, financing modalities and programmes and projects. In Neighbourhood countries, EU support to PAR is part of the ENI regional and bilateral strategies, the Neighbourhood-wide cooperation programme on promoting administrative reform and institution building, ENP Action Plans (AP), Single Support Frameworks and the Eastern Partnership Panel on PAR. Regional and national Multi-annual Indicative Programmes (MIDPs) allocate financial support to priorities areas. Annual Progress Reports monitor progress and inform National PAR Programmes or PAR Sector Planning Documents. The delivery modalities in ENI countries include PAR Sector Support Actions and standalone projects, general and sector budget support, twinning projects, TAIEX assignments, and SIGMA technical support.<sup>172</sup>

The World Bank has supported the GoA to strengthen and establish the institutional capacity required for policy formulation. The OSCE has worked with the Ministry of Justice and identified key weaknesses in the legislative process (Assessment of the Legislative process in Armenia, OSCE, 2014<sup>173</sup>) and, following workshops, public consultation and further monitoring of legislation, the OSCE provided key recommendations for developing a Regulatory Reform Roadmap, in February 2016. This was to address the weak evidence-based policy and legislative development, especially with regard to inter-ministerial coordination of policy and legislative proposals, regular use of public consultations, the use of impact assessments and the costing of strategies etc.

#### 4.1.5. Purpose of this EU evaluation of PAR in Armenia

The present evaluation of PAR assesses the performance of EU assistance to PAR in Armenia. It is intended that the findings of this evaluation should contribute to better design, programming and implementation of EU assistance to PAR in Armenia, by identifying lessons learnt and on-going experiences and how challenges have been overcome, so as to provide recommendations for the EC to improve its services in relation to PAR, including policy dialogue. (Thematic evaluation IPA/ENI support to PAR, EU, 2016-2018) PAR reform was highlighted as a priority sector in the 2014-17 SSF for Armenia. It will be important to assess how PAR objectives in Armenia were achieved in practice:

- Initially, it will be important to consider the extent to which strategic planning of policy and finance is in place – enabling key PAR strategic objectives to be embedded within a country's development strategy, thus determining policy (and programme) priorities within the sector as well as ensuring that these priorities are then reflected in budgetary allocations and expenditure.
- It will then be possible to assess the extent to which the PFM system (and its budgetary mechanism in particular) provides the resources required for realisation of PAR reform and whether this is effective and efficient. This will help to understand the extent to which Budget Support as an aid modality within Armenia was likely to achieve the desired outcomes of PAR. Since there is multi-annual financial planning (an MTEF) linked to policy-based budgeting, which links policy prioritization to financial allocations and expenditure, it is important to consider how well it functions and how

<sup>172</sup>

<sup>173</sup> Assessment of the Legislative process in Armenia, OSCE, 2014

effective is it in achieving its objectives? The effectiveness of this budgeting framework will impact on the possible success of PAR since, to achieve the desired reform objectives, it is important to ensure that financial and other resources reach the designated institutions and target groups in the agreed amounts and in a timely manner.

- While it is certainly the case that the ‘top down’ aspect of the MTEF requires the Ministry of Finance to provide appropriate funding (‘ceilings’) to the sector within the medium term horizon (three years) – and not change it radically - to enable it to achieve its objectives, it is also important to examine sector MTEFs, linked closely to sector strategies, where programmes are prioritized in line with agreed policy priorities and are linked to programme budgeting: these then provide a vital input into the ‘bottom up’ aspect of the MTEF.
- Whether the aid modalities and instruments selected in Armenia have acted to facilitate the realisation of PAR goals is an important aspect of this evaluation.

## 4.2. International/donor interventions in sector

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### 4.2.1. Donor support to public administration: complementarity, synergy and donor coordination with EU assistance

A number of international Development Partners (DPs), as well as the EU, have provided support to the implementation of public administration reforms in Armenia, mainly the World Bank, GIZ, OECD/SIGMA, UNDP and OSCE. Regular dialogue between donors over policy and technical issues has acted to facilitate complementarity of projects and synergy in approach and support. A planned EU BSP was intended to provide support to overall DP coordination, envisaging that a Steering Committee of the Programme would support enhanced coordination by GoA institutions, with the Chief of Staff of the GoA, leading coordination of donor actions around the ADS and thematic strategies. The BSP was designed to complement other ongoing EU activities in the PAR areas of PFM, the judicial system and decentralisation.<sup>174</sup>

In **policy development and coordination**, the World Bank supported the GoA to strengthen and establish the institutional capacity required for policy formulation. The OSCE has worked with the Ministry of Justice and identified key weaknesses in the legislative process<sup>175</sup> and, following workshops, public consultation and further monitoring of legislation, the OSCE provided key recommendations for developing a ‘Regulatory Reform Roadmap’, in February 2016. This was to address the weak evidence-based policy and legislative development, especially with regard to inter-ministerial coordination of policy and legislative proposals, regular use of public consultations, the use of impact assessments and the costing of strategies etc. GIZ has been active in supporting legislation and regulation, while the EU has focussed on policy planning and monitoring and evaluation, as well as on inclusive and evidence-based policy and legislative development, and this complement, and builds on, World Bank and OSCE support.

The DPs also complement each other in the area of **accountability**. The UNDP is involved in supporting transparency and accountability with the Open Government Partnership (OGP) programme. In 2014, an OGP Action Plan for 2014-16 was prepared and a UNDP project, supported by the EU and developed, through the Kolba Innovation Laboratory, a third Action Plan (for 2016-18), affirming the commitment of the GoA to a credible policy towards transparency and openness. The World Bank, GIZ, OECD/SIGMA

<sup>174</sup> Annex 1 of Action Document for ‘Support to PAR in Armenia: Better service Delivery through a More Efficient and Responsive Public Administration’, CRIS: ENI/2016/039-595), with an intended value of €20,875,000, of which €12mln was for BS and €8 mln for Complementary Support (delivered via grants - through a call for proposals for twinning projects; grants – direct award; and indirect management through UNDP

<sup>175</sup> Assessment of the Legislative process in Armenia, OSCE, 2014

and the EU, have supported capacity strengthening for the ethics system (the EU, specifically through SIGMA provided support to the overall ethics framework through the drafting of a Code of Conduct and a Strategy to enhance capacity of the Ethics Commission, 2016-2018). The World Bank also provided hardware to the Commission for High Ranking officials, complemented by GIZ providing specific ad hoc TA. The EU provides assistance through ongoing BSPs to strengthen the anti-corruption framework and an Anti-Corruption Strategy and Action Plan, 2015-2018, was adopted in September 2015, with EU support. Following the adoption of a new Constitution in 2016, a new Electoral Code was adopted in June 2016, to increase citizens' confidence in the electoral process, introducing new technologies for voter registration and identification. The OSCE/ODHIR provided a joint assessment in June 2016 with recommendations for improvements. Under the AAP 2013, the EU supports strengthening of institutional capacity of institutions involved in four SIGMA thematic PAR areas while under the AAP 2015 - civil society facility - the EU also strengthens capacity and engagement of civil society in the policy-making process.

Between June 2013 and April 2014, the UNDP provided an Advisor to the EU Advisory Group (EUAG) supporting the GoA in its reform agenda (see EU/Armenia AP). The overall objective of the EUAG project is to support the implementation of the reform agenda and relevant international commitments, including through the implementation of the ENP Action Plan and (formerly) the Association Agenda. The EUAG should achieve these objectives through the continued delivery of an optimal mix of policy, legal and institutional advisory services. These services were targeted at assisting the central government to negotiate and conclude the EU-Armenia AA and the DCFTA, implement the extended EU-Armenia ENP Action Plan and make effective use of EC external assistance instruments and programmes to support policy implementation in core policy areas.

**Service delivery** improvements have principally focused on e-governance and, in 2009, the e-governance infrastructure implementation unit (EKENG) were responsible for establishing a framework of e-governance services. In April 2014, an e-governance strategy for 2014-18 was presented to the GoA and, based on this strategy, an Action Plan was adopted in February 2015, with support of the donor community, and the EU, in particular. Under service delivery, the World Bank supports setting up of an overall e-governance platform to support capacity building at central level, as well as supporting an e-health pilot project while the EU focuses on specific e services, such as the e-ID and also e-health, that are complementary to World Bank actions. A Personal Data Protection Agency was formed after the passing of a Personal Data Protection Law (2016). The EU supported the preparation of a Civil Service Reform Strategy, which together with an Action Plan, for 2016-2020, was adopted in January 2016 (details). Under public services and Human Resources development, the World Bank focus has been on training of public servants, while the EU and the OECD/SIGMA focuses on overall policy direction of reforms and modernisation of the system.

#### *EU Advisory Group (EAG) assistance to the GoA*

The overall objective of the EUAG project is to support the implementation of the reform agenda and relevant international commitments, including through the implementation of the ENP Action Plan and (formerly) the Association Agenda. The EUAG should achieve these objectives through the continued delivery of an optimal mix of policy, legal and institutional advisory services. These services were targeted at assisting the central government to negotiate and conclude the EU-Armenia AA and the DCFTA, implement the extended EU-Armenia ENP Action Plan and make effective use of EC external assistance instruments and programmes to support policy implementation in core policy areas. In 2009 and 2010, the EUAG supported the GoA in the elaboration of a concept note on Public Sector Governance and Administrative Reform and took part in the work of the Civil Service Reform Working Group under the National Security Council. In line with the EU/Armenia ENP Action Plan, the ENPI Armenia Country Strategy Paper 2007-2013 and the Comprehensive Institution-Building programme (CIB) of the Eastern Partnership priorities, the focus in the third phase was to be mainly concentrated on the provision of strategic advice in areas related to increasing the capacity of the GoA to efficiently implement state

policies. During 2011-12, the EUAG continued providing policy advice on PAR. Capacity strengthening of public authorities at all levels was deemed necessary in order to ensure a merit-oriented, modern and professional service delivery while building public and private sector confidence in the GoA.

Under the overall guidance and supervision of the EUAG Management, and under the leadership of the EU Delegation in terms of policy dialogue, the Advisor, based in the Office of the Prime Minister (OPM), was expected to provide strategic advice to the OPM on PAR, with the aim of increasing the responsiveness and accountability of public services, and further developing the operational functioning and implementation of the regulatory framework on anticorruption. An important task of the Advisor was to identify and advise on specific PAR actions with stakeholders, on the basis of the PAR Road Map, the 2009 PAR Concept Paper, and PAR actions under the Government’s 2012-2017 Programme.

Between June 2013 and April 2014, the UNDP provided an Advisor to the EU Advisory Group (EUAG) supporting the GoA in its reform agenda (see EU/Armenia AP). The overall objective of the EUAG project is to support the implementation of the reform agenda and relevant international commitments, including through the implementation of the ENP Action Plan and (formerly) the Association Agenda. The EUAG should achieve these objectives through the continued delivery of an optimal mix of policy, legal and institutional advisory services. These services were targeted at assisting the central government to negotiate and conclude the EU-Armenia AA and the DCFTA, implement the extended EU-Armenia ENP Action Plan and make effective use of EC external assistance instruments and programmes to support policy implementation in core policy areas.

The following table indicates the complementarity and synergy of the various donor interventions in the field of PAR.

Table 18: Donor interventions in the field of PAR in Armenia

PAR area	Development Partners					
	EU	OECD/ SIGMA	WB	GIZ	UNDP	OSCE
Policy development and coordination	√		√	√		√
Accountability	√	√	√	√	√	
Public service and human resource development	√	√	√			
Service delivery	√		√			

Source: Annex 1 of Action document for ‘Support to PAR in Armenia: Better service Delivery through a More Efficient and Responsive Public Administration’, CRIS: ENI/2016/039-595), with an intended value of €20,875,000, of which €12m was for BS and €8m for Complementary Support (delivered via grants - through a call for proposals for twinning projects; grants – direct award; and indirect management through UNDP).

### 4.3. Overview of EU interventions in sector

#### 4.3.1. EU-Armenia cooperation in relation to PAR

Between 2007-13, EU-Armenia relations were defined by the ‘EU-Armenia Partnership and Cooperation Agreement (PCA)’, signed in 1996 and which came into force in 1999, providing for closer political, economic and cultural relations. The objective of the European Neighbourhood Policy (ENP) is to share EU stability, security and prosperity with neighbouring countries and is designed to prevent new dividing lines from emerging in Europe by offering neighbouring countries closer political, security, economic and



cultural cooperation. The ENP Action Plan (AP) for Armenia adopted in 2006 provided a comprehensive framework for closer cooperation.

The 'Country Strategy Paper (CSP)', 2007-13, sets out the overall objectives of EU assistance to Armenia, encompassing all instruments and programmes for the period. Based on the CSP, the 'National Indicative Programmes (NIPs)' for the ENPI were adopted for the period 2007-10 and 2011-13 and identified priority areas for EU assistance to Armenia. Under the NIP 2011-13, this translated into priority support for 3 strategic areas:

- Strengthening democratic structures and good governance
- Further support to trade and investment regulatory alignment and reform
- Support for socio-economic reform and sustainable development

In late 2013, the GoA drafted a new list of activities for 2014-15 to ensure implementation of the EU-Armenia ENP AP, endorsed by the President in April 2014. In November 2014, a MoU was signed between the EU and the GoA launching the Single Support Framework (SSF), 2014-2017, identifying the following 3 main sectors of intervention:

- Public Administration Reform (PAR)
- Justice sector reform
- PFM

While justice sector reform is assessed in a separate section, it should be noted that some public expenditure on the justice sector is included under PAR within the state budget (see Section 1 on BSPs, the state budget and MTEFs for a more detailed explanation).

#### **4.3.2. EU overall assistance to PAR (including PFM) in Armenia, 2010-17**

The EU inputs and activities in the area of PAR are expected to lead directly to heightened awareness of structures and processes required for good public administration in Armenia, and to prepare the ground for far-reaching improvements in the performance of public administration in all of the six horizontal focus areas. At the impact level, these performance improvements are intended to contribute to improved quality of, and access to, public services, upgraded social and physical infrastructure, investment, growth, economic stability and social justice, advancing regional and EU integration processes, and strengthened democracy, rule of law, human rights and respect for and protection of minorities.

In October 2014 Armenia signed the Accession Treaty to the Eurasian Economic Union (EEU). In preparation for signing the treaty, which came into force on 2<sup>nd</sup> January 2015, it implemented a roadmap with administrative and legislative measures in 20 areas of overall government policy. Despite the decision not to finalise agreement of the negotiated Association Agreement with the EU in September 2013, including the AA/DCFTA, Armenia and the EU further continued their political and economic dialogue in 2014, in areas where this was compatible with Armenia's new international EEU obligations. To this end, in November 2014 the EU and Armenia launched a scoping exercise on possible areas of cooperation for future relations.

An EC report from 2014 found that Armenia had made limited progress on deep and sustainable democracy, human rights and fundamental freedoms. In April 2014, the Specialised Commission on Constitutional Reform presented its draft concept paper proposing a transition from a presidential system to a parliamentary system, changes related to the electoral system, a better balance of powers and more human rights protection. However, no broad consensus within the society and with the political opposition parties exists on this reform. The report further concluded that "overall, Armenia made limited progress in implementing the ENP Action Plan, with some efforts to establish deep and sustainable democracy and put sound macroeconomic policies and structural reforms in place. While it took some strategic steps towards implementing constitutional reform, more concrete legislative measures and their implementation

and enforcement are recommended.”<sup>176</sup> The report stated that public administration reform continued to be slow. The GoA was encouraged to proceed with civil service regulatory reforms, on the basis of SIGMA’s blueprint, and with the reform of the training system for civil servants. Improvements in territorial and local self-governance continued. In March, the Council of Europe Chamber of Local Authorities stated that most local services managed by the state and local authorities had limited service delivery capacity. Local authorities played a limited role because they did not have full and exclusive powers. Armenian authorities have not yet defined the powers of local authorities and how to transfer competences.<sup>177</sup>

## 4.4. Specific EU interventions in the area of Public Administration Reform (PAR)

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Overall, PAR, including PFM, was covered under various modalities: Budget Support Programmes (BSPs) and Twinning and TA projects, linked to Complementary Support under the BSPs; and EU funded SIGMA assessments. Assistance provided under the 2007-2010 and the 2011-2013 NIPs, includes support to PAR as Sub-priority 2 of Programme Priority Area 1: Strengthening of Democratic Structures and Good Governance, stated as: Public Administration Reform, including local self-government; the fight against corruption; and public finance management, including public internal financial control; and external audit.

### 4.4.1. Strengthening democratic structures & good governance and improving policy dialogue through PAR

Two relatively small projects, in value terms, were launched related to these priority PAR areas, the first in 2012, to provide support to democratic structures and good governance<sup>178</sup> and the second, in October 2015, to improve policy dialogue through public administration reforms.<sup>179</sup>

An assessment of corruption within the public sector, which analysed various types of corruption and the GoA anti-corruption framework, including the National anti-corruption policy and the results and impact of the National anti-corruption strategy (2009-12) and Action Plan, concluded that there was a need to update the strategy in line with international standards and recommendations were produced which included making amendments and improvements to the strategy, closer involvement of civil society in this process better coordination through development assistance<sup>180</sup>.

Within the context of international standards and performance, a review of the Armenian civil service by SIGMA (under OECD/EU auspices), which included a number of recommendations for a more modern and efficient public administration.<sup>181</sup> Support was also provided to the Civil Service Council of Armenia and to assess democratic governance within the country, although no documentation has been received on these to date.<sup>182</sup>

A Twinning project on the National Statistical Service, lasting just over two years and completed in 2013, involving mainly Denmark and Germany, but also Finland, Latvia, Lithuania and Sweden, led to an

<sup>176</sup> European Commission (2014); Joint Staff Working Document: Implementation of the European Neighbourhood Policy in Armenia Progress in 2014 and recommendations for actions, p.6

<sup>177</sup> European Commission (2014); Joint Staff Working Document: Implementation of the European Neighbourhood Policy in Armenia Progress in 2014 and recommendations for actions, p.9

<sup>178</sup> ENPI, 2012, ‘Support to democratic governance in Armenia’, contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)

<sup>179</sup> ENI 2015, ‘Enhancing policy dialogue around public administration reforms’, contract no. 366012, 30/10/15 – 2/11/16, €271,000 (Governance and Institutions)

<sup>180</sup> Situation Analysis of Public Sector Corruption in Armenia, Final Report Aets, June 2013

<sup>181</sup> Assessment of the Civil Service System of the Republic of Armenia, OECD/SIGMA, no date; EN 2015, ‘Support to Civil Service Council of Armenia’, contract no. 367114, 4/11/15 -15/11/17, (Mobility and Social Development)

<sup>182</sup> ENPI, 2012, ‘Support to democratic governance in Armenia’, contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)

improvement in the NSSRA quality management framework and in an alignment of compilation methodologies concerning a number of improved statistics<sup>183</sup>.

Furthermore, as part of the EU support for anti-corruption measures, a situation analysis was undertaken during 2013 of corruption within the public sector,<sup>184</sup> which had three specific objectives: a situation analysis of actors, structures, processes and direct actions in anti-corruption in Armenia; an analysis of the legislative framework, including actors, structures and systems of all branches of the judiciary and assessment of its relevance to tackling corruption in Armenia; and an assessment of the results and impact of the government's "anti-corruption" strategy and action plan 2009-2012. The overall objective of the project was to provide the EUD with a better understanding of anti-corruption policies and actions, as well as formulating recommendations.<sup>185</sup>

Some of these interventions are now considered in more depth.

#### 4.4.2. Anti-corruption

Furthermore, as part of the EU support for anti-corruption measures, a situation analysis was undertaken during 2013 of corruption within the public sector,<sup>186</sup> which had three specific objectives: a situation analysis of actors, structures, processes and direct actions in anti-corruption in Armenia; an analysis of the legislative framework, including actors, structures and systems of all branches of the judiciary and assessment of its relevance to tackling corruption in Armenia; and an assessment of the results and impact of the government's "anti-corruption" strategy and action plan 2009-2012. The overall objective of the project was to provide the EUD with a better understanding of anti-corruption policies and actions, as well as formulating recommendations.<sup>187</sup>

The final project report assessed the extent to which the cross-cutting nature of corruption impacts the growth of democracy in Armenia and influences political and economic developments in the country. The main areas of success and the weaknesses and gaps in the formal legal-institutional framework were highlighted in respect of their harmonisation with international anti-corruption standards. There was also an assessment of all non-state actors involved in anti-corruption actions.

The findings were based on the outcomes of meetings with key stakeholders and a desk review of more than 500 documentary sources, including policy documents, laws and by-laws, monitoring and assessment reports, academic studies, statistical information, international indices, sociological surveys, media publications, etc. The report covers, "Understanding Corruption in Armenia" and reviews the different definitions of corruption and analyses the main forms of corruption (grand corruption, petty corruption, systemic corruption, sporadic corruption and political corruption), which recur in every system, including Armenia. The relationship between culture and corruption in the Armenian are reviewed, as is the political economy of corruption in Armenia. The review states that corruption in Armenia seems to be endemic and systemic, though at the same time, centralised, which could be explained as a legacy from Soviet regime. In recent years, the Armenian leadership has succeeded in reducing petty corruption/bribery in some citizen-government interactions while corruption is becoming more sophisticated and latent and moving to spheres where big money and power are located. Accordingly, corruption schemes are becoming more refined and ingenious, and there is a trend towards petty corruption being replaced by grand/elite corruption. The second chapter addresses issues related to the government's political will to fight corruption, the Armenian population's perception of corruption, in

<sup>183</sup> Forwarding Armenian Statistics Through Twinning, Statistics Denmark, Federal Statistical Bureau of Germany, National Statistical Service of the Republic of Armenia, Twinning Final Report, April 2013

<sup>184</sup> ENPI, 2012, 'Situation analysis of public sector corruption in Armenia: assessment and recommendations', contract no. 308819, 26/12/2012 – 21/1/2014, €198,920 (Governance and Institutions). In January 2013, the EU commissioned AETs to undertake the project.

<sup>185</sup> 'Situation analysis of public sector corruption in Armenia', FWC COM2011-LOT1, EUD Armenia, Final Report, AETS, June 2013

<sup>186</sup> ENPI, 2012, 'Situation analysis of public sector corruption in Armenia: assessment and recommendations', contract no. 308819, 26/12/2012 – 21/1/2014, €198,920 (Governance and Institutions). In January 2013, the EU commissioned AETs to undertake the project.

<sup>187</sup> 'Situation analysis of public sector corruption in Armenia', FWC COM2011-LOT1, EUD Armenia, Final Report, AETS, June 2013

accordance with corruption indicators. All indices concerning the level of corruption in Armenia revealed that, although its position in some indices improved, a number of reports by international organisations as well as various public opinion polls and other surveys conducted in the country showed that both the public sector and the business sector see corruption as a priority area to be addressed. The reports name public administration, law-enforcement bodies, the judiciary, education and health systems as the sectors most affected by corruption.

The third chapter maps and reviews all state institutional actors, involved in the fight against corruption including the strengths and weaknesses of several state organisations and shows that Armenia does not have a centralised independent body with corruption prevention, awareness raising and coordination functions, while responsibility for the investigation and prosecution of corruption cases are divided among different law enforcement structures. The chapter also reviews internationally established institutional models for fighting corruption using examples of different countries with special attention given to Eastern European experiences. The report also provides an appendix on institutional anti-corruption models.

The fourth chapter focuses on Armenia's legal anti-corruption framework and reveal that Armenia has neither a corruption prevention law, nor a single unified anti-corruption law. Legal provisions related to corruption prevention are not systematised throughout the legislation dealing with the public sector. At the same time, protection for persons reporting such actions (whistle-blowers) is not properly addressed in the Public Service Law and corresponding legislation. As for the criminalisation of corruption offences, Armenian criminal legislation in general corresponds to international standards, although some twenty-two major shortcomings are noted in relation to the absence of criminalisation for 'illegal enrichment and liability of legal persons for corruption crimes'. The fifth chapter on National Anti-Corruption Policy analyses the need for an Anti-Corruption strategy and explains the obligation to adopt a National Anti-Corruption Strategy under international standards.

The GoA had anticipated that, as a result of the implementation of the anti-corruption strategy and action plan between the years, 2009-12, corruption in Armenia by 2012 would cease to be systemic in character. However, the report notes that some 240 measures proposed in the strategy, while successfully implemented, many appear to remain in the realm of 'wishful thinking'. The indicators (Corruption Perception Index and Control of Corruption Indicator) used to set targets, reveal that the final aims for the strategy have not been achieved. The strategy, the report notes, is well written, but looks more like a universal anti-corruption handbook than a policy paper with clearly defined priorities and a realistic agenda for implementation. Specific reasons for the failure of the anti-corruption strategy and action plan for 2009-2012 were identified, including the fact that the strategy was not "strategic": it did not set priorities, there was no pilot testing and it was not in line with available resources; there was a lack of ownership since implementing agencies did not own the strategies; and there was a lack of coordination, monitoring and evaluation, etc. The main lesson learnt from the 2009-2012 anti-corruption strategy is that the policy document should be better prioritised, with a more realistic reform agenda. Since 2012, Armenia has lacked a key national policy document to fight corruption and the report provided guidance and recommendations on what was required with respect to developing a new anti-corruption strategy.

Chapter 6 explores corruption and anti-corruption issues in selected areas and sectors: in particular, transparency and reporting procedures and corruption prevention mechanisms in election campaign financing and the system for funding political parties; and corruption prevention and detection mechanisms in regional governance and local self-governance, public procurement and public finance management systems, as well as in the field of internal audits. Chapter 7, on non-state actors, provides comprehensive analyses of civil society, media and private sectors, identifies specific challenges and shortcomings in their anticorruption drive and suggests paths for future actions in accordance with the best international experience. Chapter 8, on donor-sponsored anti-corruption analyses and EU assistance projects, as well as other donors-sponsored anti-corruption programmes in Armenia. The report concludes that there is an urgent need for donors to coordinate planned or/and on-going anti-corruption programmes/activities and avoiding duplication.

In conclusion, the report notes that Armenia belongs to group of countries which, at least partially, sets out legislative transparency and anti-corruption agendas aimed at improving systemic weaknesses in their legal infrastructure, while implementation is largely left to weak institutions dealing with anti-corruption. It recommended that a number of measures should be implemented, including: the legislative framework needs to be amended and improved in order to meet the requirements of international anti-corruption conventions; adopt an overall strategic policy document like the national anticorruption strategy; proper institutional arrangements are needed, as there is no specialised anti-corruption agency in the country, which would coordinate all anti-corruption efforts and would also be responsible for corruption prevention; coherent anti-corruption training policy is another crucial and required part of a successful capacity building process; the important role of civil society, the media and the private sector in preventing and addressing corruption through effective monitoring and reporting should be increased; development assistance providers should focus on designing more effective and well-targeted anti-corruption policies focusing on interim outcomes, sequencing of actions and consolidating short-term gains into a broader impact.

#### 4.4.3. Civil Service

More substantial assistance under PAR was provided for an assessment of civil service reforms to improve public administration systems & professionalism of the civil service<sup>188</sup> and 'Support to Civil Service Council of Armenia'.<sup>189</sup> It is worth mentioning that the request of the CSC and the open discussions during the assessment mission to Armenia, as well as the documents that were provided, led the mission to conclude that the GoA "demonstrated a great interest in reforming civil service and public administration". It was felt, however, that the direction and intensity of the reform was rather unclear, "shifting from progressive, incremental changes to radical reforms". The report concludes, though, that there was a firm belief in the need to reform the public administration's organization and functioning, and to improve skills and professionalism in management.

#### 4.4.4. Statistics

The EU has also provided support to the modernisation of the National Statistics Service through several projects since 2009/10, although EU cooperation with the NSS has a long history, stretching back to the early 1990s. A project was implemented between July 2009 and August 2010 to develop a Twinning fiche<sup>190</sup> and two projects were then implemented between 2010 and 2017 which were designed to support and strengthen the National Statistical Service.<sup>191</sup> A Twinning project 'Forwarding Armenian Statistics through Statistics', and implemented by the National Statistical Service (NSS), lasted just over two years (30<sup>th</sup> January 2011 to 31<sup>st</sup> March 2013) and was completed in April 2013, involving mainly Statistics Denmark (the lead partner) and the Federal Statistical Office of Germany (the junior partner), as well as the national statistical offices of Finland, Latvia, Lithuania and Sweden. This cooperation led to an improvement in the NSS quality management framework and in an alignment of compilation methodologies concerning a number of improved statistics.

The project was efficiently implemented (within the planned timeframe, 30<sup>th</sup> January 2011 to 31<sup>st</sup> March 2013) and effective in achieving all the planned results. The project was deemed highly successful, primarily due to a high degree of commitment from all the Armenian and MS experts who were involved

<sup>188</sup> 'Assessment of the civil service system in Armenia', SIGMA, no date(although assume 2010 since the mission was in November 2009)

<sup>189</sup> 'Support to Civil Service Council of Armenia', EN 2015, contract no. 367114, 4/11/15 -15/11/17, € ?? (Mobility and Social Development)

<sup>190</sup> ENPI 2009, 'Support to the National Statistics Service of the RoA to develop a twinning fiche', contract no. 207253, 28/07/2009 – 31/08/2010

<sup>191</sup> ENP 2010, Support to the National Statistical Service of the Republic of Armenia', contract no. 256452 (256462?), with a value of €1M (Governance and Institutions); and ENI, 2015, 'Strengthening of National Statistical System, phase II', contract no. 347714, 16/7/2015 – 7/8/2017, with a value of €1M (Governance and Institutions)



in the project, and because the communication at all levels of the project organization remained good and constructive throughout the implementation period.

The following six project components achieved the following results with significant impact:

- Improved capacity of the NSSRA to comply with EU and international statistical standards
- Reduction of reporting burden for Structural Business Statistics
- Improvement of exhaustiveness of GDP estimates
- Agricultural Census rolled out
- Consumer Price Index harmonized with EU standards
- Statistics about the information society were published.

Only in a very few cases were results not completely fulfilled, and the reasons for the deviations were found to lie in the project assumptions, which were carefully considered and their consequences for the project acknowledged at the Steering Committee meetings. In addition, however, the project delivered many important results that were not specified in the work plan, such as the user-friendly dissemination tool, ARMSTATBANK.AM, which was introduced in September 2012. The main conclusion of the report is that the overall objective of the EU Twinning project was met through an improvement of the NSSRA's quality management framework, and through alignment of compilation methodologies concerning a number of important statistics.

A meeting was held in Yerevan in May 2019 with the Head of the NSS, Ms. Safan, to discuss this Twinning Project. All the components had 6 visits. She noted that there has been positive cooperation with the EU, Eurostat since 1991. It is the only Nat Stat office in the region with two Twinning between 2000 and now with also some 15 TAIEX and with Austrian cooperation in 2016 and with the Czech Republic in 2017 (with the farm register), administrative registers are now digitalised and the population census for 2020 is based on this register. Eurostat made 29 recommendations in 2014. A new generic law on official statistics was adopted in 2018 and is available on the NSS website in English and follows the Eurostat Code of Practice. For this, the NSS used their budget to translate and provide a light peer review. A third Twinning has been proposed for two years, based on experience of a good consortium, quality management etc.

In total, Armenia has produced 139 statistical products which possess a quality declaration in respect of EU standards. There is also another TAIEX proposal being prepared to develop administrative registers at community level. The Armenian NSS follows approach and methodology of statistics within the Eastern Partnership, and the CEPA chapter on statistics is the same as in the Cooperation Agreement.

#### 4.4.5. Public Financial Management

##### *i. State of play in the sector<sup>192</sup>*

The legal and operational framework for implementing public financial management (PFM) is established. The public finance sector is comparatively small and fluctuates around 26% of GDP.<sup>193</sup> Economic growth in 2017 was 7.5%, with forecasts for 2018, 2019 and 2020 of 4.5%, 5.3% and 5.5% respectively. The MTEF for 2019–2021 provides for a general Government deficit of 2.7% in 2018, and 2.3% in both 2019 and 2020.<sup>194</sup> However, there are no GoA plans to balance the general state budget in the near future. The ratio of government debt to GDP outturn was 53.7% in 2017, and it was expected to reach 54.2% of GDP in 2018. The GoA forecasts that it will decrease to 51.6% in 2021, but it is still too early to say whether this decrease is achievable<sup>195</sup>.

<sup>192</sup> For a good overview see 'The Principles of Public Administration', Armenia, March 2019, OECD/SIGMA, 2019, pp.123-171

<sup>193</sup> MTEF 2019–2021, p. 14.

<sup>194</sup> MTEF 2019–2021, p. 85.

<sup>195</sup> Public Debt Management Strategy for 2019–2021, p. 21

A Medium-Term Expenditure Framework (MTEF) has been developed and covers a three-year period, but it is based on central government data and the reliability of medium-term forecasts needs to be improved. There is no legal framework specific to Financial Management and Control (FMC) and the MoF does not know how FMC is developing because there is no regular monitoring of progress in this area. The legal framework for internal audit (IA) is in place and operational, although the IA profession in the public sector is still at an early stage of development.

The GoA has made considerable efforts recently to further implement PFM reforms, based on the PFM Strategy for 2016–2020, which represents the second stage of PFM reforms and follows the first phase of reforms implemented under the earlier PFM Strategy, for 2010–2014. In accordance with the provisions of the PFM Strategy, the GoA has introduced Programme Budgeting (PB) throughout the budget system. Although PB was initially launched as part of the budget reforms in 2004, it ran for many years as a pilot exercise. Amendments to the Law on the Budgetary System<sup>196</sup> have introduced legally binding provisions regarding programme allocations and the Budget for 2019 was presented and approved by the National Assembly using PB classifications as the main budget format. The budget is now formulated in compliance with transparent legal provisions and within an overall multi-annual framework, and this should facilitate the GoA aim of ensuring that the general government budget balance and the debt-to-gross domestic product ratio are on a sustainable path.

In 2017 new fiscal rules were introduced into the PFM system and implemented in 2018. The new rules provide restrictions on budget expenditure and a number of other measures to be taken depending on the level of public debt<sup>197</sup>. A fiscal risk assessment division was established by order of the MoF<sup>198</sup>. Subsequently an operational road map to enhance the assessment of fiscal risks was approved by order of the MoF, which clarified the functions performed by the fiscal risk assessment division<sup>199</sup>. Currently the division is in charge of monitoring the debt obligations of state-owned enterprises (SOEs) but it is planned that its monitoring activities will be expanded.

The PFM Strategy includes objectives and activities for developing a legal framework for FMC and for revising the IA methodology and improving the professional skills of internal auditors. The Strategy is to be implemented with donor support. Since January 2017, the major developments in the Public Procurement system include the following:

- Following the entry into force of the new Public Procurement Law (PPL) - 90 days after its promulgation on 14 January 2017 - several decrees were issued by the Government and the MoF to regulate key details of the application of the PPL Law. These mainly concerned the workings of the e-procurement system and the form, contents and use of standard documents.
- The review system was changed again in March 2018, when the former review body was abolished as a statutory entity and replaced by “review persons” at the MoF<sup>200</sup>. The two people serving on the review body at the time of its abolition were immediately reinstated in their new role as review persons. There were only minor changes to the procedures for lodging complaints and the day-to-day work of the persons concerned
- The PPL now covers selection of the private partner in a PPP. A draft law specific to PPPs was adopted by the Government in the beginning of September 2018 and should be presented to the Parliament in autumn 2018.

<sup>196</sup> The Law on the Budgetary System, 24<sup>th</sup> June 1997, amended by HO-541-N of 11<sup>th</sup> April 2003, HO-224-N of 24<sup>th</sup> October 2007, HO-45-N of 30<sup>th</sup> April 2013, and HO-304-N 14<sup>th</sup> December 2017, Chapter 6.1.

<sup>197</sup> Government Decree No. 942-N, 23 August 2018, on the introduction of ceilings on growth in and the aggregate amount of current expenditure in the composition of next year’s state budget expenditure in the draft law on the state budget for the forthcoming year, exceptional cases and the debt reduction programme of the Government.

<sup>198</sup> MoF Order No. 1/814-A, 20<sup>th</sup> December 2014.

<sup>199</sup> MoF Order No. 448-A on approving a road map for the enhancement of fiscal risks assessment and formation of liable sub-divisions, 31<sup>st</sup> August 2017

<sup>200</sup> Law on Making Amendments and Addenda to the Republic of Armenia Law on Procurement, adopted on 23 March 2018, with entry into force on 9 April 2018.

The role and function of the Supreme Audit Institution (SAI), the Audit Chamber (AC), is embedded in the Constitution, although the AC is in a transitional phase. The Law on the Public Audit Chamber<sup>201</sup> (the AC Law) came into force on 9 April 2018 and brought about a major shift in its mandate from inspection and control to audit. The Law is an improvement on the 2006 Law on the Chamber of Control<sup>202</sup> but it poorly defines the AC's independence, mandate and access to information. The audit activities of the AC do not yet comply with international standards since the core of the AC audit work is still a form of compliance audit, with a focus on defining irregularities. The development of performance and financial audit is still in its infancy. Guidance has been developed for financial and compliance audit but staff training on the new audit approaches and the development of quality control and assurance systems are lacking. The AC staff is currently being trained in the new audit approaches of financial, compliance and performance auditing (i.e. the development of quality control and assurance systems), which are compliant with the International Standards of Supreme Audit Institutions (ISSAIs). In order to identify opportunities for further development, the AC has carried out a self-assessment based on the SAI Performance Measurement Framework (SAI-PMF) methodology of the International Organisations of Supreme Audit Institutions (INTOSAI), which will feed into a new Strategic Development Plan 2019–2022.

The budget is formulated in compliance with transparent legal provisions and within an overall multi-annual framework, ensuring that the general government budget balance and the debt-to-gross domestic product ratio are on a sustainable path (general overview in SIGMA, 2019 background docs).

Reflecting the need to meet diverse international obligations, public procurement is undergoing frequent changes, to adjust to the requirements of the new Constitution and improve the efficiency and transparency of the system. The new Government, from May 2018, made reform of PFM one of its linchpins of economic and social development, underlining the importance of public procurement. As a party to the Government Procurement Agreement (GPA) under the WTO since 15<sup>th</sup> September 2011, Armenia must apply international standards for public procurement. The efforts to do so have received renewed impetus through the Comprehensive and Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia, signed on 24 November 2017, in which public procurement is covered in Chapter 8. However, Armenia has been a member of the Eurasian Economic Union since 2<sup>nd</sup> January 2015, and this has created overlapping and partly conflicting obligations regarding the regulatory and institutional framework and public procurement practices. Public procurement is currently regulated by the Public Procurement Law (PPL) adopted on 16<sup>th</sup> December 2016, Government Decree No. 526-N of 4<sup>th</sup> May 2017 and several other pieces of secondary legislation. Although a number of its provisions reflect obligations under the Treaty on the Eurasian Economic Union, the PPL broadly corresponds to international practice, with the organisation of the review system being one important exception. The shortcomings of the system in Armenia lie as much in the application as in the PPL Law itself.

In September 2018, Public Procurement was being carried out by some 600 contracting authorities, but that number was dropping due to administrative reorganisation. The importance of the economic impact of public procurement is widely recognized, although the objectives of efficiency and transparency in public procurement are put into question by the weakness of the local supply market, indications of lack of procurement skills in many contracting authorities, and concerns about the integrity of the procurement processes. Concessions and other public-private partnerships (PPPs) are not yet comprehensively and specifically regulated.

The role and function of the Supreme Audit Institution (SAI), the Audit Chamber (AC), is embedded in the Constitution. The 2018 Law on the Public Audit Chamber<sup>203</sup> (the AC Law) is an improvement on the 2006 Law on the Chamber of Control<sup>204</sup> but it poorly defines the AC's independence, mandate and access to information. The audit activities of the AC do not yet comply with international standards since the core of the AC audit work is still a form of compliance audit, with a focus on defining irregularities. The

<sup>201</sup> The Law on the Public Audit Chamber was adopted on 16<sup>th</sup> January 2018 and came into force on 9<sup>th</sup> April 2018.

<sup>202</sup> The Law on the Chamber of Control, adopted by the National Assembly on 25<sup>th</sup> December 2006 (ratified on 9<sup>th</sup> June 2007).

<sup>203</sup> The Law on the Public Audit Chamber was adopted on 16<sup>th</sup> January 2018 and came into force on 9<sup>th</sup> April 2018.

<sup>204</sup> The Law on the Chamber of Control, adopted by the National Assembly on 25<sup>th</sup> December 2006 (ratified on 9<sup>th</sup> June 2007).

development of performance and financial audit is still in its infancy. Guidance has been developed for financial and compliance audit but staff training on the new audit approaches and the development of quality control and assurance systems are lacking.

#### 4.4.6. EU assistance to PFM

Throughout the period 2010-2017, EU assistance to PFM was logical and coherent and in line with the needs of the Armenian economy. Assistance was provided to development of the overall PFM system, through support to developing a new strategy for PFM, to strengthening the PFM system and with assistance to an assessment of the PFM system at that particular point in time, and especially its performance, highlighting strengths and weaknesses of the system, through an updated PEFA (prepared in 2012 and published in 2013). The results of the PEFA could then be compared with the earlier assessment (in 2007) to determine areas of progress and highlight strengths and weaknesses within the system. This then provided a sound technical basis for the preparation of the updated PFM strategy, as well as sub-sector strategies. (Apart from the revised 'PFM Reform Strategy and Action Plan, 2016-2020', developed with EU TA under CS of the BSP, 'PFPRP', under AAP 2015; a 'Strategic Development Programme, 2011-2016', for the Chamber of Control as well as a sub-strategy for the introduction of a Programme Budgeting system (August 2015), assisted by GIZ also through CS under the BSP, 'PFPRP').

Support to individual components of the PFM system not only strengthened those particular areas but also acted to strengthen the system as a whole. This had a beneficial effect for both the EU and the GoA. If BS was to be the chosen aid modality and instrument then a sound PFM system was required in order to provide for a mechanism to transfer funds from the EU to the GoA and then, within Armenia, to the Treasury and the State Budget and, from the latter, to individual sector line ministries and other government agencies. At the same time, use of a partner PFM system for utilisation of assistance funds acts to strengthen that system, thereby bringing EU added value to the BS interventions by further improving the PFM system. The PFM system was certainly strengthened by the number of BSPs since each one has a General Condition linked to performance of the PFM system. Thus the instrument proved to be efficient in transferring funds from the EU to the GoA, although it is difficult to determine on the basis of the available data, how efficient the mechanism was in transferring funds to the priority sectors, once the relevant Specific Conditions had been met. The problem with using this instrument is that conditions did not always appear to have been thoroughly thought-through or understood, especially with the various changes in of government and personnel, where those responsible for the implementation of actions necessary for the fulfilment of conditions were not always the same staff as had agreed to those actions and conditions.

One specific BSP focused on PFM, the 'Public Finance Policy Reform Programme (PFPRP)', and had components closely linked to the recommendations in the 2013 PEFA, covering improvements to budget preparation, budget execution and budget monitoring. With regard to budget preparation, GIZ was contracted under this component, to assist with development of programme budgeting, since it has special expertise in this area. (see details below)

The components in the BSP were further strengthened through other projects, such as a seven months project, supporting the Public Debt Management Division (PDMD) in the MoF, which finished in December 2012 and supported the ministry specifically in implementing the Action Plan for Public Debt Management Reform, 2011-2013.

A ROM mission was carried out on the assistance that had been provided to the external audit component of the BSP MSBSP 1, 2011, which focused on enhancement of the institutional role of the Supreme Audit Institution (the Chamber of Control). This was judged to be highly relevant in terms of country needs and linked to both the overall PFM Reform Programme and to a recommendation from the PEFA 2013. Due to a number of delays, including personnel and institutional changes, a number of project outputs had not been achieved at the time of the review and it was feared that this would impact on likely sustainability.

Elsewhere, a ROM mission (January 2016), undertaken on assistance provided through a Twinning project supporting Public Internal Financial Control (PIFC), covering June 2014-end 2016, found that the project was also relevant to both the PFM Reform Programme and to the PEFA 2013 recommendations. One problem noted with using this modality, however, was the occasional mistaken assumption by the GoA, that this was a TA project (efficiency), although in December 2015, the project was on track with no delays and 65% of budget had been spent (as planned, so demonstrating an efficient use of resources). Most of the foreseen outputs linked to mandatory results had been achieved (effectiveness). It was too early to comment on sustainability which depended on a number of other factors.

The use of additional EU funds through Macro Financial Assistance (MFA) – totally some €100 M – was closely linked to both the needs of the Armenian economy and other EU assistance being provided to the PFM system, as well as other donor support, and thus was both relevant and coherent. The ex-post evaluation of the MFA found that, in the area of PFM reform, particularly reforms relating to internal and external audit, MFA potentially reinforced the internationally agreed reform agenda and possibly helped to support the implementation timeframe, although it is difficult to be conclusive given the number of international actors involved in this area supporting the Armenian government. No specific evaluation of support to other areas of PAR was conducted.<sup>205</sup>

## 4.5. By intervention

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### 4.5.1. The overall PFM system

#### *i. PEFA*

The development of the Central Government Public Expenditure and Financial Accountability (PEFA) Assessment Report 2013, with assistance from the EU<sup>206</sup>, provide a challenging process and took over a year to complete, engaging various central GoA institutions, such as the National Assembly, the CoC, under the lead of the MoF, as well as representatives of DP agencies (EUD, GIZ, the WB) most active in PFM. It was noted that the successful accomplishment of the final PEFA assessment report owed a lot to the personal involvement, commitment and general coordination of the First Deputy Minister of Finance Mr. Pavel Safaryan, who provided guidance in settling a variety of controversies which emerged among different parties during the assessment. The PEFA 2013 was particularly important for establishing a framework from which a revised new PFM strategy and Action Plan could be developed and for providing the context in which the EU BSP (PFPRP) could be designed and implemented, ensuring coherence, synergy and harmonisation with EU policies, strategies and actions in the field of PFM.

#### *ii. Strengthening Public Financial Management in Armenia*

For the project, 'Strengthening Public Financial Management in Armenia' (Contract No.: ENI/2016/383-266), TA was provided through Complementary Support under the BSP, "Public Finance Policy Reform Programme in Armenia (PFPRP)" (ENI/2015/038-229) and joint co-financed by EU/BMZ. The overall objective of this TA project was the improvement of the efficiency, effectiveness and transparency of the PFM system, based on the PFM strategies (in tum, in line with international best practices and standards) and this contributes directly to the specific objective of the BSP. The overall objective of the project was measured by two outcome indicators, related to budget reforms (in particular, the introduction of Programme-based Budgeting), accountability and external financial control As a result of the political changes, by the end of 2017, a number of important laws was adopted by the National Assembly,

<sup>205</sup> Annex 1 of 'Action Document for support to PAR in Armenia: Better Service Delivery through a More Efficient and Responsive Public Administration', CRIS: ENI/2016/039-595), PAR, €20,875,000, of which €12mIn for BS and €8 mln for Complementary Support. Grants (call for proposals for twinning projects); grants – direct award; indirect management with UNDP

<sup>206</sup> See



including 'Amendments to the Law on the Budgetary System' and the new 'Law on the Audit Chamber'. In September 2017, a MoU was signed between the National Assembly, the MoF, the Audit Chamber (formerly the Chamber of Control), the State Revenue Committee and the GIZ "Public Financial Management in the South Caucasus" Programme (PFMSC), which set out the areas of cooperation and the results framework to be achieved by this joint Action of EU and BMZ.<sup>207</sup>

In the period covered by the report, activities were implemented in all areas envisaged under the operational plan. Support was provided to the MoF in PB, specifically related to the finalisation of the legal and methodological frameworks, together with an in-depth revision of all state budget programmes. In December 2017, the National Assembly adopted 'Amendments to the Law on the Budgetary System', which states that PB will be the main format for presenting the state budget in the Law on the Annual State Budget. In 2019, the Annual State Budget Law was for the first time presented to the National Assembly in PB format in a pilot, in order to prepare for a full transition to PB from 2020 onwards. In addition, the MoF has, with joint support from the PFMSC Programme and the Dutch MoF, undertaken a Financial Management and Control (FMC) Gap Analysis. This had led to the development of a FMC Manual and the piloting of a new FMC system from September 2018. Furthermore, the PFMSC has supported the MoF in public procurement, namely, by introducing a new e-procurement system during the reporting period. More than 700 procurement experts were trained in the application and usage of the system and to inform the general public, a series of animation clips on the new procurement system was developed in cooperation with the MoF and broadcast on all major Armenian TV channels.

The PFMSC established good working relationships with the main PFM partners at the National Assembly, i.e. the Standing Committee on Financial-Credit and Budgetary Affairs, the Secretariat of the Standing Committee on Financial-Credit and Budgetary Affairs, Budget Office (PBO) and the Staff of the National Assembly. Through cooperation with the Assembly, various activities were implemented, including improvements to PFM legislation, Parliamentary budget reforms, related to capacity development and enhanced cooperation among all stakeholders involved in implementing PFM-reforms (Government, SAI, CSO, Media), including initiatives at the regional level. The PFMSC has also supported essential reforms of the external audit system function in line with international standards and European Union good practice<sup>208</sup> and begun cooperation with the State Revenue Committee (SRC), within the framework of Sustainable Development Goals and with a focus on issues related to Domestic Resource Mobilisation (DRM). With the support of the PFMSC, the SRC has worked on a Tax Administration Strategy and a Tax Administration Communication Strategy, which should facilitate involvement of more DPs in this area and on tax arrears management.

A number of successful outcomes had been achieved by the time of the project Interim Report. The Draft Annual Budget 2020 was discussed in the Assembly based on programme classification; the methodological tools have been collected together in a PB Manual, approved by the MoF, and subsequently disseminated. According to the Law on Legal Acts, any law approved by the National Assembly and signed by the President, comes into force 10 days after the official publication. Line ministries and other state governmental agencies provided inputs for the development of the draft State Budget Law for 2019 in a PB format. The AC (the former CoC) had implemented, in the reporting period, 8 pilot audits in line with international standards for financial, compliance and performance audits. Through on-the-job training, the AC had 85 trained auditors to implement financial, compliance and performance audits according to international standards. The AC also has manuals for financial and compliance audits, a major criterion for measuring the improvement of the overall performance of the SAI, as defined by the Supreme Audit Institutions Performance Measurement Framework (SAI PMF). The follow-up to the implementation of the recommendations by the Court of Auditors showed an improvement in accordance with this framework.

<sup>207</sup> See project Interim Report, 30 March 2018

<sup>208</sup> See "From control to an external audit function in line with international standards and European Union good practice", Final Report, Grant Contract ENPI/2014 / 346-003 on "Strengthening the Independence, Effectiveness and Transparency of the Armenian External Audit system"

A training programme (training materials among other regarding gender sensitive budgeting, trained local trainers, training plan; definition of responsibility) was implemented for financial departments and sectoral departments in the line ministries, AC and Parliament on how to apply the PB methodology and provisions from the draft Financial Management and Control (FMC) legislation were piloted in two ministries. The Draft Manual on FMC was at the stage of final revisions and in June 2018 a draft action plan for piloting was presented by the experts from GIZ and the Dutch MoF, with the plan that pilots commence from September 2018. The AC has developed internal regulations to introduce specific internal procedures for the audit planning, implementing, reporting and follow up. A strategy to develop capacity for the Parliamentary Budget Office was also implemented, with visits from internal specialists and institutions. A strategic plan for the State Revenue Committee (SRC), based, among others, on results of TADAT assessment (2016), was adopted, within the frame of the Internal Revenue Mobilisation context, as stated in the Strategic Development Goals (SDGs). Close cooperation with the French Development Agency to support the SRC was established, as was a platform for further cooperation for the implementation of the tax administration strategy with the British Embassy, the World Bank, the IMF and USAID. The project supported the SRC and the Centre for Strategic Initiatives, in the development of indicators, an Action Plan and a strategy for tax administration. Joint learning formats on results-oriented budgeting, modern internal control mechanisms (PIFC), transparency and accountability and revenue systems also took place in 2018, in Tbilisi, with Armenian and Georgian Internal Auditors and MoF Central Harmonisation Unit representatives. The CoC and the Georgian State Audit Office had a working meeting in December 2017, resulting in the Armenian and Georgian Supreme Audit Institutions (SAI) implementing joint actions, particularly on specific audit (performance, financial and compliance) results and the mechanisms for their follow up. The SAI Performance Measurement Framework was accepted for both SAIs. Although political changes led to changes in the top management of partner institutions the Programme, at the time of the report, was considered to have been implemented as planned and managed to realise activities on the professional/working level addressing the specific needs of the partner institution.

### *iii. Strategy for Reforming the Public Finance Management System (PFMS), 2011–2020*

The MoF requested the EU to provide TA to assess, revise and update the Strategy for Reforming the Public Finance Management System (PFMS) 2011–2020 and its Action Plan (the Strategy). Final report, Feb 2015 (DFC/ECF). The project provided an assessment of the Implementation of the Strategy for Reforming the PFM Systems 2011–2020), a revised Strategy for Reforming the PFM Systems 2011–2020 and an associated Action Plan. In addition, an overall assessment of the relevance, efficiency, effectiveness and inclusiveness of the current Co-ordination and Monitoring System and recommendations to improve it. A review was also undertaken of PFM Technical Assistance provided to the CoC and the National Assembly. The project assessment covered: main Macro-economic and Budgetary Indicators Forecasting; State Revenue Policy; Strategic Planning, Medium Term Expenditure Framework (MTEF) and State Budget Preparation; Treasury System (including GFMS); State Debt Management; Public Sector Accounting; Public Procurement; Public Internal Financial Control (including internal audit); Corporate Accounting and Auditing; Financial Management and Control of State-Owned Organisations; Financial Management of Local Self-Governance Bodies; Chamber of Control; and National Assembly.

Each of the following areas was examined for: Relevance; Efficiency; Effectiveness; Impact; Sustainability; Complementarity/Coherence; Cross-Cutting Issues; Communication and Visibility; and Added Value of the EU and other Development Partners Intervention. The overall project opinion was that, despite a variety of successful PFM interventions, the piecemeal nature and lack of co-ordination at the time of the report (end 2014) meant that the core vision of the Strategy had not met. Thus, the TA provided an important assessment with recommendations for improvements through a Revised Strategy and Action Plan, which is divided into three sections: one which provides background information and explanations for the material used; another which provides the basis upon which the MoF should draw to complete the revised Strategy for Public Financial Management Reform 2015 – 2020, including the Action Plan, which will provide the legal underpinning to the process; and a detailed review upon which the

Action Plan was based. The methodology followed the draft new PEFA Framework. The report also contains recommended areas for assistance from both the EU and other DPs.

#### 4.5.2. Strengthening individual components of the PFM system

A number of EU interventions also supported individual components of the PFM system, both strengthening them individually but, in so doing, also helping to strengthen and make sounder, the overall PFM system. In relation to budgeting, support was given to improving the efficiency and effectiveness of domestic revenue mobilisation, through support to the SRC, thereby helping to provide more reliable and accurate revenue estimates for use in the three-year MTEF forecasts. Assistance to the Debt Management department of the MoF was important for assisting the department to develop a DM strategy and better assess debt reduction over the medium to long term, thereby also contributing to overall state budget forecasts, which include debt figures.

##### *i. State Revenue Committee (SRC)*

In relation to support to budget preparation and specifically domestic revenue mobilisation, the EU supported the State Revenue Committee, to strengthen customs control procedures and ensure that these were in accordance with best practice in the EU Member States.<sup>209</sup> The SRC, together with two EU Customs administrations: the Customs Department under the MoF of the Republic of Lithuania (Lead partner) and the National Board of Customs in Finland (junior partner) What impact is it likely to have on the Armenian Customs Service? The main objective of the Twinning Project was to support the SRC to strengthen the national customs by the development of specific Customs procedures including Risk Management, Post Clearance Controls and Audit. The Project included reviews of the relevant legislation, operational procedures and provided sustainable benefits within a strong strategic base and a cascade training approach. In addition, it provided the best practice transfer of experience and knowledge from Member State Twinning partner(s) based on EU Customs Strategic Blueprints as well as on WCO and WTO standards. Clearly the project had an important impact in that the overall objective, to support the SRC in strengthening Customs control procedures and enforcement, was achieved 100% by the end of project, with 52 planned activities out of 52 being implemented. All five mandatory results were achieved. Best practice transfer of experience and knowledge from EU Member State Twinning partner(s) was carried out in all customs areas covered by the project. EU MS customs experts provided Armenian Customs with different recommendations and made more than one hundred presentations on EU customs legislation and practices. The TA drafted three Action Plans (customs control, risk management and PCC&A) and developed 10 “road maps” for the medium- and long-term activities of the SRC. These tools were used draft new customs legislation and to introduce new practices. Twinning workshops and coaching/mentoring sessions in combination with Study Visits supported Armenian Customs to make decisions for changes towards International and European standards. Overall, the project was deemed to be successful and the SRC noted excellent cooperation between the Twinning partners and the SRC and this encouraged them to develop subsequent Twinning projects.

##### *ii. Public Debt Management (PDM)*

In December 2012, the **Public Debt Management** Department (PDMD) of the MoF commenced a UNCTAD/ DMFAS programme with IMF, with the World Bank Treasury as key stakeholders covering Debt Recording and Management System; PDMD Internal Organisation; Debt Reports; and a Medium-Term Debt Strategy. The general objective was to strengthen the capacity of the MoF to manage the general government debt in order to ensure the fiscal and debt sustainability. The EU TA project ‘Support to the Public Debt Management Division’, under Armenia ENP AP 2011, started on 22 May 2012 and concluded on 10 December 2012.<sup>210</sup> The overall objective of the project was to strengthen the capacity

<sup>209</sup> State Revenue Committee of the Republic of Armenia: Twinning, contract: 290-207 AM10/ENP-PCA/F1/07 (Lithuania & Finland) Final report, August 2014. Legal duration: 21/05/2012 – 12/09/2014. Project execution period: 24 months (13/06/2012- 12/06/2014)

<sup>210</sup> See report

of the MoF to manage the general government debt in order to ensure fiscal and debt sustainability. Its specific objective was to support the MoF in the implementation of the 2011-2013 Action Plan for Public Debt Management Reform. The MoF adopted the Action Plan in the context of a drastic deterioration of the debt outlook (central government debt expressed as a percentage of the GDP had tripled since the end of 2008) and the on-going phasing out from concessional lending with multilateral creditors. Against that backdrop, the general objective of the Action Plan was that, by the end of 2013, the PDMD should formulate and implement a fully-fledged Medium-Term Debt Strategy (MTDS). The MoF was committed to the timely implementation of the Action Plan evidenced by the fact that, *inter alia*, the MoF had purchased a new debt recording and administration system, partly with the support of a grant from the World Bank, and adopted a new charter for the PDMD. The project provided support for the following specific components of the Action Plan: debt administration systems; advice for the configuration of the Debt Management and Financial Analysis System (DMFAS); coordination with the UN Conference on Trade and Development (UNCTAD) for the development of a buy-back module and conceptual design of an electronic platform for Treasury Direct; internal organisation of the PDMD; revision of the charter of the PDMD; drafting of a procedures manual for a series of key activities of the department; guidelines for the formulation of an operational risk management plan; advice on the selection process; debt reports: guidelines for the dissemination of PDMD and debt portfolio information; an alternative annual debt report with explicit reference to MTDS; a blueprint for the monthly bulletin; Debt Sustainability Analysis (DSA)/MTDS, guidance on the format of the MTDS document; and advice on MTDS formulation process and monitoring of risk indicators.

These achievements were tangible results which paved the way for achieving the milestones of the Action Plan although the report notes that in order to maintain reform momentum, a number of areas still required strengthening: the legal framework should centralise the debt functions with the PDMD; formal procedures and operational risk management plan should be adopted or the middle office function/ risk management framework should be further developed. In relation to this it was recommended that the hiring of a limited number of qualified new staff would mitigate key person risks which were increasingly apparent in the department and it would also align the HR in the department with the need for more active and complex debt management operations. As anticipated in the formulation stage of the Action Plan, TA was deemed important to provide crucial guidance and support to the capacity-building process. The management and the staff of the PDMD actively participated in the project and were committed to achieving its objectives.

### *iii. Public Internal Financial Control (PIFC)*

Strengthening the regulatory and institutional framework of **Public Internal Financial Control (PIFC)** and supporting the Central Harmonisation Unit in its role of operationalising the new systems in Armenia was a Twinning project which started in August 2014 and finished in August 2016.<sup>211</sup> The overall objective of the project was to strengthen the implementation of a PFM system and, especially, to strengthen the Public Internal Financial Control (PIFC) department inside the Ministry of Finance (MoF) in its role as Central Harmonization Unit (CHU) for PIFC operations. In respect of the results achieved, all legal and other texts and written materials required to promote an efficient PIFC system were drafted and accepted according with international standards and European good practice. The CHU was well structured and possesses all the necessary methodological capacities in order to play effectively its role in the implementation and further development of the PIFC system as well as piloting the whole system and supervising its further developments by coordinating the activities in the area of Financial Management Control (FMC) and Internal Audit (IA). All training was completed so as to make public managers eventually accountable and so capable of building as soon as possible their own management and control system and implement capacities of risk management. Training was also completed in IA units, bringing all public internal audit personnel to a professional level according to EU good practice.

<sup>211</sup> Some Euros 900,000 was set aside for this assistance under the CS of 1mln.



The project was designed within the context of the PFM reform that was started in the early 2000s and the then EU context of support to PFM which included a BSP, the MSBSP, focusing on public sector transparency, public financial management and trade. The EU provided TA to help formulate a new PFM reform Strategy (February 2015) and subsequently, a new PFM system reform (PFMSR) strategy and action plan for 2015-2020 was elaborated and submitted for approval at the end of 2015. This strategy includes a series of sub-strategies, one of them dealing with Public Internal Financial Control (PIFC). It aimed at identifying the preconditions and activities necessary for the introduction of an integrated and modern PIFC in the management of the RA administration. On 11 November 2010, the GoA adopted Annex 1 to Protocol No 44 entitled "Strategy of Public Internal Financial Control", produced with the help of the SIGMA, carried out a gap analysis in 2009, that identified the changes needed to bring about a well-functioning PIFC in the medium to long term. Its main conclusions were that: in 2009, there was no systematic delegation of authority, with corresponding accountability arrangements, and managerial objectives were not set; risk management was not developed; and there was a lack of central harmonisation unit for financial management and control and internal audit. Implementing the appropriate changes was therefore necessary to achieve coherence between the other aspects of the PFM reform, particularly programme budgeting, and to raise public financial procedures to international standards. The project's main beneficiary was the Central Harmonization Unit (CHU) within the MoF and its staff. The CHU was established by government decree 1146-H in August 2010 and is composed of two divisions: an internal audit methodology division and a financial management and control methodology division. The project's intervention logic was based on this gap analysis and reflected both the need to update and to complete the legal and regulatory framework of PIFC, and the need to support the CHU by providing several training activities on Financial Management Control (FMC) and Internal Audit (IA). Both components are explicitly mentioned in the PFMSR Strategy and Action Plan, and, during the ROM mission, the CHU managers confirmed their commitment to achieve useful results through the implementation of the Project.<sup>212</sup> On the Armenian side, the overall coordination of donors was jointly ensured by the EU Programme Division of the Ministry of Economy, which is the Twinning National Contact Point, and by the MoF. Representatives of both ministries participated in the Project's Steering Committee meetings. The SIGMA assistance to the PIFC area ended in 2015. Moreover, GIZ has been supporting the MoF since 2012, focusing on internal audit (training for internal auditors, pilot audits in several institutions, training on Information Technology (IT) systems) and there were frequent exchanges of information between the project and GIZ to ensure that there was no overlapping between activities.

With respect to **Efficiency**, the ROM gave good/very good, though noted the following. Since the CHU had been recently established and still needed to strengthen its capacity in this project's approach, the importance of training activities reflected the needs of the CHU, but also established a certain degree of asymmetry between the partners, given that the ESV has extensive experience in the PIFC area and has participated in twinning projects with several other countries. In this context, it is not surprising that the Armenian counterparts occasionally perceived the Twinning project as a TA project. Indeed, the project could have been envisaged as a form of EU TA support. This would most probably have better corresponded to CHU needs and would have allowed a longer duration for the implementation, thus giving a chance of achieving more results. Specifically, it would have allowed the CHU staff to continue exchanging ideas with the ESV experts after the completion of their missions and the delivery of their reports. As of 9 December 2015, the project was on track with no delays and 65% of the budget had been spent. The outputs were produced in a cost-efficient manner: a very detailed budget was developed where each activity was costed, and the budget had been spent according to plan. Coordination among stakeholders was good, with quarterly meetings of the Steering Committee.

In terms of **effectiveness**, the project had delivered most of the foreseen outputs related to the first three Mandatory Results although there was little left is time to deliver the outputs related to training for IA units. Overall, the outputs delivered by the Project were coherent with the initial workplan. Outputs were of good quality and included useful recommendations. The FMC strategy was now duly integrated into the overall

<sup>212</sup> ROM mission, December 2015



PFM reform strategy and the approach taken in this strategy was not to adopt a unified PIFC law, but to focus on the preparation and adoption of an FMC law and related by-laws. In early 2016, the CHU was due to implement pilot experiments of FMC in selected ministries and based on the results, relevant amendments to the FMC law and concept paper should be made in 2018. As a result, the Twinning project would have contributed to revising the FMC law and other documents, and to sensitise stakeholders to the logic of FMC and of IA. However, the actual implementation of FMC rests on the shoulders of the CHU. The experience from other countries suggests that while the legal basis is often in place for a functioning FMC system that supports managerial accountability, the actual implementation of FMC at the level of budget users is weak, despite the efforts of organisations such as the CHU. In many countries, budget users often see PIFC as a bureaucratic procedure that the MOF seeks to impose rather than a system that can improve the delivery of services. These dynamics can also be seen in the particular case of this project and the actual implementation of FMC must be seen as a long-term process, to be pursued by the Armenian side well after Project completion.

With regard to **sustainability**, the fact that improvements in FMC and IA are explicitly introduced in the PFM Reform Strategy documents is positive, but it was noted that “it remains to be seen how, in practice, the related activities will be implemented and monitored, and this is the responsibility of the RA authorities, including the CHU”. The second factor relates to the capacity of the CHU to actually implement the changes needed in the fields of FMC and IA. The CHU faces a huge challenge as both a training institution and a manager of change. The project produced a PIFC strategy and action plan, but it was for the CHU to take the ownership and responsibility for the completion of both. Also, given the scale of this PIFC Training Plan, it would be appropriate if it was managed on a full-time basis by a designated official from within the CHU. The training strategy at the time did not explicitly take into account the fact that pilot experiments of FMC would take place in selected ministries from the beginning of 2016. Moreover, the role of the (Armenian) trainers trained by the Project had yet to be determined and it was noted that this should be clarified urgently. It is positive that the Project’s Workplan included an additional mission focusing on updating the PIFC training plan, but doubt was cast as to whether this would be sufficient. At the end of the project, it was emphasised that it was important to ensure close coordination with GIZ, which was to continue its support to the CHU until March 2017.

#### *iv. Programme Budgeting*

With regard to Programme Budgeting (PB), both the World Bank and UK DfID had earlier supported PB but the latter finished its assistance in 2003. After 2010, the GoA asked the German government to support the MoF with PB, working closely with the IMF. In 2014, SIPU experts undertook an analysis of the PB reforms and when the PFM reform strategy was agreed in 2018, PB was at the core, with concrete actions detailed in an Action Plan. The EU supported the PFM strategy in the new AAP and this formed the basis for a new BSP, focusing on budgeting, PIFC and IA and external audit. With GIZ support the GoA produced a number of documents, namely: a ‘Strategy for the full-fledged introduction of Programme Budgeting’<sup>213</sup>; a PB format for selective programmes, outcome (performance) indicators for expenditure programmes and measures of the 2017 state budget; and a ‘Methodological manual for defining programmes and measures under Programme Budgeting’, in February 2018.<sup>214</sup> The purpose of the Manual is to provide guidance to State Agencies on designing budget programmes and measures, by describing the main concepts of Programme Budgeting, definitions of budget (as well as extra-budgetary) programmes and measures, their types, and the principles of their formulation and classification. While 2019 was a pilot year for selected line ministries and government agencies to produce their budgets using the PB format and classification, 2020 was the first year that all budget users had to apply this methodology. Such policy-based budgeting, where budget allocations are linked to sector priority policies and programmes, is a further step to deepening and extending the efficiency and effectiveness of the MTEF approach.

<sup>213</sup> Based on a GoA Protocol decree, No 38, 13 August 2015, prepared July 2015

<sup>214</sup> This was prepared under a Framework Contract, no. 83274765 by AVAG Solutions Ltd, together with GIZ on 1 December 2017

## *v. External Audit*

EU support to external audit through a project, 'Strengthening the Independence, Effectiveness and Transparency of the Armenian **External Audit** system'.<sup>215</sup> Through the findings of the PEFA assessments of 2007 and 2013, the CoC was identified as a key and priority target group under the Programme. The 2013 PEFA assessment reveals that the performance of the CoC (i.e. external audit) has not changed significantly and that, although the Law on the Control Chamber (effective from 2007), provides more independence, the CoC still does not meet the INTOSAI independence standard. The overall objective of the TA project (or action) was to strengthen the independence, effectiveness and transparency of the Armenian External Audit system by making the audit processes of the CoC compliant with the International Standards of the Supreme Audit Institutions (ISSAI). The processes of the Performance Audit and the audit of the Government's Annual Execution Report as well as the follow-up mechanism are compliant with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and the European good practice.<sup>216</sup> The indicators used for assessing are: improved external oversight of the Government due to increased independence and is continued to strengthen through the CoC's ongoing reform activities; and legislative scrutiny of the external audit reports which did not change between 2007 and 2013. The low scoring was because the legislation fails to enable providing recommendations on the annual budget execution report.

The target group of the project was the CoC and its Board Members. Two groups of final beneficiaries were identified: direct beneficiaries, namely, the entire staff of the CoC and the Parliament Standing Committee on Financial Credit and Budget Affairs and indirect beneficiaries, which are civil society, the GoA, DPs and the public at large. The project was implemented by GIZ with involvement of the German and European Supreme Audit Institutions. The project lasted 30 months, commencing in November 2014, with a total budget of €1mln, € 880,000 (88%) of which was financed by the EU and the remainder by the German Federal Ministry for Economic Cooperation and Development (BMZ).

The relevance of the project was deemed to be high by the ROM that was conducted. The project was designed in the context of clear country needs as outlined in the County Strategic Paper 2007- 2013 and was well aligned to the objectives of the GoA, which are to improve overall economic performance, governance and accountability. By supporting reforms in the area of external audit, the project addresses one of the key issues for continued EU BS. The project responded to a specific request for support expressed by the CoC to speed up reform efforts, and follows and builds on previous donor interventions.<sup>217</sup> The project was designed to: provide advisory services with expert input and technical advice on Performance Measurement Framework, new CoC's bill, audit methodologies and risk-based planning, communication strategy; draw on the experience of the organisation and practices of SAIs in other countries of common political and economic background; build capacities through training activities; pilot audits with joint work between the CoC auditors and the project instructors; and finally, to promote cooperation and interaction with other PFM reform actors such as Parliament, Government and the Ministry of Finance.

At the start of the project, the target group demonstrated an unexpected resistance to the changes which would follow from the new role foreseen for the CoC, through project support. While this led to an initial lower level of ownership and commitment, the advancing reforms in PFM, the approval of the Strategy on Programme Budgeting (July 2015) and, especially, the changes that came from the Constitution in December 2015, the environment changed. The need to reform the PFM sector and in particular the external audit became more pressing and the commitment of the CoC was significantly strengthened. Owing to ongoing PFM reforms, pursued by the GoA, the relevance of the project increased, and the project always remained responsive to the needs of the target group. Project ownership was no longer

<sup>215</sup> €880,000 of the total value of €1M of the CS under the BSP was allocated for this and €420,000 had been paid by December 2014.

<sup>216</sup> See ROM,

<sup>217</sup> a Dutch Government funded project (2012-2013) on external audit with the objective to build IT capacity and to perform two pilot audits in Performance Audit; (ii) a OECD/SIGMA Project which led to the drafting of a Training and Financial Strategies at the end of 2014; and (iii) a OECD/SIGMA project which supported the development of the CoC's Strategic Development Plan and Implementation Action Plan.

an issue, even though the beneficiary remained slow in responding and in making decisions, though the ROM notes that this reaction was understandable, given the important shift in mindset that the new role of the CoC carries with it. The Parliament, as a central accountability institution and as a client of the CoC, has recognised the independence of the external audit function and took the leading role in the drafting the new legal framework of the CoC, reflecting INTOSAI standards. Furthermore, it invited the CoC to become a member of the Steering Committee on the Programme Budgeting Reforms. Sharing responsibilities in the reform process enhanced the commitment of the CoC to the project.

The PFM Institutional Core Group, composed of management representatives of the CoC, the Ministry of Finance and the Standing Committee promoted enhanced cooperation between the PFM stakeholders and the harmonisation of complementary PFM reforms based on the principles of transparency, accountability, efficiency, effectiveness and economy. The Core Group proved effective in creating the necessary external conditions supporting the external audit reform. Strong coordination existed among donors where GIZ organised regular informal meetings to enhance coordination and the sharing of information. With regard to efficiency, GIZ, has extensive sector experience in the country having been involved in the preparation of other PFM sector reforms in Armenia and this made GIZ a good implementation partner. When the contract was awarded the selected implementation mechanism was direct award with direct centralised management, although there was no particular cost efficiency due to the mechanism selected.

When the project commenced in late 2014, the conditions as well as the commitment of the CoC were not sufficiently mature to ensure strong leadership and responsiveness by the CoC to the required activities. This is one of the reasons that explains the delays encountered in the implementation of a number of project activities during the first year. Given the retroactive approach to problem solution of the Armenia management, it was GIZ that took action in planning of project activities, though comments and consent were sought for each step. The efforts deployed by GIZ to enhance the degree of ownership of the project target group and main beneficiary through its inclusion in the High Level Steering Committee (one of the monitoring mechanisms put in place) lead to an enhanced degree of awareness by the CoC with regard to their need to become more proactive and to respond to the PFM reform dynamics.

Efficiency was also affected by the actual availability of resources both on the part of the CoC and GIZ, which with hindsight, appear to have underestimated compared to needs. On the one hand, the CoC was slow in taking decisions and ensuring the availability of human resources required for the implementation of project activities. On the other, the workload proved to be quite heavy for the full-time local advisor on the side of GIZ. Despite coordination of activities through GIZ, resignation of the TL in January 2016 and a replacement TL in July, nearly all activities were delayed except for the first three activities that dealt with the preparation for the PMF assessment. The remaining four activities were ongoing at the time of monitoring, with delays of all project activities by one year on average. Although the project implementation was delayed since the very beginning particularly because of the weak degree of responsiveness of the CoC, it was only in 2016 that project planning was revised, a new Logframe produced with an updated time schedule and a request for a no-cost extension request. Reasons for the delays lay both with the CoC, GIZ and the overall PFM reform environment in Armenia. The internal factors for the delays, on GIZ's part, stemmed from an overly optimistic time schedule at project start that did not give due weight to the lack of political will and preparedness of the CoC and of the main PFM institutions to cooperate on strengthening the external audit function. The initial limited ownership and commitment and the slow process of decision-making with CoC's top management also contributed to delays. Constitutional change was the external factor that gave a push to reforms in external audit.

With regards to efficient and effective use of financial resources, although the project budget did not always provide a detailed breakdown of costed activities, the overestimation of a couple of budget lines (study tours and translation costing) was noted, as was the fact that savings were made by the IP (e.g. by applying their trip allowance regulation which is more cost rigorous than the one of the EU). At the end of the first year of implementation the budget consumption rate was of only 15% compared to a rate of execution of the activities of 29%. This trend continued, leading to a budget consumption rate of 28% at

the time of the review (end May 2016) with approximately 51% of the project activities implemented. The reasons behind the low rate of utilisation included: the postponement of a number of activities; savings; and overestimation of costs. Given the reported low project budget utilisation rate and savings, it was deemed very likely that - in the absence of changes in the number/scope of activities - the total approved project budget would not be utilised.

With regard to effectiveness, having utilised nearly one third of the project budget, GIZ succeeded in delivering only part of the project outputs and, given the fact that the mass of project deliverables were still to be prepared, project objectives had only been partially achieved. However, based on the outputs delivered so far and on the preparations made for the outstanding ones, the likelihood of achieving the project's outcomes by the end of March 2017 (on the assumption that the request for extension will be granted) was considered to be good (medium to high), provided that the recommendations of the ROM review report were acted upon. The key output, which was the PMF Methodology and Action Plan and PFM Report, has been delivered. The assessment team was trained. The outputs were deemed to be of good quality and contributed to the establishment of solid procedures of self-assessment for further performance measurement initiatives within the CoC. The likelihood that the outcome would be fully achieved by the end of the project was considered to be high. Progress in the delivery of outputs under 'capacity and methodology to conduct INTOSAI Standards compliant audits' was behind schedule and only 33% of the expected deliverables and outputs had been produced. The key outputs that remained to be produced included the revised audit methodologies, the risk-based planning methodology and the pilot audits. The focus on the delivery of the pilot audits on financial and performance audit, together with the revised audit methodologies, constitute the pillars supporting the achievement of the outcome, although this would depend not only on the actual delivery of outstanding outputs but also on their quality. Only half of the outputs had been delivered under 'the regulatory framework and practices of the external control system are reviewed and aligned with INTOSAI Standards and European good practice'. The key output was the new Law on the CoC and the related legal acts and the bill was being finalised and submitted for comments to the relevant stakeholders at the time of review. Given the successfully implemented preparatory activities and in light of the quality of the intermediary outputs, as well as the dedication and commitment of the local partners, particularly of the Parliament, involved in the bill drafting, it was considered that the likelihood of achievement of this outcome by the end of the project was high.

Considering the delays discussed above, and progress to date, it was considered that, once the remaining outputs were delivered, it was likely that achievement of project outcomes would be high. However, some doubts were noted with regard to the degree to which the current design and scope of the pilot audits scheduled to be carried out from September 2016 till March 2017 would allow to create sufficient capacity within the CoC given that the number of auditors to be involved in the pilots is very low. Factors which could affect the timely delivery of quality outputs still to be produced included: quality of pilot audit instructors and their capacity to guide the auditors through the testing of the existing audit methodologies, adjust them as needed and carry out useful and feasible pilot audits reaching out to as many auditors as possible and confirmed strong political will and engagement of stakeholders to provide critical review of the CoC's bill and adopt the Law on the CoC as early as possible.

With regard to sustainability, different DPs (the World Bank, OECD SIGMA, GIZ, Dutch Supreme Audit Institution) have contributed to the development of the CoC since its establishment in 2007 and the project was designed to build on the support already delivered from other DPs. The methodologies delivered by the WB project were tested and revised during the pilot audits in order to transform them into working documents within the audit practice of the CoC. Thus, the project continued the efforts undertaken with previous support from DP and further contributed to build human capacity within the institution. While it was believed that capacity created would be maintained, it was crucial that an increased critical mass of auditors be exposed to the pilot audits with a view to promote increased capacity at the institutional level. Leverage towards the achievement of project objectives was also exercised through the conditions laid down for the disbursement of the EU BSP funds. It was considered that sustainability of the results



achieved under this project to date would be enhanced by the continuation of BS, to be implemented within the EU SSF starting from 2017. From the point of view of financial sustainability, no measures were taken by the CoC to ensure financing for the continuation of the services after the end of the project. With the recently recognised independence, CoC was not in a position to allocate funds to pay for services that may be needed as a continuation of activities. Even though the CoC management appeared to be aware of the benefits the independent status would enable them to enjoy, it is still unprepared for this new status, and prefers to await the passing of the new Law on CoC before starting to plan new actions. Their institutional self-sufficiency and independence were supposed to be realised with the adoption of the new Law on the CoC which should provide for the updated legal framework aligned with INTOSAI Standards. Only with the Law would the CoC be able to take decisions on how to spend its budget and to start allocating funds to buy services that can further consolidate the benefits brought by the project. Services which would contribute to the consolidation of achieved results include: continued training, joining of a certification programme or professional qualification, as well as audit documentary tools that can facilitate the work of the auditors. Even once their financial independence was achieved, the CoC would need continued donor assistance to keep ensure sustainability of outcomes achieved and to build a core group of competent auditors who, with time, may become trainers to the other audit staff. Finally, with regard to EU visibility, stakeholders and most importantly final beneficiaries of the project mistook the roles of GIZ and the EUD and perceived both to be managed and financed by GIZ.

#### *vi. Three Budget Support Programmes (BSPs) focused on PAR & PFM.*

Two multi-sector BSPs, early in the period covered by our evaluation, focused *inter alia*, on PAR/PFM. A multi-sector BSP was designed in 2010, 'Support to the GoA for the implementation of the ENP Action Plan and preparations for the future Association Agreement', and the FA signed on 18<sup>th</sup> November 2011 (and known subsequently as MSBSP I),<sup>218</sup> where some of the expected results in relation to the specific conditions, were in the areas of PFM and public sector transparency and performance.

In the area of PFM this covered: enhancement of the institutional role of the CoC, i.e. the State (External) Audit Institution, reflected by PEFA performance indicator 26, dimension iii; improvement in public sector accounting, reflected by PEFA performance indicator 25, dimension iii; establishment of a Public Internal Financial Control (PIFC) framework, including functional arrangements for a Central Harmonisation Unit (CHU), in line with the PIFC strategy; and improvement in Debt Management (DM), including support for a DM new unit 'Support to the Government of Armenia for the implementation of the ENP Action Plan-Phase II' (known as, MSBS II. 2011-2013), ENPI Annual Action Programme 2011, ENPI/2011/023-094 (€24M), plus FA Addendum, No1, signed in 2013, in line with the principle of "more for more", this Programme benefits from additional funding (€21 M) from the ENPI 2013, Special Measure, Eastern Partnership Integration and Cooperation (EaPIC) programme (with the aim of fostering democratic transformation and institution building), ENPI/2013/025-026 and ENPI/2013/025-029) with an overall total value of €45M, giving €36.8M for BS and CS €8.2 M (Project mode). The proposed Programme was a second phase of support already being provided under the earlier BSP, MSBSP phase I. The proposed BSP, phase II, was intended to build on, complement and broaden existing cooperation. It was emphasised that the two phases are viewed as part of integrated support by the EC.

In the area of public sector transparency and performance, this covered:

- Approximation of public procurement policy and legislative framework to the EU acquis;
- €900,000 was made available for Complementary Actions, to assist the GoA with fulfilling the specific conditions, as follows:

<sup>218</sup> ENPI/2010/022-039, DAC 43010, was part of the AAP 2010, with a total value of €21M, comprising €20M of Budget Support (with one fixed and two variable tranches), to be disbursed over the fiscal years 2012, 2013 and 2014, plus €1M, €900,000 of which was for Complementary Support



- **CoC:** It was identified that the CoC was in need of considerable capacity building but, since other major donors were already involved in providing assistance, any additional support had to be discussed with the beneficiary (to ensure synergy and harmonisation of assistance). TA was envisaged through a FC or a special service contract.
- **PIFC:** the MoF had already expressed informal interest to the EUD for support in this area and SIGMA also strongly recommended this and, in training to line ministries, in particular
- **DM:** the MoF had already sent an official request to the to EUD for support in this area and TA here could also be in the form of a FC.

A follow on BSP, 'Support to the Government of Armenia for the implementation of the ENP Action Plan-Phase II' (known as, MSBS II. 2011-2013)<sup>219</sup>, was a second phase of support already being provided under the earlier BSP, MSBSP phase I, and was intended to build on, complement and broaden existing cooperation. It was emphasised that the two phases are viewed as part of integrated support by the EC. The specific objectives of the Programme, in relation to PAR & PFM, were to: further improve PFM systems; contribute to the improvement of public sector transparency and performance, including e-governance; support institutions in the fight against corruption; and support institutions in the Civil Service Reforms (the last two being EaPIC funded objectives). Through assistance in the areas of PFM, public sector transparency, anticorruption and civil service reform, this Programme directly contributes to good governance and accountability, transparency and equality in the planning, design, implementation, and monitoring of policies and programmes. Since this Programme targets the efficiency and transparency with which the Government's resources are utilised, it helps to address issues related to poverty and access to basic needs. At the same time, a more transparent PFM system and more effective anticorruption actions as well as an improved data protection and privacy environment was intended to help support human rights while the development of e-governance systems would have a direct impact on environment.

One further BSP was specifically focused on PAR and PFM (with a specific focus on transparency and accountability of fiscal governance): the 'Public Finance Policy Reform Programme (PFPRP)', designed in 2015<sup>220</sup> and was in line with the SSF 2014-17. The specific conditions related to five areas of public financial management: programme budgeting; public procurement; citizens' awareness of these state budget process; oversight role of the National Assembly; and controls through external audit. Full details of the progress of this BSP are available in Section 1 of this Volume (Modalities).

## 4.6. Response to EQs by judgement criteria

**JC 7.1** There is an overall positive trend in the situation regarding PAR and PFM since 2010

Improvements to PAR and PFM have been a continuing priority for the GoA over the period 2010-17 with the more recent phase of reform (2009-14) focused on modernising the civil service, introducing e-governance and improving the quality of service delivery. From 2014 onwards, reforms in public administration have been implemented within the framework of the Armenian Development Strategy (ADS), 2014-2025, which was adopted by the GoA in March 2014. According to the ADS, improved quality of public administration plays "a key role in the social and economic development of the country" and includes a specific chapter, *inter alia*, on the following: establishing and strengthening a modern system of public administration, inspection systems, local self-governance, PFM, public investment, the civil service, judicial reform and anti-corruption. The commitment to reform by the GoA is also encompassed

<sup>219</sup> ENPI Annual Action Programme 2011, ENPI/2011/023-094 (€24M), plus FA Addendum, No1, signed in 2013, in line with the principle of "more for more", this Programme benefits from additional funding (€21 M) from the ENPI 2013, Special Measure, Eastern Partnership Integration and Cooperation (EaPIC) programme (with the aim of fostering democratic transformation and institution building), ENPI/2013/025-026 and ENPI/2013/025-029) with an overall total value of €45M, giving €36.8M for BS and CS €8.2 M

<sup>220</sup> ENI/2015/038-229, with a total value of €10.075M (€8M being for BS and 2M for CS). The potential grant beneficiaries were to co-finance €0.075M and indirect management was through GIZ.

within several sector strategies addressing different aspects of PAR: the Civil Service Strategy and Action Plan, 2016-2020; the Open Government Plan, 2014-2016; the e-Governance Action Plan, 2014-2018; the Strategy of the Commission on Ethics of High-ranking Officials, 2016-18; and the Anti-Corruption Strategy and Action Plan, 2015-18. The Armenia government programme, 2014-2017, placed actions within a medium-term perspective and included a broad range of measures to improve public sector management in line with the ADS. The years 2017-18 witnessed a fundamental transformation in the organisation and functioning of the public administration system in Armenia. In November 2017, the EU signed a new CEPA with the GoA, which provided a framework for strengthening and deepening the cooperation between the EU and Armenia. PAR, including the development of an accountable, efficient, transparent and professional civil service, was one of the key areas of domestic reform.

While there is an overall positive trend in the situation regarding PAR and PFM since 2010, a number of important challenges remain. The strategic framework for PAR reform requires further work since the quality of the strategies related to PAR is poor, often lacking clarity in setting reform objectives with corresponding outcome level indicators and targets and does not provide sufficient costings or monitoring and reporting arrangements. The shortcomings in PAR monitoring, for instance, mean that it is impossible to assess progress against either strategic objectives or implementation of the strategies. While overall responsibility for PAR is assigned at the highest political level – namely, within the Office of the Prime Minister – there is an urgent need for such responsibility to be assigned at the organisational level, i.e. to a particular ministry of other government institution.

The legal framework for policy development and coordination is in place but is not comprehensively supported through guidance from central government. The quality of assessing regulatory impact is weak while public consultation focuses on draft laws and need to be more fully integrated into policy making. Primary and secondary legislation is available on-line and free. The new civil service law expands the service's scope but certain special groups of public servants and top-level positions are still excluded. Most secondary legislation was adopted by the end of 2018 although the widespread use of discretionary bonuses compromises the fairness of remuneration. The institutional and legislative framework, adopted in 2017 and 2018, to promote integrity and prevent corruption, covers the entire public service, including the creation of a new Commission for the Prevention of Corruption, although it has yet to be implemented.

Within PFM, a Medium-Term Expenditure Framework (MTEF) has been developed and covers a three-year period, but it is based on central government data and the reliability of medium-term forecasts needs to be improved. There is no legal framework specific to Financial Management and Control (FMC) and the MoF does not know how FMC is developing because there is no regular monitoring of progress in this area. The legal framework for internal audit (IA) is in place and operational, although the IA profession in the public sector is still at an early stage of development.

The GoA has made considerable efforts recently to further implement PFM reforms, based on the PFM Strategy for 2016–2020, which represents the second stage of PFM reforms and follows the first phase of reforms implemented under the earlier PFM Strategy, for 2010–2014. In accordance with the provisions of the PFM Strategy, the GoA has introduced Programme Budgeting (PB) throughout the budget system. Although PB was initially launched as part of the budget reforms in 2004, it ran for many years as a pilot exercise. Amendments to the Law on the Budgetary System<sup>221</sup> have introduced legally binding provisions regarding programme allocations and the Budget for 2019 was presented and approved by the National Assembly using PB classifications as the main budget format. The budget is now formulated in compliance with transparent legal provisions and within an overall multi-annual framework, and this should facilitate the GoA aim of ensuring that the general government budget balance and the debt-to-gross domestic product ratio are on a sustainable path.

<sup>221</sup> The Law on the Budgetary System, 24<sup>th</sup> June 1997, amended by HO-541-N of 11<sup>th</sup> April 2003, HO-224-N of 24<sup>th</sup> October 2007, HO-45-N of 30<sup>th</sup> April 2013, and HO-304-N 14<sup>th</sup> December 2017, Chapter 6.1.

In 2017 new fiscal rules were introduced, and implemented in 2018, and provide restrictions on budget expenditure and a number of other measures to be taken depending on the level of public debt<sup>222</sup>. A fiscal risk assessment division was established by the MoF<sup>223</sup>. Subsequently, an operational road map to enhance the assessment of fiscal risks was approved by the MoF, which clarified the functions performed by the fiscal risk assessment division<sup>224</sup>. Currently the division is in charge of monitoring the debt obligations of state-owned enterprises (SOEs) but it is planned that its monitoring activities will be expanded.

The PFM Strategy includes objectives and activities for developing a legal framework for FMC and for revising the IA methodology and improving the professional skills of internal auditors. The Strategy is to be implemented with donor support. The role and function of the Supreme Audit Institution (SAI), the Audit Chamber (AC), is embedded in the Constitution, although the AC is in a transitional phase. The Law on the Public Audit Chamber<sup>225</sup> (the AC Law) came into force on 9 April 2018 and brought about a major shift in its mandate from inspection and control to audit. The Law is an improvement on the 2006 Law on the Chamber of Control<sup>226</sup> but it poorly defines the AC's independence, mandate and access to information. The audit activities of the AC do not yet comply with international standards since the core of the AC audit work is still a form of compliance audit, with a focus on defining irregularities. The development of performance and financial audit is still in its infancy. Guidance has been developed for financial and compliance audit but staff training on the new audit approaches and the development of quality control and assurance systems are lacking. The AC staff is currently being trained in the new audit approaches of financial, compliance and performance auditing (i.e. the development of quality control and assurance systems), which are compliant with the International Standards of Supreme Audit Institutions (ISSAIs). In order to identify opportunities for further development, the AC has carried out a self-assessment based on the SAI Performance Measurement Framework (SAI-PMF) methodology of the International Organisations of Supreme Audit Institutions (INTOSAI), which will feed into a new Strategic Development Plan 2019–2022.

Since January 2017, there have also been major developments in the Public Procurement system. Reflecting the need to meet diverse international obligations, public procurement is undergoing frequent changes, to adjust to the requirements of the new Constitution and improve the efficiency and transparency of the system. The new Government, from May 2018, made reform of PFM one of its linchpins of economic and social development, underlining the importance of public procurement. As a party to the Government Procurement Agreement (GPA) under the WTO since 15<sup>th</sup> September 2011, Armenia must apply international standards for public procurement. The efforts to do so have received renewed impetus through the Comprehensive and Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia, signed on 24 November 2017, in which public procurement is covered in Chapter 8. However, Armenia has been a member of the Eurasian Economic Union since 2<sup>nd</sup> January 2015, and this has created overlapping and partly conflicting obligations regarding the regulatory and institutional framework and public procurement practices. Public procurement is currently regulated by the Public Procurement Law (PPL) adopted on 16<sup>th</sup> December 2016, Government Decree No. 526-N of 4<sup>th</sup> May 2017 and several other pieces of secondary legislation. Although a number of its provisions reflect obligations under the Treaty on the Eurasian Economic Union, the PPL broadly corresponds to international practice, with the organisation of the review system being one important exception. The shortcomings of the system in Armenia lie as much in the application as in the PPL Law itself.

<sup>222</sup> Government Decree No. 942-N, 23 August 2018, on the introduction of ceilings on growth in and the aggregate amount of current expenditure in the composition of next year's state budget expenditure in the draft law on the state budget for the forthcoming year, exceptional cases and the debt reduction programme of the Government.

<sup>223</sup> MoF Order No. 1/814-A, 20<sup>th</sup> December 2014.

<sup>224</sup> MoF Order No. 448-A on approving a road map for the enhancement of fiscal risks assessment and formation of liable sub-divisions, 31<sup>st</sup> August 2017

<sup>225</sup> The Law on the Public Audit Chamber was adopted on 16<sup>th</sup> January 2018 and came into force on 9<sup>th</sup> April 2018.

<sup>226</sup> The Law on the Chamber of Control, adopted by the National Assembly on 25<sup>th</sup> December 2006 (ratified on 9<sup>th</sup> June 2007).

**JC 7.2** The key changes in PAR & PFM since 2010 are clearly identifiable and there is broad consensus on what these are

As noted above, the key changes within PAR/PFM are clearly identifiable and progress within each of the areas can be measured by referring to the six areas for PAR (including PFM) which were developed by the EU in cooperation with the OECD/SIGMA in 2014 (and serve as international benchmarks):

- A **strategic framework for public administration reform**, which includes the political commitment to the reform process, including political leadership and technical coordination and monitoring of implementation. It is important to assess the extent to which EU support contributed to the establishment, implementation and monitoring of such a framework.
- **Policy development and coordination**, which includes appropriate coordination at the centre of government, inter-ministerial coordination, policy development and financial analysis. Existence and functioning of integrated and coherent government policy making
- **Public service and human resource management**, which includes the definition of the scope of public services, the legal framework governing the organisation and functioning of public services (including their de-politicisation), and the degree to which implementation had led to merit-based recruitment and promotion, training and professionalization.
- **Accountability**, which includes rationality, transparency and affordability of public administration, including internal reporting and oversight lines, as well as citizens' rights to good administration (with concomitant protection against administrative wrongdoing) and functioning of the justice system
- **Service delivery**, which includes improving services for citizens and business, including better administrative procedures and e-government services
- **Public Financial Management (PFM)**, which includes a commitment to a more comprehensive approach to improving management of public finances and the overall budgetary process through preparation and implementation of multi-annual PFM programmes and engaging in a PFM policy dialogue with the Commission and IFIs. A credible and relevant PFM programme is also a prerequisite for several budget support and general budget support operations. The Public Expenditure & Financial Accountability assessment framework (PEFA) provides a snapshot of the PFM system at a particular point in time and its indicators look at the system's performance, whereas PAR indicators for PFM relate more to institutional, organisational and legal arrangements. Taxation is only considered inasmuch as the enforcement of tax laws leads to a greater demand for quality public services and public accountability.

### *i. Public Administration Reform*

The interventions under PAR were all encompassed within one of the three strategic areas for EU assistance: 'Strengthening democratic structures & good governance and improving policy dialogue through PAR' and are clearly identifiable. Specifically, this assistance included EU support for anti-corruption measures, where a situation analysis was undertaken during 2013 of corruption within the public sector. Within the context of international standards and performance, a review of the Armenian civil service by SIGMA (under OECD/EU auspices) was undertaken, which included a number of recommendations for a more modern and efficient public administration.<sup>227</sup> Support was also provided to the Civil Service Council of Armenia and to assess democratic governance within the country, although no documentation has been received on these to date.<sup>228</sup> The EU has also provided support to the modernisation of the National Statistics Service, where there was a long history of EU cooperation with

<sup>227</sup> Assessment of the Civil Service System of the Republic of Armenia, OECD/SIGMA, no date; EN 2015, 'Support to Civil Service Council of Armenia', contract no. 367114, 4/11/15 -15/11/17, (Mobility and Social Development)

<sup>228</sup> ENPI, 2012, 'Support to democratic governance in Armenia', contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)

the NSS, stretching back to the early 1990s, through a project which was implemented between July 2009 and August 2010 to develop a Twinning fiche.<sup>229</sup> Two projects were then implemented between 2010 and 2017 which were designed to support and strengthen the National Statistical Service.

## *ii. Public Finance Management*

Throughout the period 2010-2017, EU assistance to PFM was clearly identifiable. Assistance was provided to development of the overall PFM system, through support to developing a new strategy for PFM, to strengthening the PFM system and with assistance to an assessment of the PFM system at that particular point in time, and especially its performance, highlighting strengths and weaknesses of the system, through an updated PEFA (prepared in 2012 and published in 2013). The results of the PEFA could then be compared with the earlier assessment (in 2007) to determine areas of progress and highlight strengths and weaknesses within the system. This then provided a sound technical basis for the preparation of the updated PFM strategy, as well as sub-sector strategies. (Apart from the revised 'PFM Reform Strategy and Action Plan, 2016-2020', developed with EU TA under CS of the BSP, 'PFPRP', under AAP 2015; a 'Strategic Development Programme, 2011-2016', for the Chamber of Control as well as a sub-strategy for the introduction of a Programme Budgeting system (August 2015), assisted by GIZ also through CS under the BSP, 'PFPRP'.)

Support was also provided to individual components of the PFM system and this not only strengthened those particular areas but also acted to strengthen the system as a whole. This had a beneficial effect for both the EU and the GoA. If BS was to be the chosen aid modality and instrument then a sound PFM system was required in order to provide for a mechanism to transfer funds from the EU to the GoA and then, within Armenia, to the Treasury and the State Budget and, from the latter, to individual sector line ministries and other government agencies. At the same time, use of a partner PFM system for utilisation of assistance funds acts to strengthen that system, thereby bringing EU added value to the BS interventions by further improving the PFM system. The PFM system was certainly strengthened by the number of BSPs since each one has a General Condition linked to performance of the PFM system. Thus the instrument proved to be efficient in transferring funds from the EU to the GoA, although it is difficult to determine on the basis of the available data, how efficient the mechanism was in transferring funds to the priority sectors, once the relevant Specific Conditions had been met. The problem with using this instrument is that conditions did not always appear to have been thoroughly thought-through or understood, especially with the various changes in of government and personnel, where those responsible for the implementation of actions necessary for the fulfilment of conditions were not always the same staff as had agreed to those actions and conditions.

The interventions under PAR were all encompassed within one of the three strategic areas for EU assistance: 'Strengthening democratic structures & good governance and improving policy dialogue through PAR' and are clearly identifiable. Specifically, this assistance included EU support for anti-corruption measures, where a situation analysis was undertaken during 2013 of corruption within the public sector. Within the context of international standards and performance, a review of the Armenian civil service by SIGMA (under OECD/EU auspices) was undertaken, which included a number of recommendations for a more modern and efficient public administration.<sup>230</sup> Support was also provided to the Civil Service Council of Armenia and to assess democratic governance within the country, although no documentation has been received on these to date.<sup>231</sup> The EU has also provided support to the modernisation of the National Statistics Service, where there was a long history of EU cooperation with the NSS, stretching back to the early 1990s, through a project which was implemented between July

<sup>229</sup> ENPI 2009, 'Support to the National Statistics Service of the RoA to develop a twinning fiche', contract no. 207253, 28/07/2009 – 31/08/2010

<sup>230</sup> Assessment of the Civil Service System of the Republic of Armenia, OECD/SIGMA, no date; EN 2015, 'Support to Civil Service Council of Armenia', contract no. 367114, 4/11/15 -15/11/17, (Mobility and Social Development)

<sup>231</sup> ENPI, 2012, 'Support to democratic governance in Armenia', contract no. 265701, 16/5/2012 - 12/11 2012, €191,170 (Governance and Institutions)



2009 and August 2010 to develop a Twinning fiche.<sup>232</sup> Two projects were then implemented between 2010 and 2017 which were designed to support and strengthen the National Statistical Service.

In respect to support which was provided to individual components of the PFM system, this covered budget preparation (programme budgeting and domestic revenue mobilisation, public debt management), budget execution (PIFC and internal audit) and external budget monitoring (external audit). In relation to support to budget preparation and specifically domestic revenue mobilisation, the EU supported the State Revenue Committee, to strengthen customs control procedures and ensure that these were in accordance with best practice in the EU Member States. When the PFM reform strategy was agreed in 2018, Programme Budgeting (PB) was at its core, with concrete actions detailed in an Action Plan. The EU supported the PFM strategy in the new AAP and this formed the basis for a new BSP, focusing on budgeting, PIFC and IA and external audit. While both the World Bank and UK DfID had provided earlier support for PB, GiZ now supported the GoA by producing a number of strategic documents, namely: a 'Strategy for the full-fledged introduction of Programme Budgeting'<sup>233</sup>; a PB format for selective programmes, outcome (performance) indicators for expenditure programmes and measures of the 2017 state budget; and a 'Methodological manual for defining programmes and measures under Programme Budgeting', in February 2018. The EU TA project 'Support to the Public Debt Management Division', under Armenia ENP AP 2011, started on 22 May 2012 and concluded on 10 December 2012.<sup>234</sup> The overall objective of the project was to strengthen the capacity of the MoF to manage the general government debt in order to ensure fiscal and debt sustainability. Its specific objective was to support the MoF in the implementation of the 2011-2013 Action Plan for Public Debt Management Reform. This assistance complemented that from other donors in the field.

Strengthening the regulatory and institutional framework of **Public Internal Financial Control (PIFC)** and supporting the Central Harmonisation Unit in its role of operationalising the new systems in Armenia was a Twinning project which started in August 2014 and finished in August 2016.<sup>235</sup> The overall objective of the project was to strengthen the Public Internal Financial Control (PIFC) department inside the Ministry of Finance (MoF) in its role as Central Harmonization Unit (CHU) for PIFC operations.

EU support to external audit was provided through a project, 'Strengthening the Independence, Effectiveness and Transparency of the Armenian **External Audit** system'.<sup>236</sup> Through the findings of the PEFA assessments of 2007 and 2013, the Chamber of Control (CoC) – then the Supreme Audit Institution - was identified as a key and priority target group under the Programme. The 2013 PEFA assessment reveals that the performance of the CoC (i.e. external audit) has not changed significantly and that, although the Law on the Control Chamber (effective from 2007), provides more independence, the CoC still does not meet the INTOSAI independence standard. The overall objective of the TA project (or action) was to strengthen the independence, effectiveness and transparency of the Armenian External Audit system by making the audit processes of the CoC compliant with the International Standards of the Supreme Audit Institutions (ISSAI). the processes of the Performance Audit and the audit of the Government's Annual Execution Report as well as the follow-up mechanism are compliant with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI) and the European good practice.

**JC 7.3** There is alignment between EU interventions and the actual needs of the Armenian economy.

While the progress on PAR & PFM within Armenia is shown above (4.3.), the EU provided support for both PAR and PFM, hence ensuring that its interventions were in alignment with Armenian needs. The main rationale for EU support to PAR in Enlargement and Neighbourhood countries is that an effective public administration is considered a pillar of good governance and the rule of law, and essential for the

<sup>232</sup> ENPI 2009, 'Support to the National Statistics Service of the RoA to develop a twinning fiche', contract no. 207253, 28/07/2009 – 31/08/2010

<sup>233</sup> Based on a GoA Protocol decree, No 38, 13 August 2015, prepared July 2015

<sup>234</sup> See report

<sup>235</sup> Some Euros 900,000 was set aside for this assistance under the CS of 1mln.

<sup>236</sup> €880,000 of the total value of €1M of the CS under the BSP was allocated for this and €420,000 had been paid by December 2014.

function of the state. For the EU, sound public administration determines a government's ability to provide public services and foster the country's competitiveness and growth and plays a fundamental role in the European integration process. The EU has committed substantial financial and organisational resources to its support of PAR. A sound public administration framework is one of the preconditions for the improvement of public services, of the PFM system and of macroeconomic indicators, and PA reform is considered an essential element in the overall action for the improvement of the institutional framework of society. It is on this basis that a PAR strategy was included in the Enlargement Strategy, 2014-2015, accompanying the rule of law and economic governance among the political criteria for EU accession.

Thus, the new EU approach to PAR from 2014 can be seen in the following: the 2014-2015 Enlargement Strategy; the Neighborhood Policy; the Principles of Public Administration (SIGMA); and Budget Support (especially Sector Budget Support), and, in turn, these are reflected in a number of EU documents: the Multi-Country Indicative Strategy Paper (MCSP) 2014-2020, the Indicative Country Strategy Paper (CSP) and the Single Support Framework (SSF). One problem is that there is no clear-cut *acquis* in the field of administrative reform, which partly explains the variety of public administration models and traditions existing within the EU, each of these representing deeply rooted historical patterns and recent political decisions. Considerable variety can be observed when it comes to, for example, institutional hierarchy, the status of civil servants, local self-government and remedies against illegal or unsound administrative decisions. PAR is, however, important in terms of several individual chapters of the EU *acquis communautaire* and, in this context, PAR may be seen as a broad horizontal reform that can contribute to facilitate transition to and implementation of some of the *acquis* goals, while it is itself a prerequisite for the successful alignment to and implementation of all the *acquis* on the 35 chapters. There are 4 *acquis* chapters that relate specifically to PAR, and particularly to PFM: chapter 5, on public procurement; chapter 16, on taxation; chapter 22(?), on financial control; and chapter 33, on financial and budgetary provisions.<sup>237</sup>

### iii. PFM

Throughout the period 2010-2017, EU assistance to PFM was logical and coherent and in line with the needs of the Armenian economy. Assistance was provided to development of the overall PFM system, through support to developing a new strategy for PFM, to strengthening the PFM system and with assistance to an assessment of the PFM system at that particular point in time, and especially its performance, highlighting strengths and weaknesses of the system, through an updated PEFA (prepared in 2012 and published in 2013). The results of the PEFA could then be compared with the earlier assessment (in 2007) to determine areas of progress and highlight strengths and weaknesses within the system. This then provided a sound technical basis for the preparation of the updated PFM strategy, as well as sub-sector strategies. (Apart from the revised 'PFM Reform Strategy and Action Plan, 2016-2020', developed with EU TA under CS of the BSP, 'PFPRP', under AAP 2015; a 'Strategic Development Programme, 2011-2016', for the Chamber of Control as well as a sub-strategy for the introduction of a Programme Budgeting system (August 2015), assisted by GIZ also through CS under the BSP, 'PFPRP'.)

Support to individual components of the PFM system not only strengthened those particular areas but also acted to strengthen the system as a whole. This had a beneficial effect for both the EU and the GoA. If BS was to be the chosen aid modality and instrument then a sound PFM system was required in order to provide for a mechanism to transfer funds from the EU to the GoA and then, within Armenia, to the Treasury and the State Budget and, from the latter, to individual sector line ministries and other government agencies. At the same time, use of a partner PFM system for utilisation of assistance funds acts to strengthen that system, thereby bringing EU added value to the BS interventions by further improving the PFM system. The PFM system was certainly strengthened by the number of BSPs since each one has a General Condition linked to performance of the PFM system. Thus the instrument proved to be efficient in transferring funds from the EU to the GoA, although it is difficult to determine on the

<sup>237</sup> Draft desk report

basis of the available data, how efficient the mechanism was in transferring funds to the priority sectors, once the relevant Specific Conditions had been met. The problem with using this instrument is that conditions did not always appear to have been thoroughly thought-through or understood, especially with the various changes in of government and personnel, where those responsible for the implementation of actions necessary for the fulfilment of conditions were not always the same staff as had agreed to those actions and conditions.

One specific BSP focused on PFM, the 'Public Finance Policy Reform Programme (PFPRP)', and had components closely linked to the recommendations in the 2013 PEFA, covering improvements to budget preparation, budget execution and budget monitoring. With regard to budget preparation, GIZ was contracted under this component, to assist with development of programme budgeting, since it has special expertise in this area. (see details below)

The components in the BSP were further strengthened through other projects, such as a seven months project, supporting the Public Debt Management Division (PDMD) in the MoF, which finished in December 2012 and supported the ministry specifically in implementing the Action Plan for Public Debt Management Reform, 2011-2013.

## 4.7. Conclusions

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Throughout the period 2010-2017, PAR, including PFM, was a key priority of EU support to Armenia, from the early multi-sector BSPs (from 2010-2011), where PAR/PFM was a key focus through to the BSP in 2016, which focused entirely on PFM (within the overall PAR context) - the PFPRP. Support to PAR/PFM encompassed a number of different modalities (though many linked to BS, through the Complementary Assistance – such as TA projects, Twinning, direct grants, competitive bidding- provided) and covered both PAR/PFM overall, as well as individual components within each. Assessments of key areas within PAR, such as good governance, corruption with the public sector and reform of the civil service, as well as support to the National Statistical Agency, provided important inputs into developing a future PAR strategy for Armenia, even though a central organisational body within government, which would oversee implementation of the strategy as well as coordinate activities within individual areas, has still to be agreed and established. At present, the Office of the Chief of Staff of the PM has responsibility for to support the PM and coordinate government work at the centre. It coordinates legislative proposals and monitors implementation of government work. Proposals for a BSP (initially prepared during 2016) with a sole focus on support to PAR, and especially improved service delivery, was never approved.<sup>238</sup> However, the recent OECD/SIGMA assessment of PAR in Armenia, with support from the EU, and in line with the principles of public administration which derive from international standards of good governance, now provides a framework that will serve as the basis for the preparation of a PAR strategy. (With hindsight, it may well have been premature in terms of GoA readiness and preparedness, to include a focus on anti-corruption activities and external audit.) In respect of PFM, support has been given by the EU to improving the overall PFM system, through support to revising the PFM strategy, updating the PEFA and improving the overall PFM system, while also focusing on strengthening individual components of the system such as the development of programme budgeting, improving domestic revenue forecasting and debt management for budget preparation), assistance to improving PIFC and internal audit (for monitoring expenditure) and to supporting an independent State Audit Institution, i.e. external audit, through assistance to the former Chamber of Control. The PFM system was certainly strengthened by the number of BSPs since each one has General Conditions linked to performance of the PFM system, while the use of the BS modality itself requires a sound PFM system with agreed improvements.

Over the period covered by the evaluation, EU priority policies in the sectors of PAR and PFM were aligned with the objectives of the GoA. The EU cooperation strategy and its objectives, design and

<sup>238</sup> See: Support to PAR in Armenia: Better Service Delivery through a More Efficient and Responsive Public Administration', ENI/2016/039-595). The BSP had a proposed value of Euros 20,875,000 where Euros 20M was for BS and Euros 8M for Complementary Support.

implementation of interventions appear highly relevant. The cooperation priorities were consistent with the government's priorities as specified in the PRSP (2003-2008), the SDP (2008-2014) and the ADS (2014-2025) and sector strategies. The Government of Armenia development strategies and the PCA, highlighted the necessity for targeted policies to address issues related to PAR and PFM, labour and employment. This was also highlighted in the joint EU-Armenia Action Plan, and the National Indicative Programmes.

## 4.8. Recommendations

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- To support the use of the recent SIGMA review to act as the basis for the development of a PAR strategy, together with an Action Plan for its implementation
- The EUD to urge the GoA to establish a central organisation (e.g. such as a Ministry for Public Administration in some countries within the region) with overall responsibility for PAR, separate from the Office of the Prime Minister, so that this institution then becomes the central coordinating body for legislation, administration (coordinating, for example, all institutions involved in PAR) and state budget financing.
- To continue to support improvements to budget preparation through assisting the line ministries (particularly those involved in BSPs) with developing budget submissions to the MoF using the Programme Budgeting formats within the MTEF
- To continue to support strengthening of the PFM system overall to ensure that the General Conditions for any future BSPs are able to be met
- The EUD to work closely with the GoA to ensure that disbursements from the EU to Armenia under any new future BSPs adhere closely to the planned disbursement schedule, as agreed within the FA, so as to facilitate forecasts of total budget revenue within the MTEF becoming more predictable and reliable.

## 4.9. Reconstructed Theory of Change/Intervention Logic

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The following reconstructed ToC/IL helps us to better understand the explicit or implicit assumptions in the programming that lead from the rationale for EU intervention, the EU inputs and activities, the specific outputs, the outcomes and the overall impact.

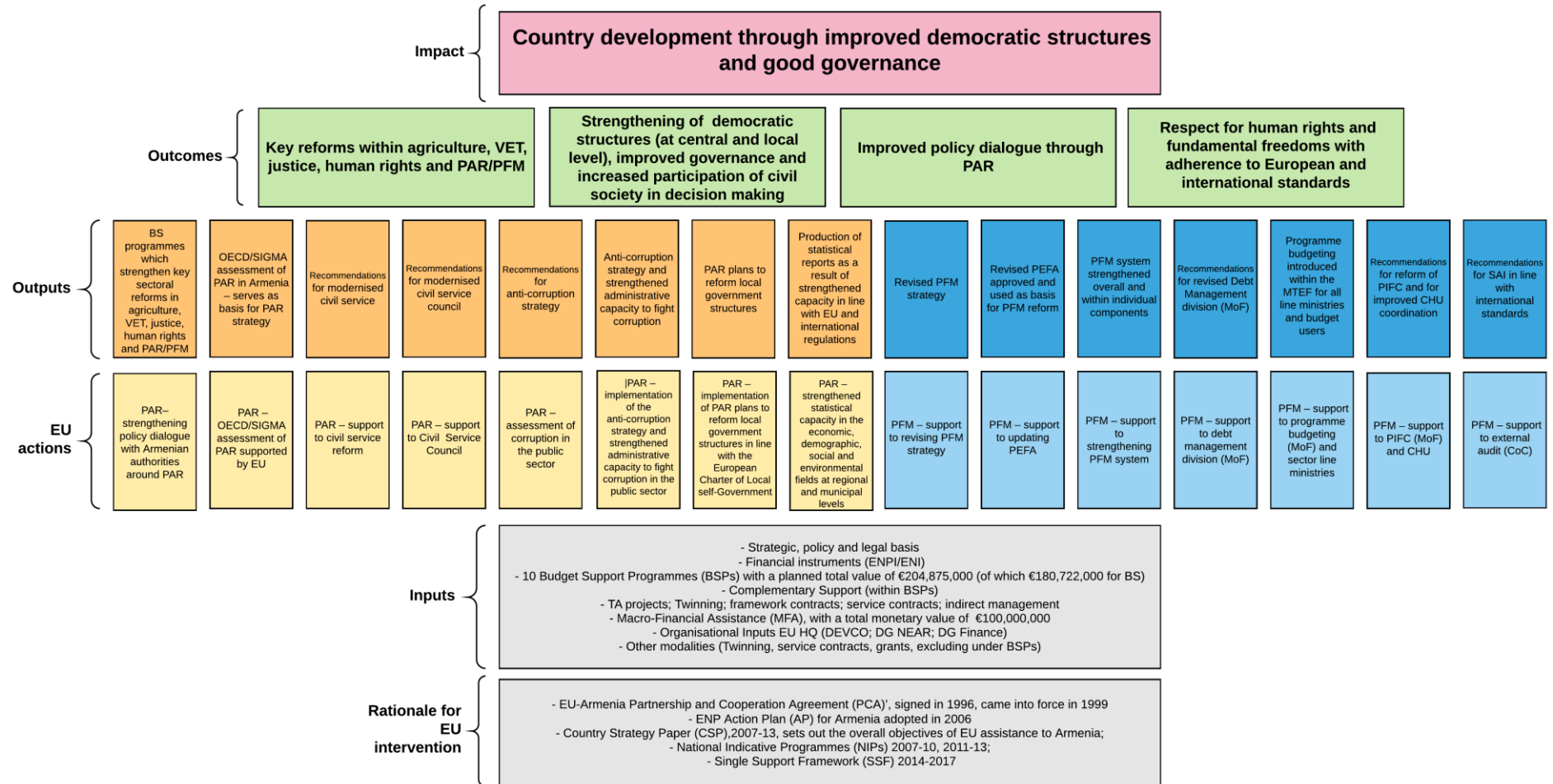
### 4.9.1. PAR/PFM Reconstructed Intervention Logic/Theory of Change

Two PAR projects can be used as examples to demonstrate how a reconstructed Intervention Logic/Theory of Change concept can be operationalised in this evaluation context. Firstly, with respect to civil service reform, where the project has a number of outputs (e.g. functional reviews of key line ministries to establish the staffing levels required and staff with specific areas of expertise and appropriate qualifications; and re-training programmes for staff who are made redundant) which lead to outcomes (government passes legislation on new overall staffing levels in public administration), which will, in turn, have the impact of down-sizing the civil service bureaucracy and providing retraining for staff (either for new public sector positions, with different expertise requirements, or for employment in the private sector), thus contributing to more efficient and effective use of public resources (improved public financial management) and overall improved governance (e.g. better link between policy and planning, better management of the civil service and of human resources within the country).

Secondly, with respect to Public Finance Management (PFM), on the basis that improvements are required to make a PFM system more sound, actions may be initiated to assist the Ministry of Finance which will have a number of different outputs (e.g. a PFM strategy or a PFM sub-strategy), which will then lead to outcomes (e.g. implementation of the strategy or sub-strategy), which will help to improve the PFM system which, in turn, will have the impact of providing a sounder PFM system, which has clear implications for such factors as improved governance, accountability and transparency. In both these examples, the evaluations of these projects should provide findings that enable us to evaluate whether the outcomes have been used to inform the development and design of the new approach to PAR projects (as reflected in the documents noted above), learning from these previous experiences. Similarly, the evaluation findings on the intervention logic and policy dialogue (and a changed – and more conducive - policy environment, in particular), as well as on the particular aid modality that was adopted and its relevance and effectiveness for achieving these specific aims, can be assessed.



Table 19: EU PAR/PFM Intervention Logic/Theory of Change



## 5. EQ 8: Civil society

**EQ8:** To what extent, and how, has the EU assistance to Armenia contributed to enhancing the protection of Human rights and fundamental freedoms, and civil society development?

### 5.1. Sector Background

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#### 5.1.1. Overview of the civil society sector

The Armenian civil society sector is a subject of interest to Western major donors, namely the United States and the EU for the second decade now. The sector has been a subject of interest, in terms of huge amounts of assistance provided to promote CSOs' role, activities and capacities. The US Government has been the largest donor focusing on civil society development in Armenia (USAID 2011) and has conducted two large studies of the sector in 2001 (Blue, Payton, and Kharatyan 2001) and 2004, describing it as donor driven (Blue and Ghazaryan 2004). But this concentration of funding towards NGOs has also had a negative effect. As Armine Ishkhanian notes, "NGOization" has led to the de-politicization and taming of the emancipatory potential of civil society (Ishkhanian 2008).

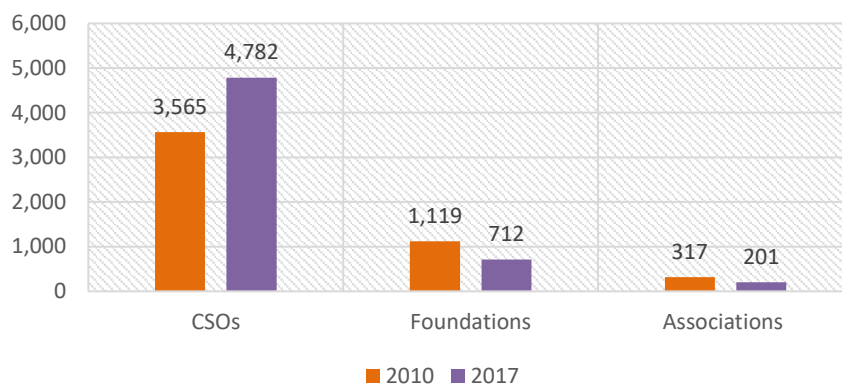
The EU's approach in the promotion of civil society in Armenia has initially been somewhat different. The European bilateral and multilateral donors interacted with Armenian society through third actors, mainly the government. The EU interaction with Armenia has generally focused on building strong relations with state and elite actors at the expense of engagement with non-state actors (Raik 2006). This approach changed when the ENP and EaP programmes were launched followed by an establishment of multi-level contacts between the EU as an individual actor, the EU member-states and the Armenian civil society.

The internal challenges to Armenian civil society versus European and American influence were put forward in discussing the Armenian road to democracy. The authors conclude positively that the efforts of international organisations may bring the country on the path of effective democratization (Freire and Simão 2007). However, some studies examining the impact of selected reforms in the context of the EU's influence [on Armenia's democratisation process], claim the EU policies and resources to be unsuccessful in democracy promotion in Armenia (see, for example Smith 2012)<sup>239</sup>.

According to the Ministry of Justice (MoJ), 4,782 public organizations, 1,119 foundations, and 317 legal entity unions were registered in Armenia as of the end of 2017. Overall, there was a trend of increase of number of CSOs, foundations and associations since 2010. The number of CSOs increased on 34% while the number of foundations and associations increased on 6% since 2010.

<sup>239</sup> Smith, Nicholas Ross. 2012. "The EU's Two-Track Promotion of Democracy in Its Eastern Neighbourhood: Examining the Case of Armenia." *Asia-Pacific Journal of EU Studies* 10 (1): 19–43

Figure 8: Comparison of the number of NGOs, foundations and associations in Armenia in 2010 and in 2017



Source: <https://www.usaid.gov/europe-urasia-civil-society>

However, only 20% of them are considered active and fully operational<sup>240</sup>. The rest of them are organisations that are registered but not operational. Also, there is an uneven distribution of CSOs in terms of geography and sectors. There is a tendency among most Armenian CSOs to keep the area of their activities quite broad and not to focus on a specific sector. This might be explained by the fact that many organisations operate in fields which are not necessarily in line with their vision and mission but are rather driven by the donors' agendas and priorities. When categorising CSO sectors in terms of their dominant sector of activities, two major types are differentiated: (1) organisations engaged in advocacy, policy issues and research, and (2) organisations engaged in service provision.

Among the most vulnerable groups of human rights defenders (HRDs) in Armenia are those working on the rights of LGBTI persons, women human rights defenders, NGOs working in remote areas and environmental activists. Defenders working on the rights of LGBTI persons frequently face hate speech by the media and verbal and physical abuse by representatives of law enforcement agencies. Intimidation of LGBTI defenders is recurrent and it is felt that they are not understood even by some other parts of the civil society. There is a lack of awareness about issues related to LGBTI persons in society in general, but also within civil society itself. Defenders working on LGBTI issues are not able to register their organization as such and are often forced to carry out their activities as human rights and sexual health organizations. Women human rights defenders are scrutinized by the media and public opinion and frequently receive no support from their families. NGOs in the regions, especially in remote areas remain very rare and face severe difficulties in carrying out their work. Environmental activists receive threatening phone calls, are beaten by policemen and face prosecution for their activities.

## 5.2. Strategies and policies

### National

The Armenia's Human Rights Country Strategy sets a key priority to be the support to active involvement of civil society organizations in implementation of actions aimed at ensuring the country's human rights objectives. Its priorities focus on civil and political rights, economic, social and cultural rights, as well as key vulnerable groups. The need to increase effectiveness of the activities of civil society organizations as well as to promote their cooperation with public administration and local self-government bodies are among the pillars of this strategy. In addition, the EU assistance in the field of human rights was in line with the Internal HRDO Strategy 2012-2017, which sets the following objectives: (1) promotion of free and fair elections, fully in line with international standards, (2) prompt, thorough and transparent

<sup>240</sup> The 2017 CSO Sustainability Index for Armenia. Available at: <https://www.usaid.gov/europe-urasia-civil-society>

investigation of any instance of violation of electoral rights; (3) encourage stronger involvement of the civil society in the decision-making process.

Policies and priorities of the GoA in the sector are defined by a set of legal acts and strategic documents which are currently in the state of implementation. The major legal act regulating the sector is the Law on Public Organisations of the RA adopted in December 2016, and which came into force in early February 2017. The new law was developed with extensive input from the civil society and had been on the civil society and government agenda for several years. Amendments were also made to the Law on Foundations.

Armenia's Human Rights Country Strategy was adopted by the GoA in October 2012 with the aim of introducing a comprehensive strategy and demonstrating shared responsibility of all parts of the state, as well as civil society actors in the protection of human rights. In March 2014, the Action Plan for the implementation of the Strategy officially became a governmental policy. The need to increase effectiveness of the activities of CSOs, as well as promote their cooperation with public administration and local self-government bodies were among the pillars of this strategy. The Human Rights Action Plan for 2017-2019, adopted in May 2017 foresees a creation of platform for discussing the progress of measures included in the action plan with the civil society.

Armenia Development Strategy 2014-2025 has been developed with the active involvement of civil society. The strategy foresees deepening possibilities for social partnership and involvement of CSOs in participatory monitoring during its implementation. The priorities of the framework policy for enhancing the effectiveness of state governance are implementation of an Anticorruption Strategy, maximum possible transparency of decisions made by the state and ensuring active participation of the civil society in the process of decision-making, in particular through the introduction of electronic management and information systems at all levels (e-Government, e-Management, etc.)

The main national policy documents of the human rights sector are the National Strategy for Human Rights Protection and its Action Plan 2017-2019 (approved in February 2017). As such, the Strategy is linked with other strategies of the GoA, such as the draft National Strategy on Equality between Women and Men 2017-2021, National Programme for the Protection of Children's Rights in the RA, Social Defence Strategy of 2006-2015 for People with Disabilities, and 2016-2018 National Programme for Combating Trafficking in Persons (Human Trafficking) in the RA. The new Constitution passed in December 2015 is one of the key documents to take into account.

When we look at the civil society sector, the primary laws regulating registered CSOs in Armenia are the Law on Public Organizations, which was adopted in December 2016, and the Law on Foundations, which was amended in the same month. These new legal provisions came into force in February 2017. The new Law on Public Organizations introduced several provisions that could positively influence public organizations, which account for the majority of registered organizations, including opportunities to directly engage in income-generating activities and greater flexibility in the composition of their membership and governance structures. In addition, environmental organizations are now allowed to represent their constituents' interests on environmental issues in courts, while public organizations that receive funding from public sources are required to submit annual financial reports. Public organizations are required to revise their charters if they do not correspond with the new legal provisions. The new legislation also eliminates the concept of legal entity unions, as public organizations can now have legal entities as their members. Legal entity unions must thus register as public organizations within one year of the law going into effect, although this deadline was later extended.

The State Register of Legal Entities within MoJ is responsible for the registration of CSOs. The law provides ten- and fifteen-day periods for registration decisions for public organizations and foundations respectively. However, the State Register frequently requests additional information or amendments to

CSO charters. The MoJ approved a sample of a standard charter for public organizations in May 2017; if an organization uses the standard charter template, registration is simplified and often completed within two days. CSOs do not have to register to operate in Armenia, unless they seek to enter into financial transactions.

The new legislation transferred CSO oversight to the State Revenue Committee (SRC), where a special department was established. Previously, the MoJ was responsible for overseeing legal compliance of CSOs' activities, while SRC was only responsible for taxation issues. The department had not established operating procedures by the end of 2017, which has created some uncertainty among CSOs about what to expect. However, the SRC has indicated its willingness to collaborate with CSOs in designing the procedures and invited organizations to apply and serve in the SRC's public council.

The Law on Public Organizations also introduced a regulation on volunteer engagement, which establishes rules for public organizations using volunteers. The Ministry of Labour and Social Affairs (MLSA) proposed a draft law on volunteering in 2017; it provides more restrictive conditions for recruiting and contracting volunteers than the Law on Public Organizations and places additional reporting obligations on public organizations engaging volunteers. A number of CSOs have criticized the draft for being too restrictive and burdensome. The government was still reviewing the draft at the end of 2017.

Although public organizations can be forced to dissolve only through a court decision, a legal act was passed in December 2016 stating that beginning on December 1, 2017, organizations that had not submitted any reports in the last four years would be automatically dissolved, unless they presented an objection by November 1, 2017. In August 2017, the State Registry published on its website a list of organizations—including CSOs—that had not submitted reports for four years. Many organizations, however, were not aware of the regulation and found out only after the fact that they were in the process of dissolving, and thus needed to appeal the decision. There were no reported incidents of state harassment of CSOs during the year.

The new Law on Public Organizations allows public organizations to directly engage in income-generating activities; public organizations can also establish or become shareholders of commercial enterprises. However, in both cases, the profit generated should be used only in accordance with the goals stipulated in the public organizations' charters. In addition, public organizations must maintain separate accounting and reporting for these commercial activities. All types of CSOs are also allowed to compete for public procurement contracts. Fundraising campaigns and donor funding are also permitted sources of income. The 2016 amendments to the Law on Foundations allow foundations to maintain and utilize endowment funding, in the form of untouchable capital, as a funding source.

CSOs are exempt from taxes on grants and donations. However, they have to pay profit tax on earned income, as well as 20 percent VAT if their total annual turnover (defined as income from all types of activities) exceeds 58.35 million AMD (about \$121,000). This put them in a disadvantaged position compared to business entities, which can opt to pay the 5 percent turnover tax if their turnover is below 115 million AMD (about \$239,000). Starting in 2019, however, the 58.35 million AMD threshold will be the same for all legal entities according to the new Tax Code that entered into force in 2018. CSOs can apply to the State Humanitarian Commission for exemption from VAT for purchases made under projects that the government deems charitable. Corporations can deduct donations from their taxable income up to 0.25 percent of their gross incomes. Individual donations are not tax-deductible.

## Regional

Armenia has been a member of the Organization for Security and Cooperation in Europe (OSCE) since 30<sup>th</sup> January 1992, of the Council of Europe since 2001, and has ratified most of its major human rights instruments, including the Convention for the Protection of Human Rights and Fundamental Freedoms in



2002, the Framework Convention for the Protection of National Minorities (1998), the European Social Charter (2004), and the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (2002).

The Commissioner for Human Rights of the Council of Europe, the Council of Europe Committee for the Prevention of Torture (CPT), and the PACE regularly issue reports and adopt recommendations on the human rights situation in Armenia.

## International

As at December 2017, Armenia is a State party to the major United Nations human rights treaties, including the International Covenant on Civil and Political Rights and its two Optional Protocols, concerning the right of individual petition and the abolition of the death penalty, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women and its Optional Protocol, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and its Optional Protocol, the Convention on the Rights of the Child and its two Optional Protocols, on the involvement of children in armed conflict and on the sale of children, child prostitution and child pornography.

Armenia has also signed the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights, the Convention on the Protection of the Rights of All Migrant Workers, the Convention on the Rights of Persons with Disabilities and its Optional Protocol, and the International Convention for the Protection of All Persons from Enforced Disappearance.

## 5.3. Key players

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### State Actors

#### *The National Police of Armenia*

The present form of the Police of the Republic of Armenia (the police) was decided in the Law on the Police from 2001, when the Ministry of Interior administratively was replaced with the police, and the Law on Police Services from 2013<sup>241</sup>. According to the article 42 of the Law on Police, the police are oversighted by the Prosecutor's Office<sup>242</sup>. The President of the Republic of Armenia appoints the head of the Police<sup>243</sup>.

#### *Special Investigation Service*

The Special Investigation Service was established in 2007 as a self-governing state body and acts within the frameworks of the functions stated in the Law on Special Investigation Service. According to Article 2 of the law the Special Investigation Service conducts preliminary investigations of criminal cases against officials of legislative, executive and judicial bodies, against persons carrying out special state service, connected with their official positions or with crimes committed by them, as well as electoral processes envisaged by the Criminal Procedure Code of the Republic of Armenia<sup>244</sup>. The head of the Special Investigation Service is appointed directly by the President of Armenia. The Staff is appointed by the head of the service.

<sup>241</sup> [www.police.am/en/about-the-police](http://www.police.am/en/about-the-police)

<sup>242</sup> The Law of the Republic of Armenia on Police (2001), Chapter VIII, The Control and Oversight of the Activity of Police and the Responsibility of the Police Officers, Article 42. The Oversight of the Police Activity (adopted 16 April 2001) <http://www.parliament.am/legislation.php?sel=show&ID=1271&lang=eng>

<sup>243</sup> United States Department of State, 2015 Country Reports on Human Rights Practices - Armenia, 13 April 2016, available at: <http://www.refworld.org/docid/571612a415.html>

<sup>244</sup> Republic of Armenia Law on Special Investigation Service (adopted 28 November 2007) <http://www.parliament.am/legislation.php?sel=show&ID=3124&lang=rus>

### *The Prosecutor General Office*

The Prosecutor General Office is not of the highest prosecuting authority in Armenia, but also the Prosecutor General is the representative of the Armenian Government before the European Court of Human Rights, ECtHR. This means that if a complaint is not dealt with properly within the national judicial system, the Prosecutor General will have to answer for the actions before ECtHR. This serves as a guarantee for ensuring that the rights according the European Convention on Human Rights, ECHR, is implemented in the Armenian judicial system, according to the Deputy Prosecutor General.

The prosecutor is obliged to take action in three scenarios; a complaint is received from the citizen or the police, the prosecutor discovers a criminal offense during the assessment of a current case, or if there has been media coverage of a crime, which has not been dealt with in a proper manner by the police. If there have been media coverage of a crime and the crime has not yet been investigated by the police, the prosecutor is obligated to initiate a proper investigation by the police.

A citizen can also approach the Prosecutor General Office directly.

### *Public Defender's Office*

The Public Defender's Office was established in 2005 by making respective amendments in the Law on Advocates. The regulations of the PDO were adopted on 26th March 2015 by the Board of the Chamber of Advocates. Funding for operational costs of the Office is very low, making the Defenders use their own means for the majority of operational expenditures. The workload is a growing problem (average number of cases per Defender is 20 cases at a time) as the number of applications seems to double annually. Currently there are four Public Defenders in Armenia paid from the state budget who act in civil cases, which is an inadequate response to the growing need. Another problem is the lack of mechanisms to decide on eligibility (in terms of lack of personal means) of citizens to claim free legal aid. This problem is relevant to criminal cases as well.

### *Minister of Justice of the Republic of Armenia*

On December 4<sup>th</sup> 2003, the RA Government approved Decree N 1751-N<sup>245</sup> on RA Government Representative to the European Court of Human Rights. Accordingly, a position of RA Government Representative before the ECtHR and Department of Relations with the European Court of Human Rights was set up within the RA Ministry of Justice.

The RA Government Representative fulfils the following objectives: a) protect the interests of the RA Government before the European Court of Human Rights; and b) supervise the execution of the European Court of Human Rights decisions binding on the RA Government<sup>246</sup>. The Department fulfils the objectives: secure the activities of the RA Government Representative before the ECtHR in regard to adopting, presenting and defending before the European Court of Human Rights of the RA Government position on the appeals under the European Convention on the Protection of Human Rights and Fundamental Freedoms and its Protocols<sup>247</sup>.

In 2014, a new division, i.e. the Division for Execution of Judgments and Securing Conventional Requirements, was set up under the Department of Relations with the European Court of Human Rights of the RA Ministry of Justice. Below are the key objectives of the Division above: (i) ensure compliance with the requirements of the European Court judgments and decisions on the RA; (ii) ensure introduction of the international and European human rights standards (particularly, in regard to the European Convention for the Protection of Human Rights and Fundamental Freedoms, the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment and other international human rights instruments) in the RA legal system<sup>248</sup>.

<sup>245</sup> <http://www.arlis.am/DocumentView.aspx?docid=3820>

<sup>246</sup> <http://www.arlis.am/DocumentView.aspx?docid=3820>

<sup>247</sup> <http://moj.am/storage/uploads/structure/2>

<sup>248</sup> [http://moj.am/storage/uploads/Hashvetvutyun\\_2014.pdf](http://moj.am/storage/uploads/Hashvetvutyun_2014.pdf)

In September 2015, the official website of the RA Government Representation before the European Court of Human Rights <http://agent.echr.am/> was launched. According to official communication, the website was created with the goal to make the execution of the European Court of Human Rights judgments more efficient, in line with the new principles adopted by the Council of Europe Committee of Ministers based on the Brussels Declaration<sup>249</sup>. The website aims to ensure the accessibility of the international documents on human rights protection and the mechanisms for legal protection provided by those documents. It also aims to raise public awareness and promote effective functioning of human rights protection mechanisms.

### *National Commission on Issue of Persons with Disabilities*

The National Commission on Issue of Persons with Disabilities was set up in February 2008 and chaired by the Minister of Labour and Social Affairs, serves as a consultative body and the governmental coordination mechanism on disability issues, with representatives of public administration bodies and non-governmental organisations dealing with the issues of persons with disabilities participating on an equal footing. The last session of the National Commission was held on in December 2017.

### *Court System*

Armenia has three courts of appeal, the Civil Court of Appeal, the Criminal Court of Appeal and the Administrative Court of Appeal. The Civil Court of Appeal and the Criminal Court of Appeal review appeals from Courts of General Jurisdiction. The Administrative Court of Appeal reviews appeals from the Administrative Court. Appellate courts review judgments on the merits only within the scope of the grounds and reasoning underlying the appeal.

The Court of Cassation is the court of highest instance in Armenia, except for matters of constitutional justice. It is responsible for ensuring the uniform implementation of the law and facilitating the development of the law. The Court of Cassation is divided into two Chambers, the Civil and Administrative Chamber and the Criminal Chamber.

Finally, the Constitutional Court is responsible for the administration of constitutional justice. The Constitutional Court has a very specific mission, as it only considers the constitutionality of a law implemented in Armenia. The Constitutional Court does not consider the legitimacy of a legal act or judgement. It only checks the constitutionality of a law or other legal act applied in a case, not the case itself.

### *Administrative Court*

The Administrative Court is operational since January 1<sup>st</sup> 2008, having its first legislative basis in Administrative Procedure Code (adopted on November 28<sup>th</sup> 2007), and in the Judicial Code (adopted on February 21<sup>st</sup> 2007). On October 29<sup>th</sup> 2010, the Judicial Code and Administrative Procedure Code were amended to establish the Administrative Review Court, which was done in furtherance of an earlier decision by the Armenian Constitutional Court N-780 (adopted on November 25<sup>th</sup> 2008), on the need of appeals against the decisions of administrative court based on Article 6 of the ECHR. The Administrative Review Court began its activities on December 1<sup>st</sup> 2010. As evident from the statistics of jurisprudence on adjudication of the administrative cases in 2014, 1,948 decisions were made based on the appeals brought by persons against the decisions made by administrative bodies, local self-governance bodies and their officials, out of which in 691 (35%) cases the appeals were granted fully, and in 78 cases (4%) – partially. These numbers testify that the state completely or partially lost its case in 40%. This is a significant difference from the criminal justice system, where the state wins almost 98% of cases at trial. On the other side, there is statistical data showing a lack of the independence of the Administrative Court when deciding on more important and fundamental cases. For instance, if in 2015, only 276 out of 4,183 applications brought against the state decisions were found inadmissible (6.6%), the inadmissibility rate

<sup>249</sup> <http://agent.echr.am/events/website-launching.html>

of applications related to violations of electoral rights was very high (85%, i.e. only 6 out of 40 were admitted), and the electoral bodies won in all six cases adjudicated by the Administrative Court. Nonetheless, many advocates consider both the Administrative Court and the Administrative Review Court as positively differentiating from other courts in Armenia both in terms of professionalism and independence.

## Parliament

### *The Standing Committee on Protection of Human Rights and Public Affairs*<sup>250</sup>

The Standing Committee on Protection of Human Rights and Public Affairs of the National Assembly has a supervisory function and receives a number of complaints from the general public. It is composed of nine deputies and its spheres of activities include human and civil rights and freedoms, law and notary services, children's rights, parties and other public associations, religion, gender issues, national minorities, information. In particular, the Standing Committee has a role in drafting laws and was involved in the drafting of the NGO Law.

## Independent Complaint/Appeal Bodies

### *Human Rights Defender Institution of the Republic of Armenia*<sup>251</sup>

The Human Rights Defender or Ombudsman provides protection for the individuals where their human rights and freedoms have been violated by state or local authorities. At a wider level, the Human Rights Defender protects and promotes human rights and fundamental freedoms of all individuals (and legal entities) by observing the human rights situation in the country, dealing with individual complaints and engaging in the process of improving national regulatory framework in accordance with internationally recognized human rights standards.

The establishment of the institution of the Human Rights Defender (HRD) of Armenia in 2004 was a significant step towards a more systematic human rights promotion and protection in the country. The Defender reports on the state of human rights protection, makes proposals for legislative reforms, carries out human rights education projects and conducts research. The 2005 Constitutional Amendments endowed the HRD Institution with a constitutional status. Further amendments provided for the parliamentary election of HRD, the recognition of the Institution as a National Preventive Mechanism under OPCAT and introduction of state service in HRDO.

Since 2015, the mandate of the Human Rights Defender was expanded to cover the private sector and a new Constitutional Law on Human Rights Defender was drafted, in line with the Constitutional Amendments. According to the new law, the HRD has jurisdiction over private entities in the field of health care, education and culture. With the enforcement of the new law in September 2016, the HRD has become directly engaged in the process of improving the legal frameworks and has a permanent designated representative at the National Assembly. The institution is framed and guided in accordance with Paris Principles and it has been accredited "A" status. It has a wide international recognition and is member of several renowned international organizations.

The Ombudsman is elected for a period of six years by a majority 3/5 of the National Assembly and is according to the Constitution irremovable and secured immunity in this period. The HRDO is guided by professional approach in protecting and promoting human rights and freedoms. In addition, it is striving to multiply its efforts to increase efficiency of human rights protection mechanisms. Following major structural changes, it has established specialized units and a department as to cover the main areas of priority for the institution. The Child Protection Unit has been formed within the HRDO to strengthen the capacity of the institute in effective fulfilment of its role in the protection and promotion of children's rights.

<sup>250</sup> <http://www.parliament.am/committees.php?do=show&ID=111167&lang=eng>

<sup>251</sup> <https://www.ombuds.am/>

The Department of Prevention of Torture and Ill-treatment in line with OPCAT guidelines and NPM's mandate carries out monitoring visits to all closed and semi-closed institutions where persons are deprived of their liberty. A specialized Department for the Protection of Criminal Procedure Rights and Rights of Military Servicemen has been formed. It will act as a specialized structural unit which will deal with issues pertaining to the protection of military servicemen's rights.

The HRDO is operating a hot-line service (116) that is staffed 24 hours a day and provides legal advice to citizens. If it is deemed necessary, a representative of the Ombudsman can be present at the scene to provide support. The office also has a Rapid Response Team that can approach the police station and make notice of the situation. The staff members are secured unlimited access to the arrested. The HRDO has three regional offices around Armenia, but the staff from the office in Yerevan can also provide support to cover complaints received in the regions outside Yerevan.

### *The Constitutional Court*

The Constitutional Court was created in 1995 after a constitutional referendum and began operating in February 1996<sup>252</sup>. The court consists of nine judges and the main functionality of the court is to assess the constitutionality of laws and regulations in the Republic of Armenia. According to the Constitutional Court, a constitutional reform will fully enter into force in 2018. The new constitution will result in an alteration of the current Constitutional Court. The court will be added in mandates and is to hear not only laws, but also regulations issued by governing bodies. The court will also not only rule on the constitutionality of the law or regulation, but also on the interpretation of the laws and regulations issued by all levels of the common courts, including the Court of Cassation.

According to the Constitutional Court the court receives applications from the following: The President of the Republic of Armenia; The National Assembly; The Government; The Courts; The Attorney General; The Human Rights Defender and individuals (since 2005). 90% of all applications filed with the Constitutional Court are from individuals. Since 2008 the court has recognised 250 provisions of different laws as unconstitutional. Individuals<sup>253</sup> can apply directly to the court with a claim of unconstitutionality of a law; after all other remedies are exhausted.

## **Main Civil Society Actors**

### *Armenian Helsinki Association*

Armenian Helsinki Association is a human rights defender organization was established by a group of human rights activists and registered with the Ministry of Justice of the Republic of Armenia in April 1997. The main aims and goals of the organization are: the protection of human rights and fundamental freedoms, particularly: monitoring of trials, prisons, psychological hospitals, army, freedom of speech, freedom of religion, freedom of association and assembly as well as the monitoring of realization of responsibilities of all those international treaties and agreements that the Republic of Armenia has signed guaranteeing fundamental human rights to its citizens. Helsinki Association provides the citizens with free of charge legal and advocacy services. Helsinki Association has a branch in Vanadzor.

### *Helsinki Committee of Armenia*

In 1995, Helsinki Committee of Armenia (HCA) was founded. Since the day it was founded Helsinki Committee of Armenia has been conducting an on-going monitoring of the human rights situation in Armenia with a special focus on total institutions, including penitentiaries, orphanages, army and hospitals, where conscientious objectors were in the alternative service. From 2005 on, with the support of OSCE/ODIHR and then of the European Union and of Open Society Institute (OSI), HCA started to implement educational programs for members of non-governmental organizations from the provinces of Armenia as well as for young leaders that are not involved in the third sector. Due to the individuals that

<sup>252</sup> [http://concourt.am/english/cc/descrip\\_en.pdf](http://concourt.am/english/cc/descrip_en.pdf)

<sup>253</sup> persons as well as entities, and non-citizens



went through the consecutive stages of those programs, HCA is able to conduct human rights monitoring in the provinces of Armenia.

### *Armenia Lawyers Association*

The Mission of Armenian Lawyers Association, ALA, is to develop a new generation of highly professional lawyers, having a modern outlook and moral values, as well as to promote the establishment of rule of law, and formation of the legal culture in the society. ALA was founded in 1995, by a group of students from the faculty of law at Yerevan State University with other young lawyers.

The organisation was established having the aim of coordinating the efforts of its members and supporters, as well as of the new generation of lawyers, to promote the establishment of Armenia as a sovereign, democratic, legal and social state. ALA has placed great importance on the development of professional skills since its establishment and works to establish favourable conditions for the fulfilment of this goal. The Association has established a legal resource centre.

ALA first and foremost provides free legal assistance and lawyers in cases of corruption. ALA also represents vulnerable groups and women and works together with UNHCR regarding asylum cases. Earlier ALA had legal centres across the country and provided free legal attorneys also in the courts, but today, although ALA has only a few offices, the association is still providing legal aid to citizens.

### *Civil Society Institute*

The Civil Society Institute, CSI, is a non-governmental organisation based in Yerevan, which aims to assist and promote the establishment of a free and democratic society in Armenia. Established in 1998 and formerly known as the Civil Society Development Union, CSI has implemented a series of programs, research and publications surrounding the principles of democracy and human rights. CSI is funded by various international donors, including EU, UN Democracy Fund, OSCE, USAID, various embassies in Armenia etc. CSI is the Armenian member organisation of the International Federation for Human Rights (FIDH).

### *Committee to Protect Freedom of Expression*

The Committee to Protect Freedom of Expression (CPFE) officially registered as an NGO on January 16th, 2003. Its main functions are monitoring the freedom of speech situation in Armenia, the development of independent media, tracing and responding to violations of journalists' rights. The outcomes of the monitoring were compiled and published as annual reports on the situation with freedom of speech in Armenia. CPFE activities are directed to improve media legislation, to study the legislative and regulatory framework of the existing legislative acts in Armenia and develop recommendations, draft laws and suggestions, which will bring the existing legislation in with the international standards and Armenian international commitments. CPFE is a member of the Armenian National Platform of the Eastern Partnership Civil Society Forum. CPFE is a member of the Partnership for Open Society Initiative which brings together more than 60 NGOs and civil society activists.

### *Public Information and Need of Knowledge NGO (PINK Armenia)*

The organisation was established in 2007, initially to work with prevention of HIV/AIDS and sexual transmitted diseases. In 2008 the organisation received funding from the Global Fund and worked with the Ministry of Health to combat sexual transmitted diseases. Human Rights were added to the programme in 2009. The organisation presently has 12 paid staff members, 10 local and two international volunteers and receives funding from various international donors (no Armenian donors). The founders of the organisation are all part of the LGBT community in Armenia. Presently, the organisation is running projects aimed at LGBT empowerment, which includes the provision of services from professional lawyers, advocacy for changes in the legal framework to promote equality and anti-discrimination, and mobilisation of the LGBT community in Armenia.

### *Transparency International Anti-corruption Centre*

In July 2000 the NGO was founded and named the Centre for Regional Development. Since October 2001 the organisation is the official accredited chapter of the Transparency International (TI), an international non-governmental organisation fighting corruption. After that and until February 2008 the name of the organisation was Centre for Regional Development/Transparency International (CRD/TI). In February 2008, the NGO was reregistered and renamed as Transparency International Anti-corruption Centre (TIAC).

Throughout 15 years of work, TIAC became the main watchdog NGO in Armenia in the field of good governance, and fight against corruption and in 2013 the Board of Directors of Transparency International (TI) global anticorruption movement has approved the confirmation of the status of Transparency International Anticorruption Centre as a fully accredited National Chapter of TI in Armenia. In 2013, the TI Board of Directors confirmed the accreditation of TIAC for the next three years. Currently the organisation is undergoing accreditation procedure for the next 3 years (2016-2019).

The goals of the organisation are to support effective anti-corruption policy and transparent and accountable governance; to support the holding of free, fair and transparent elections and the establishment of electoral institute; to promote reasonable, transparent and accountable public resource management, including the management of state and community property and financial resources; to foster democratic processes, including protection of human rights and public participation in the governance processes of the country.

### *Women Resource Centre*

The Women's Resource Centre Armenia (WRCA) was founded in 2003 by women from Armenia and the diaspora and is the first resource centre created in the post-soviet Armenia for young women. WRCA is working in the area of women's human rights, reproductive and sexual rights, sexual violence and women's role in the conflict resolution and peace building in the region of South Caucasus.

The organization is one of the initiators of "Women's Coalition for Peace" and "Young Women's Network of South Caucasus" and is cooperating with women's organization in Georgia, Abkhazia, Azerbaijan and South Ossetia. WRCA is working in the area of women's human rights, reproductive and sexual rights, sexual violence and women's role in the conflict resolution and peace building in the region of South Caucasus. Since 2008 WRCA has started a hotline and peer-to-peer group for the girls and women-victims of sexual violence in Yerevan.

The cooperation with state institutions, the interaction with the National Assembly is carried out mainly through participation in Standing Committee meetings and parliamentary public hearings (particularly through the Public Network, an umbrella organisation with around 150 CSO members, which has a MoU with the Parliament). CSOs cooperate with the government through joint working groups, committees and councils (there are 18 councils with representation of CSOs in 60% of them, including Public Council, National Council on Sustainable Development, National Youth Policy Council, Council on Women's Affairs, etc.), as well as Open Government Partnership initiative. Collaboration of CSOs with local authorities is much tighter than with the central government.

At the same time, there is a low level of effective cooperation of CSOs with businesses and philanthropists, with the exception of CSOs founded directly by them. The culture of philanthropy is still to be developed in Armenia. The most common types of association between businesses and CSOs are in sponsorship of CSO events, in-kind donations and, in some cases, partnership to implement community-based projects.

## 5.4. Key issues faced<sup>254</sup>

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### 5.4.1. In the human rights sector

*Right to a fair trial:* Right to a fair trial is under-implemented mainly because of the lack of strong and independent judiciary, which could prevent and/or remedy illegitimate interferences with human rights.

*High number of guilty judgments in criminal cases:* Armenian courts bring in guilty judgments in as many as 98% of all the cases. The main reason for this is that there are no real standards of proof, and the main standard used by the courts is the so called “inner belief” of the judges who work hand in hand with the prosecutors to establish the so-called “objective truth”, rather than decide whether the charges were proven by the evidence examined in the open court in a view of adversarial hearing. The defence is not on equal footing in terms of collecting evidence to be of the same evidentiary value for judges. There are very weak mechanisms for cross-examination of the law enforcement officials. The criteria for receiving free legal aid (which is currently provided also in civil cases) are not well defined.

*Selective application of law in civil cases:* Armenian courts rarely issue rulings against interests of government and politically connected persons (especially in cases involving protection of right to property against alienation of it for “prevailing public needs, and in cases involving investments from the EU, the U.S., and other countries trying to bring non-corrupt business practices). Despite the fact that the ECtHR found violations in all of these areas, there have not been proactive steps taken by Armenian authorities to change practices and reduce violations.

The Civil Code and adjacent legislation need further elaboration on the safeguards for its provisions suggesting ‘an equal compensation’ against any deprivation of property. The main legislative act to regulate the relations in acquisition, transfer, sale of property and protection of ownership rights is the Civil Code adopted in 1998. Although progressive at the time of its adoption, the Code has revealed gaps, often noted by the Constitutional Court and specialists in the field, the most visible of which is the vulnerability of the owners against the state interference.

**Provision of free legal aid as an essential part of the right to a fair trial is not supported by adequate resources. The same relates to alternative pre-trial detention mechanisms which is an essential part of the right to a fair trial but is not supported by adequate resources or legislative authority for the State Probation Service.**

*Right to free and fair elections:* Elections of all levels held in Armenia since 1991 have been marked with violations. Right to free and fair elections was violated in most internationally recognised segments, i.e. free and fair formation of the will of a voter, free expression of the will, fair counting of the votes, effective and remedying examination of all the allegations of election fraud, and imposing deterring sanctions against perpetrators and accomplices of election fraud. To date, there have been no known cases where a perpetrator of the election fraud would be sentenced to imprisonment. With regards to the Presidential Elections in 2013 and Parliamentary Elections in 2012, OSCE/ODIHR identified the following violations: “an uneven playing field, serious election-day violations, and concerns about the integrity of the electoral process”. Serious electoral problems were also identified by the PACE with regard to the Constitutional Referendum in 2015, including the inaccuracy of the voting lists containing the names of many people residing permanently abroad or even deceased. Complaints about violations of the electoral process were filed and submitted to the District Referendum Commissions (DRC) and the Central Referendum Commission (CRC). The CRC’s decisions in regard to the complaints were appealed in Administrative

<sup>254</sup> This sub-section of the report was prepared based on the following major sources: Development Partners’ Joint Analysis of the Situation in Armenia; Reports of the Commissioner for Human Rights of the Council of Europe; OHCHR Special Procedures’ Reports

and Constitutional Courts, but the latter failed to carry out proper investigation of the merits of the complaints.

The Constitutional amendments also changed the electoral system from a mixed one to a largely proportional with special provisions to ensure a 'stable majority'. The amendments to the legal framework constitute progress and have, to a large extent been positively assessed by the Venice Commission and OSCE/ODIHR. The changes included the clarification of provisions on election campaign and candidate de-registration, increase in the gender quota on candidate lists, elimination of the mandatory test for domestic observers and extension of deadlines for post-electoral disputes. The new Electoral Code also established the publication of signed list of voters who have voted.

These changes were also welcomed by the OSCE/ODHIR Final report on Parliamentary Elections in 2017. It recommended addressing the remaining gaps and ambiguities in the law, including with regards to campaigning, campaign finance regulations, and legal standing and deadlines for complaints and appeals. The Final Report recommended that authorities and political parties should undertake utmost measures to increase public trust in the integrity of the elections, including public discouraging of selling and buying votes and to ensure that pressure is not applied on citizens to attend campaign events or vote in a particular way. The election-dispute resolution system would benefit from additional review to eliminate gaps and ambiguities identified in the OSCE/ODIHR reports, including granting wider legal standing to subjects entitled to appeal and setting out sufficient and consistent deadlines for the adjudication of complaints and appeals. All election-related complaints and appeals should be considered within the electoral period and before the finalization of election results. In order to ensure uniform implementation of the law, the Central Election Commission should clarify legal provisions through binding decisions and provide additional guidance to lower-level commissions.

Whilst praising the improved accuracy of voter lists, the OSCE/ODHIR report called on the authorities to continue implementing measures which reduce the number of voters without a complete address. The publication of scanned copies of signed voter lists from polling stations is an important deterrent of voter impersonation, but the authorities need to take further measures to guarantee the protection of voter's private data. To enhance the transparency and effectiveness of campaign finance oversight, the Oversight and Audit Service should be provided with adequate resources, technical expertise and independence.

*Right to protection against discrimination:* Discrimination is widespread both on societal and governmental level. The prohibition of discrimination is stipulated by the amended Constitution (Article 29). The Drafts of new Criminal Code and the Code on Administrative Violations, which are currently being developed, contain responsibility norms for discrimination based on any internationally protected feature (such as gender, political views, etc.).

**The discrimination continues to be a widespread problem**, which is reflected in all other sectors. It is exercised/tolerated both by the society against its less strong, poorer and less represented members, and by the state towards the society in general. European Commission against Racism and Intolerance (ECRI) Report (2016) draws attention to the high level of under-reporting of racist and homo/transphobic crime and highlights that the effectiveness of the criminal, civil and administrative law provisions dealing with hate crime or discrimination is seriously hampered by the shortcomings in legislation.

**Level of domestic violence remains high**, including deaths as a result of domestic violence. The Armenian Police Service reported 2,000 cases of domestic violence are registered annually in Armenia, during first half of 2017 police recorded 413 domestic violence cases, 50 women have died due to domestic violence during 2010-2017. The main reasons for these have so far been: (1) attitude of the law enforcement and the judiciary towards the victims who consider the domestic violence as a family matter, and (2) legislative provisions. In December 2017, the National Assembly of Armenia adopted the law

against domestic violence, called “Preventing violence in the family, protecting the victims of violence in the family, and restoring harmony in the family”. The relevant mechanisms to enforce the law are still to be developed and implemented.

The law enforcement bodies, the judiciary, as well as the legislators lack education on what constitutes discrimination, how it can be proved, what are the protected features, what should be the liability for discriminatory practices for both individuals and legal persons, etc.

There is also **lack of education** on LGBTI issues. Even though the Diagnostic and Statistical Manual of Mental Disorders (since 1973) and the General Assembly of WHO removed homosexuality from the list of mental disorders, the majority of Armenian doctors and psychologists still believe that it is a mental illness which can be cured and they defend this point of view during public discussions.

Even though the Constitution stipulates that everyone has equal rights (Articles 28 and 29 of the Armenian Constitution), **there are no mechanisms that guarantee LGBTI community’s rights**. In 2001, Armenia decriminalised same-sex sexual activity which was a conditionality to join the Council of Europe. Armenia was one of the first countries that signed the UN Declaration on Sexual Orientation and Gender Identity. Armenia also ratified Protocol No. 12 to the European Convention which provides for a general prohibition of discrimination, which entered into force in 2005. Despite these facts there is no anti-discrimination legislation to provide mechanisms to protect LGBTI rights. The law on anti-discrimination has been included as conditionality for the GoA in EU Human Rights Budget Support and was due 2017.

In a survey conducted in the framework of a research on constitutional amendments by the Advanced Public Research Group NGO, 88% of people answered in favour of limiting LGBTI rights in the new constitution, 8% did not favour any changes and 1% answered for having more rights. According to the “World Report 2015: Armenia – Events of 2014” by Human Rights Watch, LGBTI still face significant problems in Armenia, including harassment and physical violence.

**Hate speech is not tackled by the government.** Iravunk newspaper case is an example of discrimination and significant breaches of LGBTI community rights. In 2015, Iravunk published an article with a list of 60 people, including their Facebook profile links. The article stated that these people are enemies of Armenia because they belonged to LGBTI community, which, according to newspaper, is against “Armenian traditions”. The article urged citizens not to hire them. As a result, sixteen citizens initiated a lawsuit against newspaper, which was denied. Moreover, following the publication, a ruling political party MP Hayk Babukhanyan, publicly supported the article; he also appeared as a witness for the newspaper in related court proceedings.

*Right to protection against torture and other degrading treatment:* Armenia has made little progress on prevention, effective investigation and successful prosecution of torture. Apart from the establishment of the Special Investigating Service in 2007 as an independent mechanism for investigation of crimes committed by public officials, and amendment of the respective Article of the Criminal Code that criminalised torture in line with Article 1 of the UN Convention, all other positive obligations which Armenia undertook pursuant to ratification of UN and CoE Conventions remained under-implemented. The National Prevention Mechanism against Torture (UN CAT) which is under the Human Rights Defender’s Office, needs further increase of its capacities in order to perform its functions nationwide. The state bodies need to increase a follow up of the recommendations. Allegations of torture did not trigger thorough investigations and examinations, which could provide reasonable prospects of identifying the perpetrators and sentencing them to deterring criminal punishments commensurate with the absolute prohibition of state interference with this right.

**There is an issue of improper documentation of torture-related evidence** by investigators and lack of the victims’ access to alternative documentation mechanisms. Both the current and the new draft CPCs



attach different evidentiary value to the results of forensic examinations conducted by the decision of an investigator (expert's conclusion), and those conducted under the request of the victim of torture (specialist's opinion), a situation which contradicts to the ECtHR case law. Human rights organisations continued to report that authorities rarely granted such permission or delayed it until physical signs of abuse were no longer visible. Finally, there have been no instances where the investigation into alleged crime of torture would appoint psychological forensic examination to record traces of psychological violence on the victims' health. Law enforcement and judiciary need extended training on documentation of traces of torture and other degrading treatment in line with Istanbul Protocol.

**The Special Investigating Service, which is in charge of investigation of all the crimes allegedly perpetrated by state officials, is not an effective mechanism for investigations into allegations of torture.** Before its establishment, the allegations of victims would not result even in initiation of criminal cases, whereas after the establishment of the Special Investigating Service the cases are usually initiated based on the reports by victims, but often are terminated in a short period of time without bringing any charges against the perpetrators. When non-initiation or termination of criminal cases by investigators are appealed to the courts by victims of torture, Armenian judges reject such appeals in 100% of cases stating that otherwise the presumption of innocence of the alleged perpetrators would be violated (which is not the way the courts proceed in regular cases). Such an interpretation reflects a discriminatory approach of the law enforcement and the judiciary in setting artificially higher standards for the prosecution of any crimes committed by public officials, which is exercised also in cases of election fraud and corruption. The lack of proper mechanisms for investigation into allegations of torture challenges successful prosecutions of torture in Armenia.

**Continuous use of evidences obtained during the torture is reported.** Both the current and the new draft CPCs do not contain provisions on preliminary hearings to ensure that the illegally obtained evidence (including confessions obtained via torture) is excluded prior to trial.

**Treatment of prisoners is inadequate, negatively effecting health of prisoners and can be characterised as a torture or other degrading treatment.** The prison and detention facilities do not have adequate medical resources, which is aggravated by overcrowding (due to rare use of non-custodial measures of restraint and criminal punishment), **widespread corruption practices and vague and complicated procedure of early release to a medical condition of the inmates.** According to the statistics reported by the Human Rights Defender's office (Ombudsman), as many as 85 prisoners died in Armenia from 2012 to 2014, out of which 14 convicts had diseases incompatible with serving imprisonment. The civil society/expert Prison Monitoring Group provides for monitoring reports with recommendations for consideration to the respective state bodies.

*Right to liberty and security of person:* Right to liberty and security of person, guaranteed under Article 5 of the ECHR is not honoured by the law enforcement and judiciary. Arbitrary arrest and detention, lack of proper judicial control over the limitation of this right, as well as absence of standards of proof necessary for the respective decisions by the police and judiciary led to a situation where these compulsory measures are used as suspect targeted punitive measures in themselves rather than to secure proper investigation of the cases. The official statistics show the effective presumption of guilt against the suspects, as well the fact that detention is used without proper consideration of alternative measures of restraint. To address this problem, the new draft CPC provides for more possibilities of application of measures other than preliminary detention (personal surety, home arrest, monitoring, etc.), and in addition stipulates that several non-custodial measures can be applied to secure restraint without applying detention. In addition, these measures are used to effectively disperse peaceful gatherings and have chilling effect for every kind of public protest.

**Presumption of guilt is exercised against the accused.** Armenian courts almost never reject detention motions: in 2014, out of 2,331 initial detention motions, the judiciary rejected only 122 (5.23%), and of

1,905 detention extension motions – only 13 (0.68%). In 2015, out of 2,452 initial detention motions, the judiciary rejected only 154 (6.28%), and of 1,610 detention extension motions – only 38 (2.36%). As a result, by the end of December **2015, out of 3873 prison population, as many as 1,114 were in the preliminary detention (28.76%)**, awaiting final judgments. This situation is a result of shortcomings both in legislation, which does not provide enough mechanisms for extensive use of alternative restraint measure, and practice.

**Arrest (up to 72 hours) is used as a form of intimidation and punishment in itself by the police.** According to the official information, police releases almost one-half of those arrested without charging them. In some regions, the proportion of arrestees released without criminal charge exceeded 90 percent. These figures show a great need to introduce effective mechanisms of bringing the police to liability for arbitrary arrests. Some level of probable cause should be required before an arrest can occur.

**Revitalisation of the administrative detentions is sometimes used as a tool against political opposition.** This measure was in use by the police till 2003 as a tool against political opposition. The new form of arbitrary detention is a so-called “apprehension” (up to 3 hours). The law says that the apprehension can be applied if there is a reasonable suspicion of committal of a crime. This led to a situation where Police would arrest hundreds of participants of rallies and then set them free in 3 hours, without giving a procedural status of suspects. Police made use of this interpretation and would effectively deprive people (mostly activists) of freedom without any plan to eventually charge them.

*Fostering independent living for PwDs:* In acceding to the revised European Social Charter (RESC) in 2004, Armenia accepted to be bound by Article 15 which recognises the right of persons with disabilities to independence, social integration and participation in the light of the community; however, the country has not yet ratified the Additional Protocol to the European Social Charter providing for a system of collective complaints. In 2010, Armenia ratified the UN Convention on the Rights of Persons with Disabilities (CRPD), though not its Optional Protocol recognising the right of individual communication. By acceding to the above-mentioned treaties, Armenia agreed to ensure to persons with disabilities, irrespective of age and the nature and origin of their disabilities, the effective exercise of the right to independence, social integration and participation in the life of the community, and in particular to take the necessary measures to provide persons with disabilities with guidance, education and vocational training, to promote their access to employment, and to promote their full social integration and participation in the life of the community, in particular through measures aiming to overcome barriers to communication and mobility, and by enabling access to transport, housing, cultural activities and leisure.

Despite the progress achieved in recent years, PwDs living in Armenia remain largely marginalised and are excluded from the societal, cultural, economic and political life of the country. One of the main reasons for such exclusion and marginalisation of PwDs is the **prevalent discrimination on the grounds of disability in all sectors** (employment, education, healthcare, etc.) and spheres of life. The situation is especially difficult for women, children, and elderly persons with disabilities, who face multiple/intersectional discrimination (e.g. on the grounds of gender and disability).

According to official statistics, as of July 2018, there were officially 192,743 persons with disabilities recorded in Armenia’s national register, including 92,587 women and 8,165 children (of which 2,569 girls). This corresponds roughly to just over 6% of the overall population (estimated at 3,045 million in 2017), which is considerably less than the worldwide ratio of about 15%, according to 2011 WHO estimates<sup>255</sup>. Research studies pointed out that the notion of disability is interpreted restrictively in Armenia, in that it does not encompass e.g. light and moderate forms of disability<sup>256</sup>.

<sup>255</sup> World Report on Disability, World Health Organization (WHO), 2011

<sup>256</sup> “Employment of People with Disabilities in Armenia: Needs and Barriers”, study, Save the Children, 2013, p. 9

One of the pressing issues is **abandoning children with disabilities**. There is a common knowledge that if women give birth to a child with disabilities, the family and nurses encourage them to leave the child in the hospital.

Another important challenge is the **lack of independent living skills among PwDs** and the underdevelopment of independent living services and opportunities available in the country. One of the reasons why PwDs are deprived from their right to live independently is the lack of effective rehabilitation services and relevant devices and technologies (e.g. hearing aids) available to PwDs.

One significant consequence of the two above-mentioned issues (discrimination and lack of independent living) is the **extremely high level of unemployment among PwDs**. While the unemployment level among the general population was 18% in 2016, as many as 91% of PwDs are unemployed. Finally, a key barrier to PwDs' inclusion in the society and the realisation of their rights is the fact that the UN Convention on the Rights of Persons with Disabilities, which was ratified by Armenia in 2010, is not practically implemented in the country.

*Child protection system:* Armenia ratified the UN Convention on the Rights of the Child in 1993, in addition to a number of other UN and International Labour Organization's (ILO) instruments protecting the rights of children. In 2010 it signed the Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse (Lanzarote Convention), but has as of yet not ratified it. At the domestic level, the 1996 Law on the Rights of the Child and Armenia's Family Code were accompanied by a number of policy measures, such as the 2013-2016 National Programme for the Protection of Children's Rights and, more recently, the Strategy and Programme on the Protection of Children's Rights for the years 2017-2021. However, according to UNICEF data, in 2016 there were about 3,500 children living in state residential care institutions in Armenia. In 2016, there were a total of 23 foster care families in all of the country, against budget support allocated for a total of 25. Armenia's current medium-term expenditure programme for 2018-2020 provided for an almost four-fold increase, with annual support earmarked for the upbringing of 94 children in foster families. However, only about 50 foster care places are currently filled.

The UN's Committee on the Rights of the Child in 2013 noted that the Armenian government adopted several instruments protecting children's rights, however, these have to be effectively applied. **The Law on the Right of the Child has to be amended** to ensure its full and effective compliance with the revised Constitution. There is also a need to **encourage alternatives to judicial proceedings** such as mediation, diversion (of judicial mechanisms) and alternative dispute resolution whenever these may best serve the child's best interests.

The Police gather statistics regarding some of the crimes covered under the Optional Protocol, namely, child trafficking, engaging a child into prostitution and pornography. However, any **statistics** on the wide range of other offences that are covered by the Optional Protocol as well as statistics in relation to children in vulnerable situations who are at risk of becoming victims of offences under the Optional Protocol are not provided. The review of national statistical information and administrative data found that each ministry which deals with child-related issues has its own reporting and/or monitoring system. Despite the availability of a set of significant statistical databases, there is a concern that the overall level of fulfilment of children rights cannot be properly assessed by using these **data due to limitations in quality and the lack of compatibility across different government agencies**.

There is a **significant decrease in budget allocations**, in particular in the areas of health and education, and the **lack of information on a child rights-based perspective in the budgeting process**. In practice, the government does not have a child rights-based approach programming in its cross sectoral program implementation but rather applies fragmented approach.

## 5.4.2. In the civil society sector

**CSO capacity-building efforts are often short-term and not systematic**, thus do not ensure sustainable and long-lasting results. In the majority of Armenian CSOs, there is a lack of professional staff (experts in specific areas), which is partially due to lack of financial resources, but also due to high turnover rate and/or lack of engagement of professionals as volunteers. Another issue that many CSOs face is the lack of clarity in terms of mission and vision of the organisation. Often, mission statements are very vague and miss specific focus and target which could also be linked to financial instability. In addition, many CSOs are not committed to their own mission as most of the time they are merely adjusting the organisation to various external factors (funding sources, various priorities and agendas). Long-term strategies, likewise, continue to be an issue that CSOs need to address. In addition, generational change continues to be one of the challenges, as Armenian CSOs remain personalised, rather than institutionalised. Number of CSOs with the proper knowledge to apply for international tenders is limited, which consequently limits the number of stakeholders with whom international organisations or donors interact.

**The main factors that impair financial sustainability are insufficient level of fundraising skills, low public trust, weak governance that affect the majority of CSOs, lack of motivation to consider new creative ways to secure funding, as well as rigorous donor requirements.** CSOs heavily rely on international funding. They also claim that there is an established “favouritism” among donor organisations towards CSOs, and grants are often awarded to the same organisations. On the other hand, financial transparency and accountability is still one of the major issues to be addressed. There is limited disclosure of incomes by CSOs which may indicate that they are reluctant to provide information related to their finances. The grants provided by the government are limited, and furthermore, there is a lack of consistency and transparency in terms of the national policy and funding regulations and mechanisms. All these factors have a significant negative correlation with the overall financial situation of Armenian CSOs. Donors’ tendency towards repeatedly working with the most experienced CSOs could be healed by calling for more issue-based coalitions and networks of CSOs to help develop weaker or less experienced CSOs.

**The potential to create networks and coalitions, as well as engage into joint actions is not fully utilised**, while existing consortium practices remain largely driven by donors’ requirements.

Despite the existing mechanisms, policies and regulations of cooperation between state institutions and civil society, **the interaction is still perceived to be imitational**. Advisory councils do not always include CSOs, and mechanisms of CSO involvement are not specified. Most of collaboration practices are initiated and supported by international donors, whereas state institutions rarely come up with the initiative to cooperate. In addition, the cooperation with local self-government is not free of challenges. CSOs claim that some local self-government entities make attempts to politicise and dominate civil society organisations for political gains.

**The unclear attitude of CSOs towards businesses does not promote long-term partnership** and produces only short-term benefits, rather than sustainable cooperation.

**There is a lack of motivation to cooperate with beneficiaries** to address the real needs and issues of the latter and work towards making the cooperation more effective, for their own benefit and the benefit of their constituents.

Despite the progress made and some exceptions, **the impact on public policy is still quite limited and not structured**. Changes and solutions brought through advocacy are temporary, rather than structural. Discussions between the government and civil society look more like pro-forma interaction largely facilitated and supported by international organisations. The issue of missing mutual trust is still very much present on both sides. On the other hand, the lack of CSOs’ capacities in policy analysis, advocacy

and monitoring, along with their inability to come up with constructive and justified suggestions also hinders the process of effective policy dialogue. There is also tendency of the government to present some of the CSOs as “foreign-supported and working toward an Armenian Maidan”, which proves that the relations between the government and CSOs are very fragile and the government is inclined to point at CSOs as “enemies” if suitable.

There is still a need to increase the involvement of beneficiaries into CSO activities, since in many cases **beneficiaries and stakeholders are not involved in the entire lifecycle of the projects** starting from conception up to impact evaluation. Sometimes funding opportunities are prioritised more than the identified needs. On the other hand, beneficiaries are not informed and mature enough to raise their needs. Also, many service-providing CSOs lack sufficient financial resources and capacities to conduct appropriate needs assessment activities since the major portion of donor funding goes to CSOs more active in advocacy, lobbying and human rights activities.

## 5.5. International/donor interventions in sector

### 5.5.1. Key players in human rights sector

The following donors are involved in Human Rights sector: the EU, Switzerland, the US, Council of Europe (CoE), and United Nations (UN). Support is provided in different forms including technical assistance (TA), grants (G), budget support (BS), and other.

Table 20: Main donors in Armenia in the field of human rights (2010-2017)

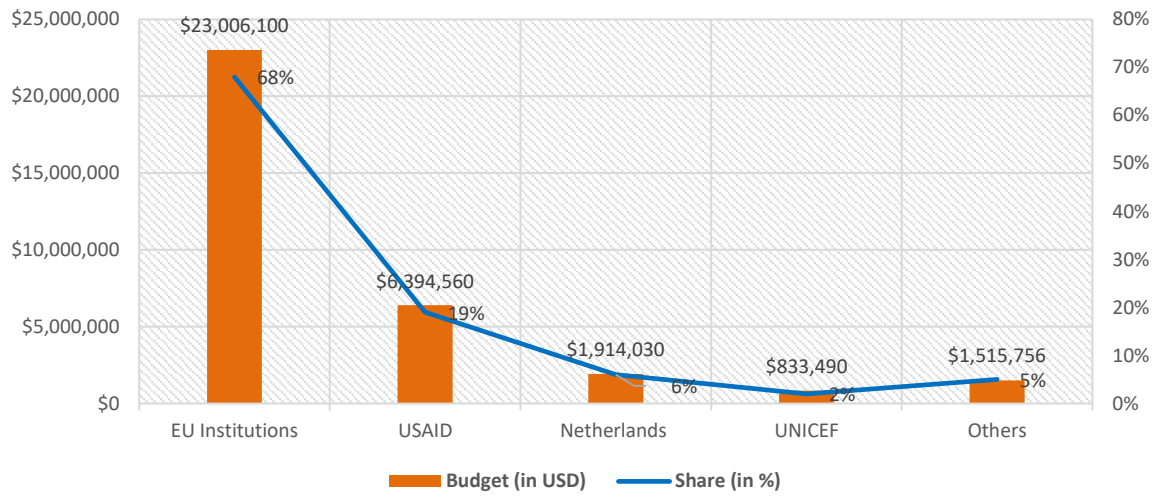
Sub-sector	EU			Other donors/IOs				
	EU	DE	UK	SW	US	CoE	UN	OSCE
Free and Fair Elections	BS/TA	G	G		G			TA
Anti-discrimination	BS/G				G	TA		
Protection against torture and ill-treatment	BS				TA	TA	TA	
PWDs	G				G		TA	
Child rights	BS/G				BS/TA/G		TA/G	
HR education and awareness raising	G	TA		G	TA/G	TA	G/TA	G

Other donors working in the field are UN, USAID, the US, Switzerland and CoE. Overall, they focused on: (i) strengthening the human rights protection; (ii) promotion of human rights education; (iii) fulfilment of the rights of persons with disabilities; (iv) juvenile justice reform; (v) right to a fair trial and access to defence; and (vii) development of criteria, tools and procedures based on ICF (International Classification of Functioning).

In total, 111 projects on human rights (including elections and media) were initiated during 2010-2017 in Armenia with the total funding of US\$33,663,936. As of end of 2017, 99 of these projects were completed. As evident from Figure 9: Funding allocated to the human rights (2010-2017), the biggest donor in the area of human rights (including elections and media) was the EU institutions (68%).



Figure 9: Funding allocated to the human rights (2010-2017)



Source: <http://www.d-portal.org>

Sample of projects in the field of human rights for in-depth analysis included into this review were the following:

Table 21: Sample of projects in the field of Human Rights

No	Project title	Contracting party(ies)	Duration	Implementation period	Total Budget	Donor(s)	Overall Objective
1	Promotion and Protection of Human Rights in Armenia – TA project	UNDP, UNFPA, UNICEF	27 months	October 2017 – December 2020	EUR 699,807	European Union	To support the Government of Armenia in advancing its human rights agenda and meeting the commitments vis-à-vis International Human Rights Instruments
2	Strengthening healthcare and human rights protection in prisons	Council of Europe	41 months	July 2015- December 2018	EUR 1,228,000	European Union and the Council of Europe	To strengthen human rights by improving the provision of healthcare, including mental healthcare, in prisons in Armenia, as well as by improving the capacities of the prison staff through the development and provision of formative training
3	Advancing Gender Equality and the Rights of Survivors of Gender-Based Violence in Armenia	Near East Foundation	24 months	January 2015 - January 2017	EUR 1,200,000	European Union	To deliver economic development programmes that support gender equality and protect women against gender-based violence through project support referral network members
4	Support to Human Rights Protection in Armenia (Budget Support Programme)	Ministry of Justice	39 months	October 2016- December 2019	EUR 17,275,000	European Union	To support protection of human rights in Armenia
5	Social and Economic Empowerment of Women in Armenia	Armenian Young Women's Association	23 months	May 2013-April 2016	EUR 768,357	European Union	To contribute to the promotion of women's social and economic empowerment in Lori Region, Armenia
6	Promoting Equal Rights and Equal Opportunities in Armenia: Women in Local Democracy	UNDP	44 months	April 2012- December 2015	EUR 525,000	European Union	To support the advancement of gender equality, building parity democracy and improving social cohesion in the RA, which will contribute to the achievement of country's commitments under national and international documents
7	Support to 2 electoral cycles	OSCE-ODIHR	20 months	February 2012- September 2013	EUR 1,704,237	European Union	To provide comprehensive support for the improved efficiency of elections'

							administration and transparency of the electoral processes in line with international standards
8	Establishment of Regional Master Programme in Human Rights and Democratisation in Armenia, Belarus, Ukraine and Moldova	Yerevan State University	37 months	October 2010-October 2013	EUR 1,021,159	European Union	Regionally integrated graduate education in Human Rights and Democratisation and support to the promotion of Human Rights, democracy, rule of law and good governance
9	Targeted Project "Peer-to-Peer II" - promoting independent national non-judicial mechanisms for the protection of human rights, especially for the prevention of torture in Armenia, Azerbaijan, Belarus, Georgia, Moldova, Russia and Ukraine	Council of Europe	34 months	March 2010-January 2013	EUR 1,200,000	European Union	To help avoid, put an end to or compensate for human rights violations in Council of Europe member States which are not EU members, as well as, to the extent possible, Belarus
10	Support to the Office of the Human Rights Defender of the Republic of Armenia	Spanish and French Ombudsman offices	21 months	October 2009-July 2011	EUR 1,000,000	European Union	To contribute to the protection and promotion of human rights and the rule of law in Armenia.

## 5.6. Key players in civil society sector

The two main donors in the civil society sector in Armenia over the period under review was the EU and EUMS and the US (USAID, US Embassy). World Bank, Canada Fund for Local Initiatives (CFLI) programme, OSF-Armenia, NED, HBS, Council of Europe, Switzerland and Diaspora organisations have also supported the sector. Other donors focused on overall development of civil society, civic engagement and civic participation, and raising awareness on decentralization reform among communities.

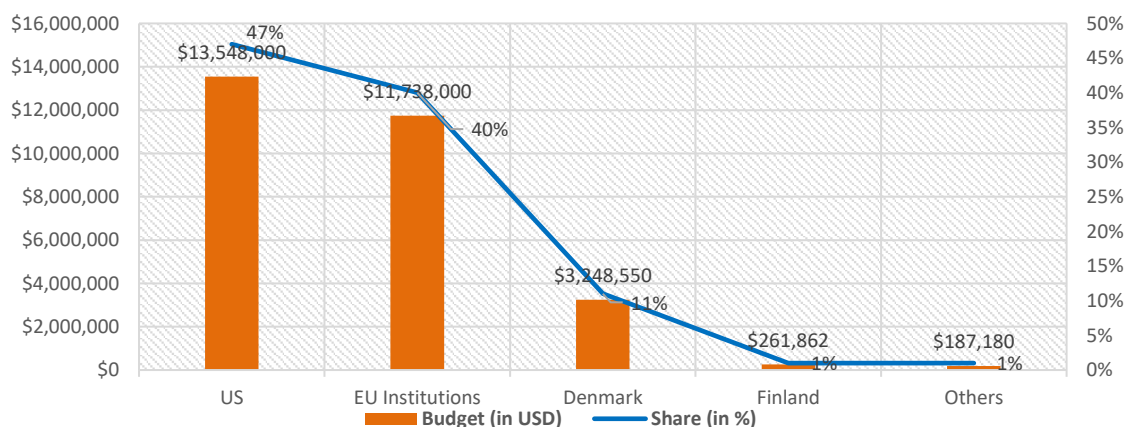
Table 22: Main donors in Armenia in the field of civil society (2010-2017)

Sub-sector	EU			Other donors
	EU	DE	FR	US
Civil Society Empowerment	G		G	G
Core activities	G	TA	G	G

The EU and EUMS are the main donors of the civil society in Armenia, and its support to Civil Society has been growing significantly during the last years. In total, 87 projects on democratic participation and civil society were initiated during 2010-2017 in Armenia with a total funding of US\$28,983,592. As of end of 2017, 75 of these projects were completed.

As evident from Figure 10, the biggest donor in the area of democratic participation and civil society was the EU and EUMS (52%), followed by the US (USAID, US Embassy) (47%).

Figure 10: Funding allocated to the civil society (2010-2017)



Source: <http://www.d-portal.org>

The EUs interaction with Civil Society in Armenia takes place in the framework of different programs of the European Union. Through direct funding of the Civil Society and different governmental agencies that are supposed to facilitate Civil Society participation, the EU is promoting development and strengthening of Civil Society in Armenia. Most of its support had been wired to Civil Society within Eastern Neighbourhood and Partnership Instrument (2007-2013; EUR 285.1 million) and afterwards through European Neighbourhood Instrument (ENI) - (2014-2017; EUR 140-170 million). The total allocation for 2014-2020 under the ENI to Armenia will vary from EUR 252 million to EUR 308 million and 5% of this money is allocated as complementary support

to civil society organizations. The complementary support means supporting the role of civil society in building credible and inclusive policy processes, stronger democratic processes and accountability systems. This can include measures aiming to promote a conducive environment at all levels for civil society participation in public life, measures to boost domestic transparency and accountability, including the budgetary process.

The sample of projects in the field of civil society organizations for in-depth analysis included into this review were the following:



Table 23: Sample of projects in the field of Civil Society

No	Project title	Contracting party	Duration	Implementation period	Total Budget	Donor(s)	Overall Objective
1	Armenian Civil Society Organizations 2.0 (BRIDGE for CSOs) <sup>257</sup>	Armenian General Benevolent Union (AGBU) in collaboration with the Eurasia Partnership Foundation (EPF)	34 months	December 2016 – October 2019	EUR 2,255,286	European Union	To build the capacity of Armenian CSOs to better respond to citizen's needs
2	STRONG Civil Society Organisations for Stronger Armenia	Consortium (Polish NGO Podlaska Regional Development Foundation and Armenian NGO DAS.AM)	36 months	October 2015-September 2018	EUR2,777,746	European Union	To increase capacities of CSOs in Armenia as independent development actors - to make them more competent, more responsive to citizens' needs, and proactively supporting country's development through practical, project-based approaches
3	Increasing civil society participation in national policy dialogue in Armenia	Oxfam GB	36 months	January 2014 – January 2017	EUR 1,200,000	European Union	To strengthen and promote CSOs in building effective, accountable and transparent reform monitoring mechanisms through policy dialogue
4	Community development through social entrepreneurship	International Center for Intercultural Research, Learning and Dialogue	21 months	October 2015-June 2017	EUR 366,302	European Union	To contribute to a sustainable community development and CSO strengthening in 7 regions of Armenia
5	Citizen vs. State: The Role of Civil Society in Establishing Rule of Law in Armenia	NGO Femida	25 months	May 2015-May 2017	EUR 238,600	European Union	To contribute to the development of the civil society's capacity to promote functioning rule of law and administrative justice in Armenia

<sup>257</sup> This project underwent rebranding. The name was changed to BRIDGE for CSOs, while official name remained the same Armenian Civil Society Organizations 2.0

## 5.7. Overview of EU interventions in sector

### 5.7.1. Relevant dialogue and platforms

#### EU-Armenia Human Rights Dialogue

The EU-Armenia Human Rights Dialogue was launched in December 2009. Annual meetings take place in Yerevan and Brussels, respectively. The inclusive agenda of the dialogue consists of a host of human rights related issues, such as national framework for the protection of human rights, judicial reforms, freedom of expression and information, freedom of assembly and civil society activities. The dialogue allows for an open, constructive exchange on the human rights situation in Armenia. In line with its policy, the EU had prior to the dialogue met and consulted representatives of Armenian and international civil society.

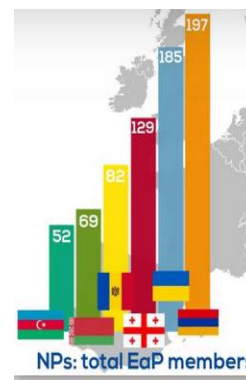
#### EaP Civil Society Forum Armenian National Platform<sup>258</sup>

The establishment of the Armenian National Platform was initiated by an Initiative Group involving the delegates to the first Civil Society Forum in 2009. The Group set out a working plan for the Platform and worked out the founding documents (regulations, selection procedure for new members, concept of the Platform, etc.). The founding meeting of the platform took place in June 2010 and was attended by over 100 civil society organisations from Armenia. The National Platform is a country-wide network of about 200 NGOs. The Armenian National Platform was the biggest one among all EaP countries up to 2017. The Platform is the EU's key partner in facilitating the achievement of the goals of the Eastern Partnership in Armenia, as well as in the implementation of the EU-Armenia Partnership Priorities.

Figure 12: Working Groups of EaP Civil Society Forum Armenian National Platform



Figure 11: Comparison of the Number of Members of EaP CSF National Platforms



Source: <https://eap-csf.eu>

Other thematic active coalitions in the past couple of years include the Coalition to Stop Violence against Women, Non-Discrimination and Equality Coalition, Child Protection Network, Coalition for Inclusive Legal Reforms and the Agricultural Alliance.

#### EU-Armenia Bilateral Civil Society Platform in the framework of CEPA

The EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA) was signed in November 2017 to strengthen cooperation on security matters, improve the investment climate,

<sup>258</sup> <https://eaparmenianews.wordpress.com/tag/eap-csf-armenian-national-platform/>

and contribute to community and business development. An independent civil society platform composed of Armenian and EU organizations is supposed to be established to monitor the implementation of the agreement.

### **5.7.2. Interventions of the EU in the field of human rights**

Support to Human rights, fundamental freedoms and civil society development was a priority for the EU assistance to Armenia over the period 2010- 2017. The human rights support primarily focused on improving respect for human rights and fundamental freedoms during 2007-2013, while in 2014-2017 the focus shifted to promotion of effective and timely protection of human rights.

The EU has been assisting the GoA in reforms in human rights, so that the state violations of absolute human rights are precluded, and the interference in others is proportional to the legitimate aims of democratic society. In general, the programs funded by EU, provide both quantitative and qualitative changes, such as: (i) promotion and protection of socio-economic rights, employees' labour rights, as well as strengthening human rights in prisons; (ii) support to the electoral processes to improve the efficiency of election administration and increase the transparency of the process, as well as to empower civil society actors to effectively monitor the election processes; (iii) support to the development of legal framework; (iv) establishment of an effective School of Advocates with developed and strong curriculum; (v) enhanced professionalism of the lawyers due to the programme on the lawyers' capacity for domestic application of the ECHR and the Revised European Social Charter, which is obvious from the ECHR case law and increased level of discussions on ECHR on different legal fora.

The assistance was provided by the EU in the form of budget support programme on human rights combined with 57 bilateral and regional projects implemented mainly by the Council of Europe, Penal Reform International UK, International Alert, UN Women, UNDP, CARE, Konrad-Adenauer, World Vision UK, Armenian Young Women Association NGO within ENPI/ENI, European Instrument for Democracy and Human Rights (EIDHR) and Programme Support Framework (PCF).

### **5.7.3. Interventions of the EU in the field of civil society**

Civil society support and their involvement in development and implementation of reforms at national level is a key part of EU-Armenia cooperation. Civil society initiatives have mainly been supported through the European Instrument for Democracy and Human Rights (EIDHR) and the thematic programme for Non-State Actors and Local Authorities in Developments (NSA-LA). Projects funded focused on strengthening of the civil society organizations' capacity to constructively and effectively contribute to reform process, to play a greater role in influencing democratic decision-making and policymaking, to encourage transparency and accountability as well as to increase the public trust in the civil society in the country. Support to civil society in Armenia increased in 2012, with the creation of the Neighbourhood Civil Society Facility under the ENPI, whose aim is to promote the role of civil society in reforms and democratic changes in the partner countries. The Facility brought an increased focus on the active involvement of civil society in policy dialogue with the government, and on capacity building of civil society.

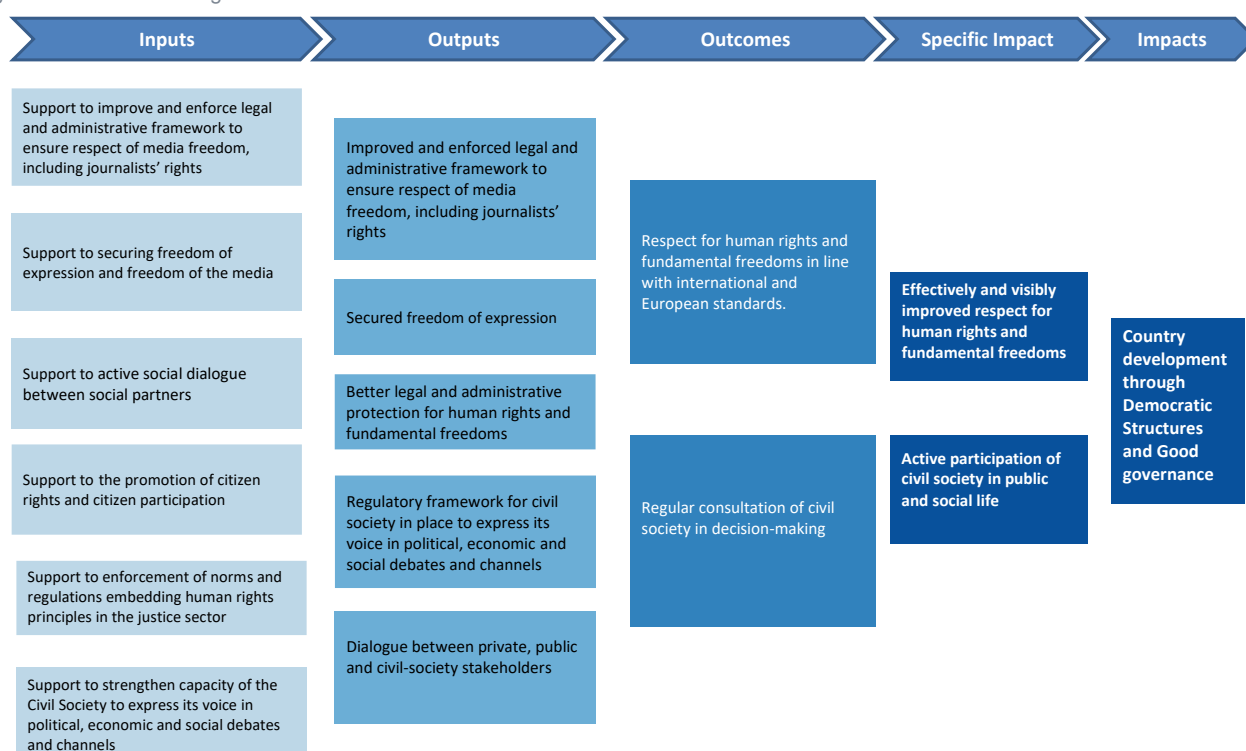
There was a shift in EU cooperation to Armenia of moving the support to civil society from sub-priority between 2007-2013 to priority area for 2014-2017 with allocation of dedicated funding. The focus of EU support in the period under review moved from promotion of active participation of civil society in public and social life in 2007-2013 to supporting civil society initiatives that promote anti-corruption reforms and act as government watchdogs in Armenia as well as development of civil

society internal professionalism and capacities and improving the delivery of services in 2014-2017.

The values and priorities related to the EU position in the sector are enshrined in a set of strategic documents, including the revised European Neighbourhood Policy (ENP). On a bilateral level, most of the EU assistance to the sector has been provided through European Neighbourhood Instrument – ENI116; besides, a complementary support to CSOs was envisaged by SSF 2014-2017 as the continuation of Civil Society Facility (CSF) 2011-2013. In addition, the Embassies of the EU Member States in Armenia have also allocated small grants.

As a whole, the support to the civil society by the EU and EU MS over the period under review focused on: (i) overall development of civil society (capacity-building interventions in Armenia and financial support); (ii) consultations with CSOs for EU policies and in policy dialogue with the government; (iii) launching of an online consultation tool allowing CSOs to register on the website (www.eucso.am) and submit their opinions on various aspects of EU-Armenia relations; (iv) promotion of a conducive environment for civil society actors in Armenia; (v) promotion of meaningful and structured participation in public policy dialogue and strengthening of CSO capacities; (vi) support drafting and organising consultations on the amendments to the Law on Public Organisations; and (vii) promotion and support of social entrepreneurship among the civil society actors.

Figure 13: Intervention logic for HR and CS sectors

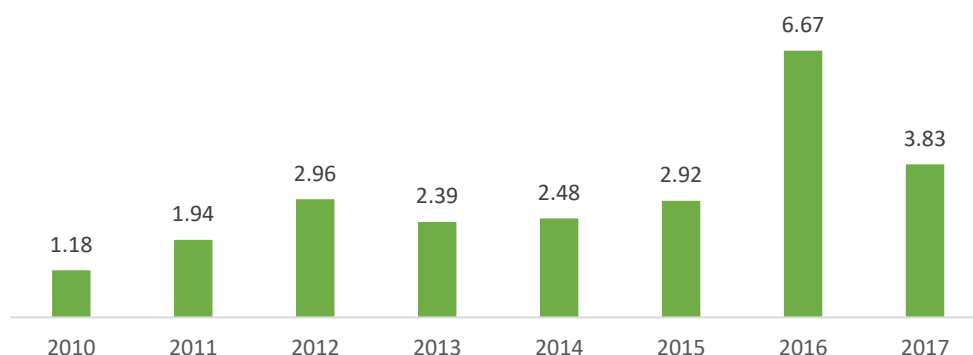


#### 5.7.4. Amounts Disbursed to Priority Areas

The amounts disbursed through EU cooperation for this priority area have increased over the period, from 1.18 M EUR in 2010 to 3.83 M EUR in 2017, after a massive rise in 2016 with 6.67 M EUR. That year 4.2 m EUR were disbursed under the budget support intervention “Support to Human Rights Protection in Armenia”.

Figure 14: Amounts disbursed by EU to HR and Civil Society Projects

### Amounts disbursed (M EUR) on HR & civil society focused projects



Source: CRIS and MIS database, EC

Over the evaluation period, 43.29 M EUR had been committed through EU interventions targeting these four areas: Democratic participation and civil society, Elections, Human rights and Media and free flow of information. Only 56% of this funding was disbursed by 2017.

Table 24: EU Planned and Execution Amounts 2010 - 2017

	Sum of Planned amount (M EUR)	Sum of Total Execution 2010-2017 (M EUR)	% Execution
<b>Democratic participation and civil society</b>	12.12	7.70	64%
<b>Elections</b>	3.88	3.88	100%
<b>Human rights</b>	26.98	12.51	46%
<b>Media and free flow of information</b>	0.32	0.30	93%
<b>Total</b>	43.29	24.39	56%

Source: CRIS and MIS database, EC

Three key financing instruments were used to implement the EU assistance in this area: the European Neighbourhood Instrument (ENI), the European Neighbourhood Partnership Instrument (ENPI) or from the DG NEAR Thematic Strategy (NEAR-TS).

Among the interventions implemented between 2010 and 2017, there were 15 contracts with amounts disbursed over EUR 500,000.

Figure 15: EU Execution Amounts 2010 - 2017 by Financing Instrument

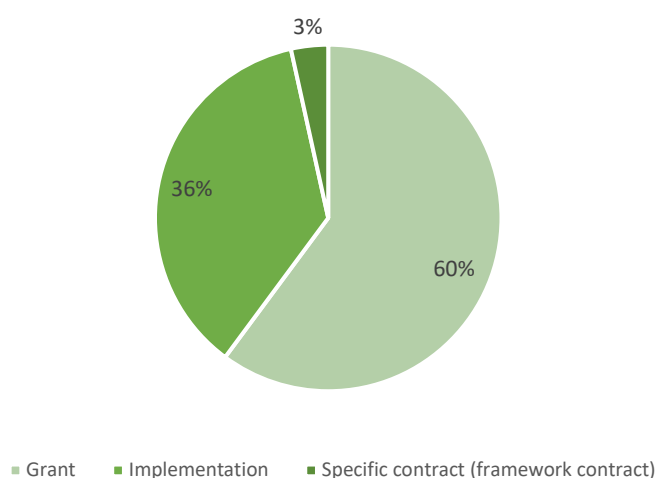
Financing instruments	Sum of Total Execution 2010-2017 (EUR millions)
<b>NEAR-TS</b>	8.73
<b>ENPI</b>	8.31
<b>ENI</b>	7.35
<b>Total</b>	24.39

Source: CRIS and MIS database, EC



Figure 16: Share of EU Disbursements 2010 - 2017 by Aid Modality

Aid modality (based on amount disbursed 2010-2017)



## 5.8. Response to EQs by judgement criteria

**JC 8.1** There is a positive trend in the overall human rights and civil society sectors

### *General human rights situation*

According to the World Bank's 2017 Worldwide Governance Indicators<sup>259</sup>, Armenia has improved in standing in all six indicators measured. In 2007, Armenia was ranked 38th globally, while in 2017 its ranking had improved to 44th place.

Armenia's ranking in the other five indicators are as follows:

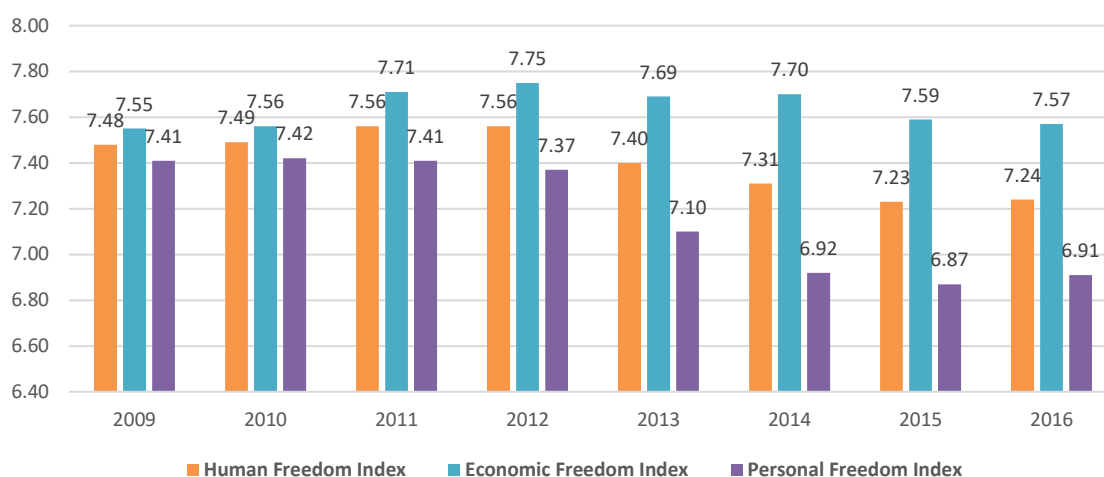
- Voice and Accountability – 2017 (32), up from 26 in 2007.
- Government Effectiveness – 2017 (50), up from 44 in 2007
- Regulatory Quality – 2017 (64), up from 59 in 2007
- Rule of Law – 2017 (50), up from 37 in 2007
- Control of Corruption – 2017 (33), up from 26 in 2007
- Political Stability and Absence of Violence/Terrorism – 2017 (48), up from 25 in 2007

Armenia was classified "partly free" in the 2019 report by Freedom House (data from 2018), which gives it a score of 51 out of 100, while in 2007 its score was 45 out of 100<sup>260</sup>. Armenia ranks 57<sup>th</sup> out of 162 countries in 2017 report of Human Freedom Index published by Canada's Fraser Institute (data as of 2016), which is an increase from 52<sup>nd</sup> place in 2008.

<sup>259</sup> <http://info.worldbank.org/governance/wgi/>

<sup>260</sup> <https://freedomhouse.org/report/freedom-world/2018/armenia>

Figure 17: Human Freedom Index of Armenia (2008-2016)



Source: <https://www.fraserinstitute.org>

The constitutional amendments adopted through the December 2015 referendum marked a change from a semi-presidential to a parliamentary system of government. The Council of Europe's Venice Commission published two opinions<sup>261,262</sup> welcoming improvements on the respect of human rights and on checks and balances.

Overall, the reforms in the human rights sector in Armenia resulted in a degree of significant progress in recent years in the areas of administrative justice, criminalisation of torture, and drafting new Criminal Procedure Code, providing important safeguards of human rights protection. The detailed elaboration of basically all civil, political, social, and economic human rights in the Constitution is also a step forward.

During the period under consideration, Armenia has taken significant steps to incorporate international human rights standards in its national legislation; in addition, a national human rights strategy and action plan have been adopted. This is a roadmap for coordinated action by public institutions to fulfil Armenia's international obligations and is universally considered a major step forward; however, it failed to address certain priority areas, including the UN Convention Against Torture (UNCAT), electoral rights and ensuring greater respect for women's rights<sup>263</sup>.

A new Electoral Code was adopted by the Parliament in June 2016 and addressed some of the recommendations of the Venice Commission and OSCE/ODIHR. The new code was drafted by a governmental working group in agreement with three opposition parties and in consultation with a group of civil society representatives. To reduce the risk of fraud, the government and the opposition reached an agreement over the publication of signed voter lists and video recording at polling stations. The new Electoral Code introduced several improvements, in particular concerning electoral campaigning and voter identification, increased gender quotas on candidate lists, eliminating mandatory tests for observers and extended deadlines for post-electoral dispute resolution. However, some shortcomings remain unaddressed, including insufficient campaign

<sup>261</sup> [http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2015\)037-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2015)037-e)

<sup>262</sup> [http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD\(2015\)038-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2015)038-e)

<sup>263</sup> Background information: The National Strategy for human rights and its Action Plan for 2014-2016 lacked measurable targets with timelines, responsibilities and monitoring and evaluation. In February 2017, the government adopted a new Action Plan for 2017-2019, created an inter-governmental Coordinating Body chaired by the Prime Minister, and envisaged public hearings with civil society organisations on its implementation to be held every six months. Although substantively improved, the new Action Plan would benefit from an even clearer mechanism for monitoring progress.

finance regulations, limitations imposed on domestic observers and media, ineffective complaint and appeal procedures.

Awareness of international human rights instruments and Armenia's obligations remained low among national institutions, including the judiciary and law enforcement bodies; this may contribute to implementation difficulties such as those expressed above. At the same time, the MoJ has established a separate department to deal with follow-up to ECtHR cases.

Ill-treatment, torture, inhuman and degrading treatment are explicitly prohibited by the law. The Civil Code amended in December 2015 stipulates that individuals whose right to be free from torture, inhuman or degrading treatment or punishment has been violated, are entitled to material compensation for non-pecuniary damages. In December 2016, further amendments to the Civil Code were made to ensure grounds for rehabilitation in a step towards compliance with the UN Committee against Torture (CAT) requirements. The new Constitution led to the adoption, in 2017, of a new Law on the Human Rights Defender. The law aims at strengthening the role of the Defender as the National Prevention Mechanism against Torture and their mandate to advocate for systemic reforms. The Criminal Code was amended to provide a definition of and to criminalise torture but did not criminalise inhuman and degrading treatment as the UN CAT would require.

Despite these legislative improvements, serious concerns remain regarding the continuing practice of ill-treatment and torture, particularly in police custody<sup>264</sup>. There were no tangible developments in ensuring effective investigation into the cases of torture and ill-treatment. These cases do not reach the court, because investigation of the torture allegations by the Special Investigation Service (SIS) results either in non-initiation of a criminal case or termination of the criminal proceedings right after initiation. According to government statistics, since the 2015 adoption of a new definition of torture in the criminal code, only two cases on charges of torture were sent to the courts. Under the Human Rights Action Plan 2014-2016, the government envisaged studying the international experience of audio-visual recording of interrogations and submitting a proposal for the introduction of such a system; so far this action remains to be implemented.

Despite some efforts to address overcrowding in prisons, namely through closure of old prison, construction of a new one in Armavir and introduction of pilot probation service, the issue persists and amounts to torture in certain prisons. Specifically, according to the reports of the Penitentiary Monitoring Group, Nubarashen, Vardashen and Kosh penitentiary institutions are the most overcrowded. Lack of adequate healthcare services in penitentiaries results in inhuman treatment against prisoners with health issues.

Respect for freedom of assembly was selective. Public protests against increased energy prices in summer 2015 and following the Sasna Tsrer hostage-taking crisis in July 2016 were marked by disproportionate use of force by the police against peaceful demonstrators, excessive use of pre-trial detention and arbitrary interpretation of legislation in order to punish opposition activists. The investigation of alleged perpetrators did not result in any meaningful sanctions.

Despite progress on religious minorities, society's acceptance of these groups remains low. The law on freedom of conscience and religion has still not been adopted, and discrimination against minority religious groups continues. The law on equal rights and opportunities for women has still not been implemented efficiently, and the law on domestic violence has not been adopted. Nevertheless, the visibility of women's rights defenders has increased as a result of increased

<sup>264</sup> <https://rm.coe.int/16806bf46f>

usage of internet and social media, with the unintended side-effect of triggering an increase in threats and hate speech.

On equal treatment and anti-discrimination, the new Constitution stipulates that discrimination on all grounds is prohibited. Draft laws on anti-discrimination, the protection of the rights of national minorities and the protection of rights and social inclusion of people with disabilities are under preparation.

The overall picture of the situation in Armenia is that freedom of speech exists to the extent that everyone can freely express his or her opinion in the public or online. People are able to speak freely, and many are active on Facebook, where critical opinions are aired. In general, there are no obstacles to freedom of speech. However, there are certain sensitive issues which cannot be debated openly, and where some degree of self-censorship is imposed. Self-censorship is more related to public opinions than fear of persecution by the authorities. The sensitive topics which may not be discussed are: the Nagorno-Karabakh conflict; the relations with Turkey and LGBT-issues.

A mechanism to protect LGBTI rights in Armenia is yet to be put in place. LGBT people still lack legal recognition as sexual orientation and gender identity (SOGI) are not included in Armenian legislative framework thus limiting legal recourse for many crimes against them. Discrimination against LGBTI remains an issue and hate crime legislation is not yet in compliance with international standards as recommended by the Council of Europe/European Commission against Racism and Intolerance (ECRI) review<sup>265</sup>.

Armenia ranked *partly free* - 63 of 100 in 2018 compared to *not free* - 61 - in 2015<sup>266</sup>. Digitalisation of broadcast media allows for only one TV channel per region. There is more diversity of views in the online media<sup>267</sup>.

According to the data of the Committee to Protect the Freedom of Expression (CPFE), physical violence against journalists increased in 2016 (26 journalists) compared to 2015 (23 journalists) and decreased in 2017 (11 journalists). On 23 June 2015, the police specifically targeted media representatives in order to prevent them from covering the use of force during the dispersal of the Electric Yerevan protest. Out of 24 journalists who reported hindrance of their professional activities, 14 were also subject to physical attacks and violence. Similarly, the protests following the seizure of a police station by the “Sasna Tsrer” group in July 2016 were associated with large-scale violence and impediments of the professional activities of the media. In 2017, CPFE recorded 113 cases of various types of pressure against the mass media and their representatives and 62 cases of violating the right to receive and disseminate information, including 30 against the Union of Informed Citizens NGO. 15 insult and defamation cases were initiated against media workers in 2015 and 14 such cases in 2016<sup>268</sup>.

<sup>265</sup> European Commission against Racism and Intolerance, 5th monitoring cycle, report on Armenia published in October 2016: <https://www.coe.int/t/dghl/monitoring/ecri/Country-by-country/Armenia/ARM-CbC-V-2016-036-ENG.pdf>  
Human Rights Watch World Report 2016:

<https://www.hrw.org/world-report/2016/country-chapters/armenia#e81181>

HRW World Report 2017: <https://www.hrw.org/world-report/2017/country-chapters/armenia#e81181>

<sup>266</sup> <https://freedomhouse.org/report/freedom-press/2015/armenia>

<sup>267</sup> <https://freedomhouse.org/report/freedom-press/2016/armenia>; <http://www.osce.org/odihr/266671>

<sup>268</sup> <http://khosq.am/en/reports/annual-report-of-cpfe-on-the-situation-with-freedom-of-expression-and-violations-of-rights-of-journalists-and-media-in-armenia-2/>

A National Strategy on Equality between Women and Men was drafted for the period 2017-2021 to address shortcomings in the implementation of the previous Strategy, inter alia, lack of measurable targets with timelines, Law on prevention of violence, protection of victims and restoration of cohesion within the family was approved by a large majority in the Parliament in December 2017. The preparation of the new law was accompanied by a public awareness campaign, as in the previous period there has been opposition to this initiative by certain groups. Although the new Law on Prevention and Protection of the Victims of Domestic Violence and Restoration of Solidarity in Family, which entered into force in January 2018, is a positive step, it operates on the basis of notions of “strengthening traditional values” and “restoring family harmony” which reinforce gender stereotypes and do not provide sufficient protection from domestic violence. This creates a difficult environment for women HRDs working on violence against women. Armenia ranked 97th of 144 countries in the World Economic Forum's Global Gender Gap Index 2017<sup>269</sup>. The improvement as compared to previous years is mainly due to the decrease of the income gender gap. In terms of political empowerment, the most notable development has been the introduction of the 25% gender quota in the 2016 Electoral Code, to be increased to 30% from 2021. Following the April 2017 elections, the proportion of women elected to the Parliament increased to 18.1 %<sup>270</sup>.

On rights of the child, poverty and inequality, the de-institutionalisation reforms currently undertaken are meant to address the problem of overrepresentation of children with disabilities in residential institutions that was identified by the United Nations Children's Fund (UNICEF) Office in Armenia<sup>271</sup>. Government Decree on Approval of the National Strategy for 2017-2021 and the Child Rights Protection Action Plan for 2017-2021 were adopted in July 2017 and list many positive priorities, while some important aspects would need further attention (for example, working mechanisms for combatting violence and for child rights monitoring). The Child Rights Unit in the Human Rights Defender's Office (Ombudsman) was established in 2016<sup>272</sup>. Extreme child poverty rates were lower in 2015 compared to 2010-2014 (currently, 33.7% of children live in poverty and 2.5% in extreme poverty), while still remaining above the level of 2008 (29.8% and 1.6% respectively). Reform of integrated social services (introducing individual case management and local social planning) is ongoing.

There are various problems especially in the fields of gender, violence against women, domestic abuse, violence against children and discrimination against LGBTI persons. Prevention and sanctioning of hate speech is not sufficiently addressed by the legal system. Accusations of corruption are frequent but rarely lead to sanctions.

The level playing field remains unequal for CSOs and civic activists working on the human rights of the most vulnerable or marginalised groups, such as women and children from disadvantaged backgrounds and rural areas, people with disabilities, LGBTI people and prisoners. LGBTI groups and their advocates have been frequently targeted by hate-speech, hazing and violence and face obstacles in their work. Likewise, independent media, informal civic groups and women's rights activists have oftentimes become subject of slander or verbal attacks. There are high expectations that the new government will take a stronger stand on protecting CSOs and individual rights advocates working on these topics following the expected adoption of the anti-discrimination legislation in 2019.

<sup>269</sup> <https://www.weforum.org/reports/the-global-gender-gap-report-2017>

<sup>270</sup> <https://data.worldbank.org/indicator/SG.GEN.PARL.ZS?locations=AM>

<sup>271</sup> <http://transmonee.org/country/armenia/>

<sup>272</sup> [http://children.ombuds.am/wp-content/uploads/2017/10/Constitutional-Law-on-Human-Rights-Defender\\_ENG.pdf](http://children.ombuds.am/wp-content/uploads/2017/10/Constitutional-Law-on-Human-Rights-Defender_ENG.pdf);  
<http://www.un.am/en/news/497>



Other human rights problems include police impunity and acceptance of evidence obtained via under duress. The independence of the judiciary is not guaranteed, and Armenia lacks a labour inspectorate to address issues concerning fundamental labour rights, including issues surrounding child labour, and to ensure effective enforcement of related legislation. While some improvements have been made, the need to improve detention conditions remains, including in psychiatric institutions.

### *The state of civil society*

Armenia's civil society is relatively healthy in a region that has seen severe crackdowns in recent years, enjoying freedom from the excessive financial and administrative restrictions facing counterparts in many post-Soviet states. Armenia scored the second highest in Eurasia in the 2017 USAID CSO Sustainability Index, which also registered a second consecutive year of improvement for the country<sup>273</sup>.

In overall, the state of play for Armenian civil society has improved since 2007, with advances in several dimensions such as enabling environment, organisational capacity and sectoral infrastructure. According to Democracy Index 2018, Armenia was classified as hybrid regime, ranked at position 110 out of 167 countries in 2007 with a score of 6.18, while it registered the most improvement in democracy score among all "hybrid regime" countries in Eastern Europe in 2018, having raised its score to 4.79 and jumped in its ranking from 110 to 103<sup>274</sup>. CSO overall sustainability has been rated at 3.7 in 2017 USAID CSO Sustainability Index<sup>275</sup> (slightly up from 4.0 in 2007)<sup>276</sup>, which indicates that progress is slow and steady.

Armenian CSOs are mainly involved in activities related to awareness raising (88%), capacity building (86%), consultancy (72%) and service provision (63%). As for the dominant thematic focus, a majority of active CSOs focus on education (77%), community development (68%), children/youth (67%) and human rights (54%)<sup>277</sup>. Informal groups address a range of specific issues including the environment, cultural preservation, consumer rights, labour and employment, as well as human rights. Despite high levels of inequality in Armenian society and the challenging situations in rural areas, there appears to be no CSOs at work specifically in the area of poverty reduction and few organisations advocate on this topic. Civil society organisations could in principle operate freely and express their opinions vis-à-vis the Government. However, they remain dependent on donor funding.

There is a strong disparity in terms of capacity between CSOs from Yerevan and the regions of Armenia. Only a small number of CSOs in the regions base their decision-making and operations on strategic vision and have the capacity to perform their role sustainably. Many CSOs in the regions also lack knowledge in strategic planning and technical know-how, reporting and financial management capacities. Nonetheless, the number of strong and visible organisations in the regions of Armenia has grown since 2007, especially in the northern and southern regions of Armenia<sup>278</sup>. Armenian diaspora organisations are strong and multiple. They have traditionally been focused on charity and national identity issues. Some have had a regular dialogue with the government but have until recently had limited coordination with the wider civil society, which has

<sup>273</sup> <https://www.fhi360.org/sites/default/files/media/documents/resource-civil-society-organization-2017-regional-report.PDF>

<sup>274</sup> <https://www.eiu.com/topic/democracy-index>

<sup>275</sup> <https://www.fhi360.org/sites/default/files/media/documents/resource-civil-society-organization-2017-regional-report.PDF>

<sup>276</sup> <https://csogeorgia.org/storage/app/uploads/public/5ce/fa7/047/5cefa70473cd9885008903.pdf>

<sup>277</sup> <http://www.civilsociety.am/resources/strongsco//pubs/d0459dcd0777af3c7d8ff58c9948c2e.pdf>

<sup>278</sup> There are more than 15 strong and visible organisations in Shirak, Lori and Syunik regions. In contrast, the number of CSOs in the Ararat, Aragatson and Kotayk regions, which geographically are closest to Yerevan, is disproportionately low.

often led to uncoordinated and competing initiatives. In recent years, some diaspora organisations have reformulated their strategy and are now pursuing a stronger civil society engagement.

The unsettled Nagorno-Karabakh conflict between Armenia and Azerbaijan and the diplomatic dispute between Armenia and Turkey over the recognition of the Armenian genocide have had a major impact on national and regional civil society activities. They also severely constrain people-to-people contacts as well as general information exchanges between Armenian civil society activists and their peers in these countries. The ongoing conflict also constrains public accountability e.g. over security sector activities. Given the impact of the conflict and the two closed borders, the EU has in the past advocated for and people-to-people initiatives to normalise Armenia-Turkey relations and a peaceful settlement of the conflict, which will be continued in the next engagement period.

Civic activism is on the rise in Armenia. Many informal civic leaders have played a prominent role in initiating and organising the public protests that led to the Velvet Revolution of 2018 – and subsequently joined the new government. This could have an impact on the management of affected CSOs but also allow for earlier or smoother leadership transition. The overall public image of CSOs has slightly improved and many civil society actors have enjoyed improved attention and visibility in the wake of the Velvet Revolution. Local community organisations tend to enjoy more trust from the wider public (than formal capital-based CSOs) as they are perceived to be able to respond quicker to the needs in their constituencies.

The key challenges to an effective civil society engagement include the lack of meaningful connection with beneficiaries and wider society, the general lack of trust and capacity to learn across the civil society sector and issues of internal governance and accountability. At the operational level, the lack of financial sustainability remains a critical challenge. Only a few organisations have steady income and strategic partnerships to rely on. The majority of CSOs, especially newly established organisations in the regions, face significant barriers in developing and maintaining the resources needed to carry out their missions.

There have been positive trends in giving; however, public engagement is still varying and a structured approach to volunteering is not very common among CSOs. According to 2018 World Giving Index, the overall scores in terms of giving money increased more than 2.5 times in Armenia since 2010, while there is a slight decrease in terms of volunteering time and helping a stranger (i.e. 3% and 6% respectively). A small step towards developing legislation on volunteering has been made within the Law on NGOs in 2016, which allowed NGOs to engage volunteers. However, practical mechanisms for putting this arrangement in place are currently missing.

Table 25: Comparison World Giving Index of South Caucasus countries (2010-2018) <sup>279</sup>

Year	2010 <sup>280</sup>			2018 <sup>281</sup>		
	Armenia	Georgia	Azerbaijan	Armenia	Georgia	Azerbaijan
World Giving Index	115	134	67	123	118	139
% giving money	6%	5%	22%	15%	6%	8%
% volunteering time	12%	15%	27%	9%	17%	12%
% helping a stranger	51%	37%	48%	45%	47%	35%

<sup>279</sup> <https://www.cafonline.org/about-us/publications/2018-publications/caf-world-giving-index-2018>

<sup>280</sup> Sample - 153 countries

<sup>281</sup> Sample – 146 countries

Youth and grassroots CSOs have been more successful at attracting volunteer and some in-kind support from their constituencies; local constituencies rarely provide financial support. Large traditional CSOs mostly rely on grants from foreign donors. Some CSOs also utilize public fundraising and income earning opportunities.

Online crowdfunding platforms are becoming increasingly popular among CSOs, with a large volume of donations from the Armenian diaspora. In addition to financial support, the Armenian diaspora became more active in 2017 in providing pro-bono expertise. Together4Armenia, an innovative web-based platform managed by UNICEF and AGBU, facilitated networking and knowledge-sharing between diaspora experts and CSOs implementing projects in Armenian communities.

**JC 8.2** The key changes in the human rights and civil society fields since 2007 are clearly identifiable and there is broad consensus on what these are.

### Key changes in the human rights field<sup>282</sup>

#### *Changes in the Governance system*

Amendments to the Constitution were made in the Republic of Armenia via a referendum held on 6 December 2015. The main purpose of the constitutional reforms was to establish a sustainable democratic system in the country, guarantee rule of law, being the cornerstone of a law-governed state, and to improve the constitutional mechanisms for the guarantee of fundamental human rights and freedoms. The constitutional amendments led to a transition to a parliamentary republic, with a parliament elected through a proportional electoral system.

The constitutional amendments pertaining to the form of governance are aimed at shaping a more democratic and balanced system of governance within which the powers and responsibilities of the branches of government are specifically separated and balanced. As a result, in April 2018, the transition to the parliamentary model of governance will end in the country with the indirect election of the President of the Republic, which will be a major progress and a major step for the ongoing development of democracy in Armenia and the strengthening of statehood hinged on European values. When implementing the constitutional reforms, the authorities of the Republic of Armenia co-operated with internationally recognised experts and specialised European institutions, including the European Commission for Democracy through Law (Venice Commission).

The constitutional reforms naturally led to the emergence of the need for large-scale changes in the legislative field. In relation to this, between 2016 and 2017, the Parliament adopted several Constitutional Laws, particularly the "Rules of Procedure of the National Assembly", the Laws of the Republic of Armenia "On political parties", "On the Human Rights Defender" and "On the Constitutional Court", as well as the new Electoral Code and the new Judicial Code.

#### *Elections*

The need for adoption of the new Electoral Code of the Republic of Armenia directly arose from the requirements of Article 210 of the amended Constitution of the Republic of Armenia, pursuant to which, the Electoral Code had to be brought into compliance with the Constitution and enter into force starting from 1 June 2016. The discussions on the Electoral Code were held in the 4+4+4 format of negotiations, such negotiations being held for the first time in the history of the country,

<sup>282</sup> This sub-section was prepared based on the UPR's reports (<http://www.osf.am/reports/upr-armenia-2/>; <https://www.frontlinedefenders.org/en/upr-reports>; <https://ilga.org/upr-armenia>)

with maximum inclusion; as a result, participation of the authorities, parliamentary and extra-parliamentary political forces and civil society representatives in the discussions on the Code was ensured.

The main purpose of the new Electoral Code of the Republic of Armenia was to provide solutions to the issues that will arise in the stages of preparation, organisation, holding and summarisation of national elections. The proposals and recommendations submitted through OSCE/ODIHR Election Observation Mission Final Reports for the national elections have been taken into consideration in the Code. During the development of the new Electoral Code of the Republic of Armenia, out of the 75 Recommendations received from the OSCE/ODIHR and the Venice Commission of the Council of Europe, 54 have been fully accepted, while 7 have been partially accepted. A number of proposals set forth by the local non-governmental organisations having conducted observation mission during the elections have also been incorporated in the Code. For the first time in Armenia, the new Electoral Code of the Republic of Armenia provides for a specific number of mandates for representatives of national minorities in parliament, sets the improved requirement of 25% of representation of women in electoral lists, lays down effective guarantees for observers to exercise their rights and new instrumentation for ensuring public confidence in the elections, which was the demand of the political opposition of the country for a long time — publication of signed lists, videotaping and on-line broadcast of polling stations and the count on the day of the voting, introduction of more improved mechanisms for voter identification and voting.

The amendments to the Constitution of the Republic of Armenia of 6 December 2015 enshrine that respect for and protection of the basic rights and freedoms of the human being and the citizen shall be the duties of the public power.

#### *National Action Plan for Human Rights Protection*

The National Strategy on Human Rights Protection — approved on 29 October 2012 by the President of the Republic of Armenia — enshrines that guaranteeing, ensuring and protecting human rights are the legal, political and moral priorities of a democratic and legal state and civil society — the axis of constitutional developments and the activities of state and public institutions. Upon Decision No 483-N of 4 May 2017, the Government of the Republic of Armenia approved the 2017-2019 Action Plan for Human Rights Protection. The main purpose of the Action Plan is to design a single political document on human rights protection that will promote implementation of a more consistent and co-ordinated policy in the sphere of human rights protection. It should also be mentioned that the Action Plan has been developed in a maximally inclusive manner— with the active involvement of civil society representatives, representatives of the responsible state bodies, the Human Rights Defender and international organisations for rights advocacy and accepting as a basis the recommendations thereof. When drawing up the National Plan for Human Rights Protection, the Government of the Republic of Armenia taken into consideration the recommendations raised by various international monitoring bodies.

#### *Strengthening activities of the Human Rights Defender*

By the amendments to the Constitution adopted on 6<sup>th</sup> December 2015, there is a separate chapter devoted to the Human Rights Defender. Chapter 10 of the amended Constitution enshrines provisions regarding the functions and powers of the Human Rights Defender, as well as the election and guarantees pertaining to activities of the Human Rights Defender. Pursuant to Article 210 of the Constitution, the Law "On the Human Rights Defender" shall be brought into compliance with the Constitution. On 16<sup>th</sup> December 2016, the Constitutional Law "On the Human Rights Defender" was adopted in line with the Paris Principles, expanding the powers of the Human Rights Defender, specifically in relation to contributing to the improvement of legislation (submitting legal

opinions about draft legislation, submitting applications and special opinions to the Constitutional Court of Armenia, etc.), conducting training courses in human rights, engaging independent experts for national preventive mechanism, etc.

There is a newly developed practice, namely the Defender's representative at National Assembly who works with the staff and the committee experts of the National Assembly. In the same manner, working with the Constitutional Court is essential. Activities in this respect are realised through submission of applications to the Constitutional Court, submission of special opinions (*amicus curiae*) in relation to other cases concerning human rights and freedoms.

As for financial guarantees, it must be mentioned that according to Article 193, paragraph 4, of the Constitution, the State shall ensure due financing of the activities of the Human Rights Defender. On this basis, the Constitutional Law on the Human Rights Defender provides that the budget request (estimate) for the activities of the Defender and the Staff thereto for the upcoming year is included in the draft State Budget, and in if there is an objection, it shall be submitted to the National Assembly of the Republic of Armenia along with the draft State Budget. The Government shall present to the National Assembly and the Defender the justification for the objection on the budget funding.

Besides, the amount of allocation for funding provided from the state budget to the Defender and the Staff thereto as well as to the Defender as the National Preventative Mechanism cannot be less than the amount provided the year before. The Law also provided the scope of organizations operating the field of public services complaints against which can be discussed by the Defender. For this reason, a separate unit, namely Protection of Rights in the Field of Business, was established within the Human Rights Defender's Office.

Guarantees for the status and activities of the staff of the Human Rights Defender's Office have been enhanced. Specifically, the Constitutional Law provides that persons holding office within the Staff of the Defender and experts of the National Preventive Mechanism may furnish explanation or be questioned as witnesses with regard to the essence of applications or complaints addressed to the Defender or the decisions rendered by the Defender based on the examination thereof, as well as provide them to other persons for familiarisation only upon the written consent of the Defender. In the meantime, this requirement also relates to representatives of non-governmental organizations and independent experts working with the Human Rights Defender in the framework of national preventive mechanism.

Besides, Article 332.1 of RA Criminal Code prescribes criminal liability for hindering the realization of the Defender's activities, including interfering, in any manner, with his/her activities, and starting from the year 2017, the law prescribes criminal liability for preventing access of the Defender's and any person acting upon the Defender's instruction to any place when the Defender is performing his/her duties. It is envisaged to create a new body within the Staff envisages, that is to say, experts' councils, the remuneration of which will be made from the State Budget.

#### *Equal opportunities and non-discrimination*

Article 29 of the amended Constitution of the Republic of Armenia concerns prohibition of discrimination. The Article particularly enshrines the following: "Discrimination based on sex, race, skin colour, ethnic or social origin, genetic features, language, religion, world view, political or other views, belonging to a national minority, property status, birth, disability, age, or other personal or social circumstances shall be prohibited".



Based on the requirement of the Constitution, the Ministry of Justice of the Republic of Armenia has developed the draft Law "On ensuring legal equality". Currently, the draft Law is in the stage of consideration. By the draft Law, the Human Rights Defender is among those ensuring equality. Accordingly, it is expected to create an Equality Council, an advisory body adjunct to the Defender, the purpose of which is to assist the Human Rights Defender in ensuring equality and protecting persons against any kind of discrimination. This regulation arises from the 2017-2019 National Action Plan deriving from the Strategy for Human Rights Protection. This Action Plan envisages the development of educational and informative materials related to enforcement of the national legislation on ensuring equality and the prohibition of discrimination by the end of 2018.

### *Gender equality*

The main guarantee of legal equality of women and men in the Republic of Armenia is the Constitution of the Republic of Armenia (entered into force on 22 December 2015), which enshrines new provisions, particularly, pursuant to Article 30, women and men shall enjoy legal equality.

Pursuant to sub-point 4 of Article 86, one of the main objectives of state policy shall be "promoting actual equality between women and men". The main tool for ensuring the above-mentioned norms is the Law "On ensuring equal rights and equal opportunities for women and men" adopted by the National Assembly of the Republic of Armenia on 20<sup>th</sup> May 2013 and the Gender Policy Concept Paper approved by the Government of the Republic of Armenia on 11<sup>th</sup> February 2010. In previous years, the Gender Policy Strategic Programme for 2011-2015 has been implemented on the basis of the Concept Paper. Currently, the Strategy and Action Plan for 2018-2022 for implementation of the policy on ensuring equal rights and equal opportunities for women and men in the Republic of Armenia has been developed and submitted to the Government of the Republic of Armenia.

The new Electoral Code of the Republic of Armenia envisages a requirement of 25% of representation of women in electoral lists; at the same time, the Code envisages that this indicator must be 30% in the elections of the year 2021.

### *Combating domestic violence*

On 13<sup>th</sup> December 2017, the National Assembly of the Republic of Armenia adopted the Law "On prevention of domestic violence, protection of persons subjected to domestic violence and restoration of solidarity in family". The mentioned draft Law has been developed by the working group established upon Decision of the Prime Minister of the Republic of Armenia No 567-A of 28<sup>th</sup> June 2016. The draft Law has undergone around ten public considerations.

The Law regulates the organisational and legal grounds for prevention of domestic violence and protection of persons subjected to domestic violence, defines the concept of "domestic violence", the powers of competent bodies in the field of prevention of domestic violence and protection of persons subjected to domestic violence, types of protection means, grounds for their application, procedure for centralised recording of cases of domestic violence and legal protection of information about persons subjected to domestic violence. The Law also lays down rigid regulations, particularly criminal liability for violation of protection means by the person having used domestic violence. The Law was drafted in compliance with the criteria set under the Council of Europe Convention on Prevention of Violence against Women and Domestic Violence.

The policy in the sphere of disability is aimed at the protection of the rights and social inclusion of persons with disabilities. Having ratified the Convention on the Rights of Persons with Disabilities in 2010, the Government initiated the approximation of the legislation and state policy of the

Republic of Armenia to the principles and requirements of the Convention. In particular, the Draft Law of the Republic of Armenia "On the protection of the rights and social inclusion of persons with disabilities" has been elaborated, in which the concept of disability has been brought into compliance with the definition used in the UN Convention. It regulates the legal relations pertaining to the minimal social, legal and economic guarantees necessary for ensuring the environment accessible for persons with disabilities, their education, working activity, preservation of health, rehabilitation, as well as equal participation in public life. The Draft Law also vests the Defender with the power to conduct monitoring on the protection of the rights of persons with disabilities. On 23<sup>rd</sup> June 2017, the Draft Law was approved by the Government of the Republic of Armenia and introduced to the National Assembly of the Republic of Armenia in the prescribed manner.

At the same time, the system of disability assessment is being reviewed. It is planned to introduce a new model of multilateral assessment of the needs and capacities of a person, which is based on the ideology and principles of the international classification of functioning (ICF) of the World Health Organization. The main objective of the model is the provision of services which meet in-depth assessed needs of a person. On 12<sup>th</sup> January 2017, the Government of the Republic of Armenia approved the "Comprehensive Plan for 2017-2021 on Social Inclusion of Persons with Disabilities". Having been developed on the basis of the fundamental principles of the Convention, it is the main guideline of social inclusion policy for the upcoming five years. Within the framework of state target programmes, programmes contributing to the rehabilitation and full-fledged inclusion of persons with disabilities are implemented in that sphere.

#### *Prevention of tortures*

On 9<sup>th</sup> June 2015, the National Assembly of the Republic of Armenia adopted the package on making amendments and supplements to the Criminal Code and Criminal Procedure Code of the Republic of Armenia, as a result of which the national legislation criminalising tortures was brought into compliance with international standards. In particular, as a result of the mentioned amendments and supplements, the Criminal Code of the Republic of Armenia was amended by Article 309.1 of the Criminal Code of the Republic of Armenia, the definition of torture included wherein is in compliance with Article 1 of the UN Convention.

Article 309.1 of the Criminal Code prescribes a proportionate and more severe punishment, the *corpus delicti* includes the specific objective required by the Convention. In accordance with the internationally accepted concept paper on the positive obligation of a state to conduct efficient and impartial examination with regard to the cases of torture, and, generally, ill-treatment, the Criminal Procedure Code of the Republic of Armenia envisages that public criminal prosecution is carried out with regard to the cases of torture.

On 19<sup>th</sup> May 2014, the National Assembly of the Republic of Armenia adopted the Law of the Republic of Armenia "On making amendments and supplements to the Civil Code of the Republic of Armenia", whereby the mechanism of compensation for non-pecuniary damage for the violation of the rights guaranteed by the Convention for the Protection of Human Rights and Fundamental Freedoms was introduced. In 2015, the mechanism of compensation for non-pecuniary damage was improved and finalised, as a result of which the opportunities of citizens to demand pecuniary or monetary compensation were expanded in all the cases when non-pecuniary or, to put it otherwise, moral damage has been caused by a state or local self-government body or its official with the violation of their rights. On 16<sup>th</sup> December 2016, the Laws of the Republic of Armenia "On making supplements to the Civil Code of the Republic of Armenia" and "On making a supplement to the Law of the Republic of Armenia "On advocacy"" were adopted, which replenished the types of just and proportionate compensation envisaged by the legislation to the victims of tortures for

damages suffered as a result of torture along with defining the possibility to provide rehabilitation. Upon the Decision of the Government of the Republic of Armenia No 1367-N of 26<sup>th</sup> October 2017, the procedure and terms of the use of free psychological services by persons having suffered a torture were prescribed.

Bringing of the operating mechanism of providing legal assistance to arrestees and detainees into compliance with international standards can also be singled out from among the measures aimed at ensuring efficient examination of alleged cases of torture. Thus, on 21<sup>st</sup> December 2015, the Law of the Republic of Armenia "On making amendments and supplements to the "Law of the Republic of Armenia on custody of arrestees and detainees" was adopted, which envisages that an arrestee or detainee shall be given an opportunity to meet with his or her defence counsel or the advocate, who has visited him or her for the purpose of assuming his or her defence, also on non-working days or hours. According to the Constitutional Law of the Republic of Armenia "On the Human Rights Defender", the status of the national preventive mechanism prescribed by the Optional Protocol to the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment is reserved to the Defender. In the capacity of the national preventive mechanism, the objective of the Defender's activities is the prevention of torture and other cruel, inhuman or degrading treatment in places of deprivation of liberty prescribed by part 4 of Article 28 of the aforementioned Law. The Law also ascertained the powers of the Defender as a national preventive mechanism, bringing them into compliance with the Optional Protocol to the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. For the purpose of guaranteeing the continuity and coordination of prevention of tortures and struggle against impunity, a number of measures have been envisaged by the Action Plan for 2017-2019 proceeding from the National Strategy on Human Rights Protection and the Draft Plan of Judicial Reforms for 2018-2023, as well as the Strategy and Action Plan for 2018-2038 drafted by the Government of the Republic of Armenia for the improvement of the situation in the penitentiary system of the Republic of Armenia.

#### *Ensuring rights of national minorities*

The constitutional amendments of 2015 for the first time enshrined the principle of allocating seats for the representatives of national minorities in the Parliament. Consequently, it was prescribed by the new Electoral Code that four mandates of deputies shall be distributed among national minority representatives by the principle of 1 mandate to each of the first 4 national minority groups with the largest number of resident populations according to the data of the latest census preceding the elections. Thus, as a result of the elections of the National Assembly of 2017, four representatives of national minorities — Yezidi, Russian, Assyrian and Kurdish — received deputy mandates.

According to the amended Constitution of the Republic of Armenia, currently a draft Law "On the exercise of the rights of persons belonging to national minority groups" is being elaborated, which proceeds from the Action Plan for 2017-2019 deriving from the National Strategy on Human Rights Protection. The Draft Law of the Republic of Armenia "On the exercise of the rights of persons belonging to national minority groups" was drafted by the Ministry of Justice of the Republic of Armenia and sent to the Directorate General of Democracy of the Council of Europe for receiving an expert opinion.

#### *Rights of the Child*

In the recent years, Armenia has taken a number of important steps aimed at ensuring child protection: in particular, of key significance is the fact that in the Constitution adopted on 6<sup>th</sup> December 2015 as a result of the referendum, the part dedicated to the rights of the child was for the first time enshrined in a separate article. In particular, it is specified by Article 37 of the

Constitution of the Republic of Armenia that “in matters concerning the child, primary attention must be given to the interests of the child”.

In 2017, the Draft Laws of the Republic of Armenia "On the rights of the child" and "On social protection of children left without parental care" were submitted to the Government of the Republic of Armenia. Currently, large-scale reforms are being carried out in the sphere of child protection in the direction of de-institutionalisation and creation of alternative services.

As a result of the legislative amendment made in 2002, a separate chapter on having an annual plan for the protection of the rights of the child was included in the Law “On the rights of the child”. The development and approval of the annual plans is a continuous process and enables not only to focus on the issues of different spheres related to child protection, including education, healthcare, social-economic development, etc., but also to identify and assess the needs and try to find solutions.

The next important document related to the rights of the child is the National Strategy on Human Rights Protection approved by the Government of the Republic of Armenia on 4<sup>th</sup> May 2017, in which the part on the protection of the rights of the child is presented in a separate section. One of the points of the Plan relates to the signing by Armenia of the Optional Protocol to the UN Convention on the Rights of the Child, which enables submitting personal complaints.

The judicial reforms initiated by Armenia are also aimed at the improvement of the accessibility of the system of justice for minors, in accordance with the international standards. In particular, it is enshrined in the Programme of the Government of the Republic of Armenia for 2017-2022 that in the sphere of juvenile justice, the Government of the Republic of Armenia plans to improve by the end of 2020 the legislation aimed at the protection of the rights of the children being offenders, victims and witnesses and ensuring accessibility of justice, as well as regulation of participation of the child in judicial proceedings, including drafting, testing and introducing—by the end of 2022—the concept paper on the rehabilitation and protection of the children being offenders, witnesses and children, who have suffered from crime and violence.

Children are in the centre of attention also within the context of struggle against violence. Upon Protocol Decision of the Government of the Republic of Armenia No 51 of 4<sup>th</sup> December 2014, the Government of the Republic of Armenia approved the Concept Paper for Combating the Phenomenon of Violence against the Child and the Action Plan. The objective of the Concept Paper is to define the main directions of the state policy aimed at the elimination and prevention of the phenomenon of violence against the child, as well as the rehabilitation of the child subjected to violence and the person, who uses violence. The already initiated activities are aimed at the solution of the following issues: detection of cases of violence, exchange of information, creation of mechanisms for guidance, support and protection of the child, training/re-training of specialists, and creation of new institutes.

In the recent years one of the important developments in the sphere of protection of the rights of the child is also the establishment of a separate division for protection of the rights of the child in the structure of the Human Rights Defender of the Republic of Armenia, which enables to examine the complaints on the violations of the rights of the child and to identify legislative issues and gaps in domestic legal acts. In March 2018, the Representative of the Unit became member of the Bureau of the Ad hoc Committee for the Rights of the Child (CAHENF).

## Key changes in the civil society field<sup>283</sup>

The GoA respects freedom of association, and recent legislation allows the flexible regulation of CSOs and permits them to be more sustainable, developed and independent, self-regulated and institutionally strong. The current law on freedom of assembly is in line with EU and other international standards; however, its implementation is uneven, with a number of reported incidents of excessive force by security forces.

As evident from CSO Sustainability Index, CSOs' organizational capacities improved since 2007, mostly as a result of recent donor-funded capacity building programs. CSOs that participated in capacity-building programs have improved their internal management and now better recognize their development needs, particularly the necessity of internal regulations and strategic management. Most CSOs have clearly defined missions and more organizations have started using strategic planning techniques in their decision-making processes. In comparison to previous years, the number of CSOs with written internal policies and procedures has increased. CSOs still do not prioritize constituency building and their ability to identify and mobilize constituencies continues to be weak. CSOs that address the needs of vulnerable groups or advocate for rights in specific areas have been more successful at involving large groups of supporters in their work.

Although the Law on Foundations prohibits foundations from employing board members in executive management, the Law on Public Organizations does not have similar restrictions. As a result, many public organizations employ members of their various governance bodies (if they have them). CSOs increasingly understand the need to avoid conflicts of interest, but few CSOs adopt relevant procedures or take appropriate steps unless explicitly required to by their donors. Small CSOs, in particular, often cannot afford a clear division of responsibilities between their boards, management, and staffs due to limited human resources. CSOs' transparency still remains limited. Registered CSOs typically follow the reporting requirements set by donors, but in most cases, CSOs do not find it necessary to publicly report on the use of funds received from local or international donors.

The quality and scope of service provision by CSOs did not change significantly since 2007. CSOs continue to provide a variety of services, many of which address social, educational, human rights protection, ecological, and disability issues. Several organizations have started to offer capacity building to formal and informal CSOs to meet the increasing demand in this area. CSOs increasingly recognize the importance of comprehensive needs assessments in order to be more responsive to community needs. More CSOs actively engage beneficiaries in their activities, partly in response to donor requirements. Although public organizations are now allowed to engage in entrepreneurial activities, few CSOs provide paid services due to their limited capacity and the limited ability of their beneficiaries to pay.

Central and local governments demonstrate a willingness to collaborate with CSOs. Government agencies often take the results of monitoring reports and publications into consideration, and CSOs that are viewed as professionals in specific areas are often invited to discussions on relevant state strategies and draft legislation. Businesses, however, demonstrate a limited understanding of CSOs' role, and only a few rely on CSO expertise and support. CSOs generally lack PR skills, although there are increased efforts in this area. Many organizations promote their visibility and share information on Facebook. A few developed CSOs publish annual reports or financial information online, while foundations publish their annual reports on the state-administered

<sup>283</sup> This sub-section was prepared based on the EU CSO Roadmaps, USAID Sustainability Index Reports



websites as required by law. There is no sector-wide code of ethics for Armenian CSOs, though some developed CSOs publish codes of conduct on their websites.

According to CSO Sustainability Index 2017, advocacy capacity of Armenian CSOs is rated highest among all other institutional capacities. CSOs engage in policy dialogue mainly through public consultations, joint working groups and councils, as well as various MoUs signed between state institutions and CSOs networks. Some examples of successful cooperation are the joint working group with the Ministry of Justice on the Concept on CSO Institutional and Legislative Improvement adopted in 2014, or else, the joint working group with the Ministry of Labour and Social Affairs on legal amendments to introduce a quota for employing people with disabilities. As a result, the quota was approved and added to the Law on Employment. The process of negotiations on the Electoral Code under the 4+4+4 formula (Government + opposition + civil society) was also a very promising example of comprehensive consultative process, however in lesser extent in terms of the outcome. As part of implementation of Armenia's Second OGP Action Plan the Ministry of Justice created an online platform at the end of 2016 to publish all draft laws created by government agencies and thus to provide more opportunities for public participation in decision making.

Over the last years, ad-hoc civic initiatives have registered considerable success in terms of lobbying and advocacy mainly through protests (I Am Against, Electric Yerevan movements, protests against government plan to cut maternity benefits of employed women, etc.). At the same time, CSO-government policy dialogue has been limited to the Public Councils attached to each ministry and executive agency that in many cases provided little space for meaningful inputs. The new government is expected to substantively change its policy towards engagement with CSOs. While several consultations in a number of sectors have been launched in 2018, a structured engagement with a broader spectrum of CSOs and citizenry in general is to be developed. A number of positive steps have already been taken, e.g. inclusion of CSO experts into the government working group on electoral reform in mid-2018 or new and unimpeded opportunities for civic advocacy. Systematic and structured mechanisms are currently missing to ensure a transfer of CSO policy expertise to the government. On the local level, the main obstacles to policy dialogue include low capacity of local civil society actors and authorities, low awareness of rights to participate in decision-making and the (so far) limited authority of local governments in Armenia.

In general, CSOs enjoyed improved visibility since 2008. Caucasus Barometer Surveys indicate an increase in the level of trust to NGOs among the general public from 7% in 2008 to 23% in 2017; however, this figure still remains low. There is also a positive trend in terms of the decreasing of the level of full distrust, i.e. from 23% in 2008 to 16% in 2017<sup>284</sup>. However, CSOs were also the subject of widely disseminated negative publications. In 2017, a number of negative media publications, primarily in pro-government media, were issued that accused CSOs of following donor agendas and opposing traditional Armenian values. CSOs that address sensitive matters in Armenian society, including domestic violence, corruption in the Army, and the rights of sexual minorities, are particularly targeted by anti-CSO campaigns and hate speech, including by members of parliament. Central and local governments demonstrate a willingness to collaborate with CSOs. Government agencies often take the results of monitoring reports and publications into consideration, and CSOs that are viewed as professionals in specific areas are often invited to discussions on relevant state strategies and draft legislation. Businesses, however, demonstrate a limited understanding of CSOs' role, and only a few rely on CSO expertise and support. CSOs generally lack PR skills, although there are increased efforts in this area. Many organizations promote their visibility and share information on Facebook. A few developed CSOs publish annual

<sup>284</sup> <https://caucasusbarometer.org/en/cb2008qe/TRUNGOS/>

reports or financial information online, while foundations publish their annual reports on the state-administered websites as required by law. There is no sector-wide code of ethics for Armenian CSOs, though some developed CSOs publish codes of conduct on their websites.

**JC 8.3** The priorities of the sample programmes were intended to address challenges and issues identified in independent (i.e. non-EU) analyses of human rights and civil society

Overall, the evaluation found that for the most part the EU supported interventions in the field of human rights and civil society responded to the needs of stakeholders; however, there was a lack of consultations at the design stage in the majority of cases. This in its turn influenced the smooth implementation and ownership of the projects' results.

The Support to the Office of the Human Rights Defender (Twinning) had a global objective of supporting the principal human rights oversight institution. The review of the ROM report indicates that through the legal, institutional and organizational strengthening the Human Rights Defender's Office (HRDO), and through the improvement of its public perception. The project was well-in line with the PCA, ENP Action Plan, Country Strategy Paper 2007-2013 and National Indicative Programme 2007-2010. It responded to the key priority areas of strengthening the democratic structures and the rule of law and strengthening the human rights and fundamental freedoms. The project was timely and supported by the environment as the HRDO was in crucial path of development. The HRDO was involved in the preparation of the project but it had no experience with Twinning projects and had at that time little experience with capacity building and technical assistance projects in general. The implementing Member State Partners were the Spanish and French Ombudsman offices. The management of administrative and financial issues was delegated to the mandated bodies - France Cooperation International and International and Ibero-American Foundation for Administration and Public Policies (Spain). Hence, the commitments were declared, but the project parties still need to improve common understanding on the project and to undertake joint technical management.

As evident from the ROM report, the Support to 2 Electoral Cycles Project was fully in line with the national policies and the EU-Armenia policies and strategies. The National Strategy on Human Rights Protection adopted on 12/09/2012, even though being very general, once again reinforces the importance of democratic elections and strengthening of the HRDO. Meanwhile, strengthening democratic structures, the rule of law, respect for human rights and fundamental freedoms are core areas of the EU-Armenia relations, which were directly linked to the Action Plan priority areas 1 and 2, and also mentioned under the priority area 1 of the National Indicative Programme 2011-2013. The promotion of democratic institutions and efficient administration was also noted under Direction 1 of the "White Paper on Republic of Armenia Reform Agenda within the EU Integration Context", adopted by the Armenian Government in 2011. The design was elaborated, mainly, by the OSCE. Reportedly, only the component, aimed at development of the regional HRDOs, was directly requested by the Beneficiary. Even though the majority of stakeholders were not actively involved into the design process, the OSCE made sure that all of the components in their final version were thoroughly discussed and agreed with the Project's beneficiaries, partners and other donors to ensure coherence, sustainability and complementarity of actions.

The Human Rights Protection budget support sector programme aimed to enhance coordination and cooperation in the area of human rights, increase the capacity of relevant stakeholders, and ensure the effective coordination role and capacity of the Ministry of Justice for the implementation

and annual revision of the Human Rights Action Plan and related international human rights commitments. A further objective was to strengthen the capacity of the Human Rights Defender office by providing human rights education, addressing concerns of vulnerable groups, and cooperation with state institutions. It sought also to strengthen the capacity of law enforcement structures in the area of human rights through improved investigation and enforcement techniques and relevant education/training, and to strengthen the capacity of the National Assembly Standing Committee on Protection of Human Rights and Public Affairs. The Human Rights Protection programme supported the effective monitoring mechanisms and monitoring capacity of the Interagency Commission for the implementation of the provisions of the Human Rights Action Plan. All these objectives without doubt were highly relevant, but evaluation interviews showed that there was no proper consultation with the Ministry of Justice with regard to the conditionalities of the HR budget support programme. The ET received the following feedback from the main Beneficiary Agency: *'We had limited amount of time to make any comments and provide suggestions. Draft Action Document was prepared solely by the EUD and we received it just in October 2014 and had to sign it already in December 2014. We were managed just to shift some deadlines, nothing else. Moreover, the budget support envisaged the complementary support in the form of TA project, but there were issues with timing. We received TA support received 2 years after the start of the BS. Complementary support should be strictly linked to the BS conditionalities'*.

Based on the document review and interviews, the Increasing Civil Society Participation In National Policy Dialogue in Armenia Project aimed at supporting the role of the civil society to move beyond social service provision for poor and marginalized groups and contribute towards policymaking and increase public accountability in Armenia through public budget analysis and monitoring and national policy dialogue in agriculture and social service policy areas. Considering that this was a grant type of contract and not Technical Assistance, the involvement of the different stakeholders was of a different nature. This foremost refers to the Government of Armenia, which has not been closely consulted in the programming, but was included in the project's intervention logic. At the strategic level, the Government was bound by the key strategic document signed with the European Union, the EU-Armenia Action Plan. Negotiations on an Association Agreement were finalized in 2013, but the agreement was never formally endorsed, in view of Armenia's decision to join the Customs Union of Russia, Belarus and Kazakhstan. On the other side stands the civil society, in their effort to facilitate the processes of democratization based on the principles of transparency and participatory approach in accordance with the European values. Such configuration has effects on the levels of ownership and the planned results. The project addressed the very core processes of policymaking, budget-making and has an impact on the highest levels of decision-making. This made the context of implementing the activities particularly challenging, as budgetary processes have political ramifications. Activities addressing capacity building, establishment of the networks of CSOs and preparation of the outputs that will serve as tools to advocate for changes were appropriately designed. However, these changes can only take full effect if the Government as a whole (and not the individual ministries) shows concrete, tangible signals of political commitment. At the technical implementation level, the Head of the State Health Agency informs that a constructive modus operandi of cooperation with civil society should be established. Furthermore, there is no systematic coordination system for the sector of budget monitoring and the project should lobby for its establishment. This is particularly important as the project covers at least three ministries and possibly a number of other institutions (under the direct auspices of the Government or the authorities at the local level).

**STRONG** Civil Society Organisations for Stronger Armenia Project aimed to increase transparency of CSOs, help CSOs gain greater trust of the population, and build a network of CSOs capable to

apply for and implement EU projects. The main needs of the target groups and end beneficiaries are presently being addressed by the participation of CSOs in the capacity building (CB) and the small grants schemes offered by STRONG. The project is based on a major need's assessment covering 282 CSOs, on the basis of which thematic areas for capacity support were defined and prioritized, according to the level of demand among CSOs. As a result of this process, different CB programmes were defined for WP1 (project management, strategic planning and organizational management), WP2 (fundraising, social entrepreneurship, external relations and communication skills) and WP3 (EU project management). One important need not directly addressed by the project though was the need to strengthen the capacities of board managers in order to improve governance of CSOs. The CB and small-grants scheme (SGS) were fully in line with the specific objectives of the EU call for proposals to which STRONG responded in 2015. As required in the call, "Learning by doing" approach foreseen in WP3 includes an SGS. Consulted EU Delegation officials consider that STRONG should mainly target weak and/or small CSOs, especially those based outside Yerevan. However, this requirement was not explicitly included in the 2015 EU call for proposals, so it was not incorporated into the original project methodology (which the EUD approved). The EUD sought to widen access to the SGS for CSOs as much as possible, in order to reach organizations who do not normally qualify for an EU-grant under normal conditions, but the IPs resisted this approach because they saw it as too risky and rightly state that this was not a requirement in the EU call for proposals. Despite not being a formal requirement of the call, focus on CSOs based in the regions ("marzes" in Armenian) was well addressed in both CB and SGS, while focus on weak and/or small CSOs was well addressed in the CB scheme, but not in the SGS.

At the same time, there were examples when the projects were designed either through conduction of proper needs assessments or at the request of the beneficiary agencies.

The Financing Agreement of the HR budget support programme had an amount of EUR1.3 million for complementary support to provide technical and specialist assistance to the Government of Armenia via a project titled "Promotion and Protection of Human Rights in Armenia". This project aims to enhance promotion and protection of human rights, through formulation and implementation of inclusive policies, monitoring mechanisms and strengthened implementation capacity of key national actors in the human rights field. This project is being implemented by UNDP in partnership with UNICEF and UNFPA. The initial planned start date for this project was late 2014; however, work started in August 2017. Evaluation interviews and review of project's inception report demonstrate that the project team hold intensive consultations with all key stakeholders (MoJ, MoLSA, MoES, HRDO and the Police) during the inception phase to update the DoA in line with the present situation and needs of national stakeholders.

The **BRIDGE** for CSOs program, a three-year EU-funded program launched in December 2016 by Armenian General Benevolent Union (AGBU) and Eurasia Partnership Foundation (EPF), conducted the Armenian CSOs' Professional Needs Assessment in order to better understand the needs and gaps in terms of professional and sector-related skills. According to the assessment, CSOs often engage in several thematic areas, as opposed to focusing on a single area of expertise that would allow them to build their professional skillset in the provision of specific services. Based on the Needs Assessment and beneficiary feedback collected during the first year, the project team designed the vertical, thematic capacity building trainings – an innovative CSO capacity building solution integrated into BRIDGE4CSOs assistance package. The training topics for the first year included business management and service capacity building for art and culture organizations. The main training topics for the second year included education, social enterprise development (particularly marketing skills), youth empowerment and civic participation, design and

branding for social campaigns, proposal writing, business management, logical structure of environment interventions, etc.

Targeted Project 'Peer-to-Peer II' - Promoting Independent National Non-Judicial Mechanisms for the Protection of Human Rights, especially for the Prevention of Torture Project aimed at supporting and strengthening the functioning of NHRs/NPMs in line with international and European standards, to enhance their awareness of the European standards and practices in the field of human rights and to assist them in building or strengthening the capacities to protect and promote, with increasing efficiency, abidance by such standards by respective national, regional and local authorities in seven target countries. Armenia has a recurrent problem regarding human rights violations being rarely effectively investigated at the national level. Over the past years Armenia is often condemned by the ECtHR for violation of Article 3 (prohibition of torture) and Article 6 (right to fair trial). The specific problem of torture and ill-treatment is noted in the reports of the CoE CPT (Committee for the Prevention of Torture) and UN SPT (Subcommittee on Prevention of Torture). Armenia has recently ratified the UN OPCAT (Optional Protocol to the UN Convention Against Torture) and established a National Prevention Mechanism for the prevention of torture (NPM). The NPM is mandated to carry out preventive visits to places of detention, monitor the treatment of and conditions for detainees and make recommendations regarding the prevention of ill-treatment. In Armenia the Ombudsman Institution fulfils the NPM mandate and the Ombudsman is viewed as a key, non-judicial and potentially highly efficient, remedy to human rights violation. The request for specific support was raised on several occasions by the Ombudsmen/NPM during the first EU/CoE Joint Programme 'Peer to Peer I'. the second phase of the project was fully developed following specific request from Ombudsmen from all countries to continue the Peer to Peer approach and support the recently established NPM. For Armenia, the project was very relevant in understanding and acknowledging the capacities to share best practices.

**JC 8.4** EU-supported interventions contributed to relevant and sustainable changes in the civil society and human rights sectors/spheres

During the period under consideration, the EU Delegation has implemented a comprehensive civil society portfolio which includes three larger capacity-building projects and an active portfolio of human rights, democracy promotion, notably under the EIDHR Country Based Support Scheme. These addressed a wide range of issues such as: rights of the disabled, children's rights, awareness on human rights issues, independence of the judiciary and the justice system in general, freedom of information, women's rights and domestic violence, labour rights, strengthening the role of civil society in the promotion of democratic reforms. The EUD observed an *“overall positive tendency in increasing CSOs capacity to be involved in policy formulation, legislative amendments/improvements and governance matters”*. The CSO-LA thematic instrument has also been actively utilised in Armenia to strengthen capacity development of civil society and local authorities. This is however jeopardized by limited prospects of financial sustainability. Another issue which was stressed in the course of the evaluation linked to the sustainability of the CSOs. *‘EU does not have any budget line devoted for the organizational development of the CSOs. As per the rules, the indirect costs could constitute just 7%. Maybe this percentage could be increased? Let’s say up to 10%. This would allow the NGOs to fill some capacity gaps systematically. EU should also consider of putting more attention for capacity building of not only of the main applicant but also of co-applicants as well’*.



In the second Budget Support, the EU introduced a requirement that all legislative acts represented in the conditionality matrix were to be first discussed with CSOs, which centred the support on qualitative performance, and embedded participatory processes at all stages of implementation. This led to a significant broadening of civil society's implication in legislative reform, the creation of the role of Civil Counsel within the MoJ, and the establishment of the innovative online platform E-Draft, where legislation is placed for public consultation, comments and voting, an important example of which was the law on domestic violence.

The Support to Office of the Human Rights Defender (Twinning) has an objective to support up to four Armenian administrations in meeting their obligations under the PCA and ENP in areas with the potential to enhance good governance and strengthening of democratic structures, through the development of an efficient peer to peer relation with a similar administration of an EU Member state.

Since early 2016, the EU Delegation to Armenia has contributed to the dialogue with civil society by contracting a group of consultants to work with CSOs on monitoring GSP+ clusters on human rights and justice, labour rights, environment, and good governance. This monitoring makes it possible to draw a more realistic picture of Armenia's fulfilment of its commitments. Another instrument setting the agenda of Armenia's European integration is the EU-Armenia Human Rights Dialogue, established in December 2009. While meetings are convened once a year, alternately in Yerevan and Brussels, the official statements on the progress being made as a result of those annual meetings do not consistently coincide with the assessment of the state of human rights by civil society and independent experts. On 17<sup>th</sup> March 2016, the EU and the country's authorities both acknowledged progress in reforms in the area of protection and promotion of human rights in Armenia. In contrast, Armenian watchdogs were at the same time raising concerns about human rights issues, such as the impunity of representatives of law-enforcement bodies who used excessive force during the above-mentioned protest rallies in June 2015, as well as politically motivated arrests and court verdicts against representatives of the opposition and civic activists<sup>285</sup>.

At the same time, limited progress could be observed with LGBTI rights. A draft bill prohibiting all forms of discrimination was put on hold, with provisions expressly prohibiting discrimination on the basis of sexual orientation removed; the bill was ultimately abandoned after the government joined the Russia-led Eurasian Economic Union. The adoption of a comprehensive anti-discrimination strategy is one of the conditionalities under the on-going Human Rights Budget Support programme; this law will be put forward to the parliament after the December 2018 parliamentary elections. The Equality Law is part of a legislative package that includes a comprehensive Law on the Protection of the Rights of National Minorities. Prevention and prosecution of hate speech is not adequately addressed. Police impunity remains a challenge, as does the overuse of pre-trial detention and limited options for non-custodial sentencing. One interviewee mentioned *'US supports more the LGBTI organizations than EU...this tendency we observe since 2015. EU supports us with statements, while the US Embassy was more active and provided separate funding only on LGBTI issues. In overall, the EU budget support on human rights is helpful as it has a number of conditionalities on HR issues; however, a limited funding available for LGBTI organizations. Since 2015 and up to now, we implemented 2 small projects with the EU funding. One project in 2015-2017, which focused on awareness raising on LGBTI issues and another project in 2017-2019, which focused on strengthening regional LGBTI activists in Gumri and Vanadzor and documenting human rights violation cases in the regions. The first project was successful, and we achieved all planned results. We produced researches and produced several*

<sup>285</sup> Eastern Partnership Index 2015-2016, p.6

*PSAs in 2016. The research we used for international advocacy, while PSAs allowed us to improve visibility on LGBTI issues (15,000 views in YouTube)'.*

Also, as evident from 2017 HR budget support programme review, the overall specific condition enhancement of electoral system was fulfilled partially, while the Electoral code was amended (new code was adopted) in line with Council of Europe and OSCE/ODHIR standards with exception of some issues connected to complaint and appeals procedures, “mainly concerning the issue of granting broader standing to bring challenges and reconsidering the time limitation on recounts”, the Criminal Code was not amended to include the offences of abuse of official position and of administrative resources for campaigning. Furthermore, GoA undertook important steps in reforming childcare and child protection institutions, including the improvement of services for disabled children. However, specific actions, including the adoption of special legal framework targeted at disabled children specifically, aiming at the establishment of professional services to them are still missing. There is also limited progress under specific condition on ‘Protection from torture through preventative, legal, investigative and enforcement reforms’. The legislative definition of torture does not still include crimes committed by public officials, and there have been few tangible developments regarding ill-treatment in police custody. There has been concern about the use of coerced confessions in trials and the failure to investigate certain defendants’ allegations that confessions have been obtained using force. There has been limited progress in reforming the prison system; however inhumane treatment and conditions in prisons remains problematic.

Several respondents also mentioned that, during the 2010 to 2017 period under study, there was little engagement of the EU with schools and universities with regard to civic education development in the country apart from the establishment of the Regional Master Programme in Human Rights and Democratisation in Armenia, Belarus, Ukraine and Moldova.

<p><b>JC 8.5</b> Achieved changes in the civil society and human rights sectors resulting from the sample EU interventions remain in place and are likely to remain over the coming years.</p>
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Based on the triangulation of data, the evaluation found that improvements related mostly to drafting new legislation, strategies and action plans while discrimination and certain restrictions of fundamental freedoms remained a concern.

The EU support was the most visible in the following fields: integrity of electoral processes, strengthening human rights and democracy including combating domestic violence and discrimination, promoting gender equality and rights of groups in a vulnerable situation and media freedom. The EU, as the biggest donor in Armenia, supported strengthening of the civil society organizations’ capacity to constructively and effectively contribute to reform process, to play a greater role in influencing democratic decision-making and policymaking, to encourage transparency and accountability. Nevertheless, more efforts are needed to address discrimination and violence against lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons, as well as to and to counteract homophobic and transphobic attitudes in society. Prevention and prosecution of hate speech is not sufficiently dealt with. Other human rights issues include police impunity, notably related to the Erebuni July 2016 events, freedom of assembly in general and a lack of effective investigation and prosecution of those accountable: overuse of pre-trial detention and sentencing to imprisonment, not making full use of alternatives.

The EU Human Rights Budget Support programme 2016-2019 in Armenia (its funding increased from EUR 12 million to EUR 17 million in 2017) contributed considerably to the adoption of the law

against domestic violence mentioned above as well as to the Government's commitment to sign the Council of Europe's Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) in January 2018.

The ongoing TA Project Promotion and Protection of Human Rights in Armenia just within first four months of its implementation provided extensive support to consultations between the Government and the civil society on the development of the new HRAP for 2017-2019 and ensured active participation of CSOs in the drafting process as well as supported the development of legislative acts regulating community based support centres, namely submission by the GoA to the National Assembly of the package of amendments to the Family Code that includes wider range of foster care options (*inter alia* professionalized care and respite care for children with disabilities)<sup>286</sup>, amendments to the Law on the Child Rights (issues of child rights monitoring, rights of children with disabilities, social protection of children etc), amendments to the Law on the Children without Parental Care<sup>287</sup>, approved Government decrees on transformation of special schools in Lori and child-care and boarding institution in Syunik based on which 3 community based support centres were established, and draft decrees on transformation of 4 more residential institutions (decree on transformation of 2 of them already submitted to the Government).

The Strengthening healthcare and human rights protection in prisons Project had a number of achievements with regard to the improvement of the legal/institutional framework of healthcare in prisons of Armenia, the material conditions of prisons' healthcare units, and strengthening the capacity and the general knowledge of the prison staff on European standards on the provision of healthcare, medical ethics and human rights in prisons. Based on the document review and evaluation interviews, the following major achievements could be highlighted: (i) legislative and institutional framework of the prison health care was improved with the adoption of the "Concept Paper on upgrading medical services in the Republic of Armenia" on 19 January 2017 and with the submission of an extensive package of proposed legislative amendments based on the recommendations of the Concept Paper; (ii) prison staff has increased their skills and knowledge through the training of 775 prison staff members (medical and non-medical) on Health Promotion and Medical Ethics by a pool of national trainers created within the Project and on the basis of training material prepared under the Project; (iii) the material conditions of healthcare units in all eleven prisons in Armenia were significantly upgraded thanks to the provision of medical equipment; (iv) training capacities of national authorities were strengthened with the development of a curriculum for the professional development of medical staff; (v) the provision of mental health care was improved with the training of 15 (fifteen) prison psychologists and recommendations for the improvement of mental health care in prisons submitted following an assessment carried out by Council of Europe consultants; (vi) 15 representatives of the Ministry of Justice, the Penitentiary and the Armenian civil society benefited from a direct transfer of international know-how through study visits to Spain, Sweden, and Denmark.

In the framework of the Establishment of Regional Master Programme in Human Rights and Democratisation in Armenia, Belarus, Ukraine and Moldova Project, the Yerevan State University has got renovated and well-equipped educational facilities; about 1,100 books for their library; access to JSTOR e-library; well-arranged students' enrolment procedures and educational process for the Master Programme; a pool of qualified lecturers. The Master Programme has well-balanced curriculum; some 40 syllabi, approved by YSU; website and Intranet. The Students' Handbook was

<sup>286</sup> The draft also includes improved provisions on inter-country and domestic adoption. To advocate for its prompt adoption, follow up meetings/discussions/hearings with members of Parliament, experts of relevant standing committees are anticipated to be organized in February/March 2018.

<sup>287</sup> The law is critical from the aspect of deinstitutionalization and provision of alternative care

prepared with inputs of an international expert and students of the Master Programme. The Global Campus agreement will be effective till 2020. Accordingly, in the period 2014-2020 operation of the Master Programme in HR&D, established by Yerevan State University (YSU) and its partner universities, can be maintained in the framework of the Global Campus agreement through new projects and other types of grants. This is very important, because YSU does not have the required resources for running the Master Programme in HR&D after the end of the project, while other donors have not shown interest in supporting the Master Programme in the future.

The infrastructure supporting the civil society sector improved in Armenia since 2007 through the CSO development programs funded by international donors, including the EU. Under the EU-funded project Commitment to Constructive Dialogue, the Armenian Lawyers' Association offered legal assistance, training, and consulting to CSOs throughout the country. In addition, sub-grants from the EU-funded STRONG CSOs for Stronger Armenia project, managed by Podlaska Regional Development Foundation from Poland and DAS.AM NGO, provided 46 CSOs with opportunities to partner on projects in social, cultural, educational, and other areas.

In the framework of the STRONG CSOs for Stronger Armenia project, over 150 CSOs participated in 14 trainings, 293 coaching sessions, and 20 pro-bono consultations on organizational management, project management, fundraising, and social entrepreneurship. As per majority of CSOs and stakeholders the small grants scheme in conjunction with capacity building scheme resulted in enhanced skills of CSOs in EU Project Management. CSOs stated that because of knowledge increase in EU project management, as well as the project and financial management requirements set by STRONG in frames of SGS, they improved a number of skills and practices, like procurement, budget management, narrative and financial reporting. As evident from the ROM report, 46 CSOs are already putting into practice in 17 projects the competencies they gained in the CB scheme offered by STRONG (e.g. activity planning, bidding, budgeting). This will greatly contribute to the sustainability of the strengthened internal, external and/or EU project management capacities, after the end of the project. The 17 partnerships that have been created under the SGS among the 46 benefited CSOs are a positive factor of future sustainability of the benefits of the project. Most probably these partnerships will cease after the project, but the human and institutional networks generated by them will lay the basis for future cooperation. Moreover, BRIDGE for CSOs organized professional thematic trainings, facilitated pro-bono consultations, and held various public events to strengthen the capacity of Armenian CSOs to serve citizens' needs.

The Advancing Gender Equality and the Rights of Survivors of Gender-Based Violence in Armenia Project allowed in its turn to improve technical and managerial capacity to deliver economic development programmes that are supportive of gender equality and protective against GBV; 180 GBV survivors increased confidence, self-worth, control over their own lives and resources, and recognise abuse and violence for what it is and 167 of them reported an improved ability to access and receive support independently; 52 survivors found jobs in the labour market with GBV-sensitised employers.

The Citizen vs. State: The Role of Civil Society in Establishing Rule of Law in Armenia Project helped to protect the rights of citizens in contacts with state and local authorities (police and road inspection, tax inspection, customs, local government, etc.), informed the population that since 2008 there has been an administrative court, since a significant part of the population, especially in the regions, either did not know about the existence of the administrative court or had a misconception about the functions of this court. It was achieved through broadcasting of 90 releases of the Court TV show. Covering specific conflict situations, the TV programme explained

to viewers their legal rights in contacts with the authorities. Thus, at least 50,000 television viewers throughout the country regularly received legal information on how to defend their interests in court in their interactions with authorities. Feedback was received from the TV audience and 18 issues were prepared by the viewers' requests. Reaction and comments on the issues covered in the show were received from judges and representatives of state and local authorities. As a result of the project, the basic elements of public control over the work of the administrative court were created. In addition, project trained 59 law advocates and students of law on new legislative changes in administrative law, as well as with precedents developed by the Court of Cassation of the Republic of Armenia (the highest court instance) to resolve administrative disputes on the model of the European Court, that is, primarily based on the interests of each individual citizen. Due to the participation of this group of lawyers in court proceedings, the administrative court now spends less time helping citizens to correctly state the essence of the claim (this duty of the court is established by law), and consequently, the time for consideration of court disputes is shortened.

Throughout project lifetime, the Women in Local Democracy (WiLD) project has supported 1,813 women and 254 men (in total 2067) in all ten marzes of Armenia, developing their capacity on a wide spectrum of thematic areas on the intersection of local democracy and gender equality. 524 of them participated in multiple activities and make the active and dynamic network of women leaders. Out of the 826 women, registered as candidates to local self-government bodies during 2012-2015 cycles of elections, 138 are WiLD project beneficiaries, of which 90 got (re) elected. In total the project worked with 390 women elected to LSG, which makes the 70% of all women elected to local self-government in Armenia. The major results of the project on improved representation of women in LSG is expected in autumn of 2016, after massive cycle of elections.

**JC 8.6** Selected sample interventions delivered institutional change in proportion to their cost and were delivered on time.

Monitoring reports indicated that with very few exceptions EC projects delivered the outputs they were meant to deliver. But very few attempts were made by the Commission to assess the outcomes and impacts of its interventions at project or sector levels in the area of Human Rights and Civil society through ex post monitoring and evaluation. As evident from the review of the ROMs reports, there were only 7 ROMs in the field of human rights and 3 ROMs in the field of civil society during the period under review. Reviews of sector budget support programmes in the area of human rights were undertaken regularly as the disbursements were aligned to the achievement of the set targets under each general condition.

Generally, considering the human resources needs of project management and the management processes of beneficiary organisations, the projects demonstrated an adequate level of delivery of results in view of available resources. At the programming level, there was a reasonable relationship between project inputs and outputs. Project reports suggest that budget design was adequate to enable the projects to meet their objectives. In other terms, where objectives could not be met, this was not due to budget restrictions; on the contrary, a significant percentage of some project budgets was not used.

Table 26: Distribution of ROM Report Ratings (N=10)

Efficiency	A-very good	B-good	C-problems
Human rights		50%	50%
Civil society	50%	50%	



At various moments the EU have sought to strengthen accountability mechanisms, through support to the elections, media, and civil society organisations.

In the framework of the Support to 2 electoral cycles project, the institutional capacity of Election Management Bodies and HRDO was strengthened to plan, manage and deliver democratic elections through: equipping of the Central Electoral Commission with necessary hardware (in total 29 desktops, 30 monitors, 30 webcams and 41 UPS devices) and software, enabling automatic transfer of votes; accreditation of 11,000 (79%) out of 13,811 Precinct Electoral Committee members trained before Parliamentary and 16,000 before Presidential elections; equipping of the Passport and Visa Department of the Police with software and hardware for networking within and outside the police system (overall 36 separate bundles of office equipment - computers and printers); delivery of four-day strategic and tactical level course to 23 participants from across the Patrol Service, Police Headquarters personnel, Yerevan Police Department and the Police Troops; conduction of three-day operational planners' course to five top-management officials of the Police; delivery of four-day course for supervisory levels (Platoon and Squad Commanders) from the Patrol Service and the Police Troops to 18 participants; holding of four-day course for the newly formed Public Service "Elite Battalion" for all 61 members, including commander; training of up to 50 prosecutors/investigators on the election-related issues; selecting and training of 360 domestic observers before Parliamentary and over 350 before Presidential elections; media monitoring of nine broadcast channels and 16 national newspapers conducted; conduction of two training workshops for 20 Armenian journalists, representing print, broadcast and electronic media; participation of over 650 first-time voters in trainings, pre-election debates, role games; training of around 100 youngsters for election-related advocacy and observation; creation of six regional HRDOs and fully equipping them; selection and training of 18 staff members for the regional HRDOs; establishment and maintenance of 24/7 Ombudsman hot-line "116"; selection and training of nine national hot-line experts; training of 20 experts for the Rapid Reactions Groups that function for two months during/after Parliamentary and Presidential elections and operate throughout the country; and training of 40 HRDOs staff and Rapid Reaction Group members before Presidential elections.

On 15<sup>th</sup> June 2016, within the framework of the so-called "4+4+4" format negotiations", the ruling Republican and Dashnaktsutyun parliamentary factions and the opposition Armenian National Congress, Prosperous Armenia and Rule of Law factions reached an agreement "on establishing in the new Electoral Code organisational and technical mechanisms for oversight over the lawfulness of the electoral process". The agreement included: 1) a new system of initial electronic citizen and voter registration; 2) the creation of an official commission to monitor the registration process of citizens for identification cards, carry out awareness raising, and organise the video recording and live streaming on the Internet of voting and vote counting at polling stations; 3) the possibility of access to the stamped lists of voters for cross-checks. The agreement was defined as a package and was conditional upon receiving the necessary funding, including from donors. The government committed itself to initiating an extraordinary session of the National Assembly to introduce the agreed amendments to the Electoral Code<sup>288</sup>.

The platform "4+4+4" was created in March 2016. The representatives of the civil society organizations participated in the joined meetings organized on 30<sup>th</sup> March 2016, 1<sup>st</sup> April 2016, and on 15<sup>th</sup> April 2016 where the list of five priorities developed by the CSOs and non-governing parties was presented. However, no consensus was reached around these priorities and by the Statement

<sup>288</sup> Venice Commission Opinion No. 853/2016 OSCE/ODIHR Opinion No: ELE-ARM/293/2016 <http://www.osce.org/odihr/elections/armenia/275511?download=true>

delivered on 20<sup>th</sup> April 2016 the CSOs left the platform 4+4+4". Later, on 16<sup>th</sup> June 2016 the political forces participating in the «4+4+4» format, without CSOs signed the Statement around nine issues that were already agreed. On 25<sup>th</sup> May 2016 the Electoral Code was adopted by the National Parliament. After the adoption of the Electoral Code the second round of the negotiations was launched to establish the consensus between the political parties, opposition and the CSOs, however, the CSOs did not join new negotiations. On 13<sup>th</sup> September 2016 the second Statement between the ruling and oppositional parties was signed "On mutual consent over defining organizational-technical mechanisms of the control over the legitimacy of electoral process in the new Electoral Code"<sup>289</sup>. All of that was possible in view of the interviewed stakeholders because of the safeguards promoted by the EU and EUMS (DE and UK) through the HR budget support programme and funding for the new voter authentication devices (VADs). This contributed to a very good conduct of the technical aspects on the Election Day, preventing multiple and carousel voting.

The strengthened capacities of the HRD Office to deal with cases of domestic violence and of violence against women with a gender sensitive and human rights based approach through the supported projects by the EU and implemented by the CoE, the institution's enhanced public role as an advocate to combat violence against women and domestic violence, the increased awareness among the general public on violence against women issues as well as the enhanced level of awareness of the Istanbul Convention among relevant stakeholders (public authorities, parliamentarians, media, civil society, the HRD Office) are other concrete preliminary results building a good foundation for the process of ratification of the Istanbul Convention.

At the same time, the "Establishment of Hot Line for the Ministry of Justice and Electronic Medical Certificates System" project produced a Government to Citizens (G2C) electronic hot line in 2016 enabling transparent and efficient collection, processing and publication of complaints and ensuring involvement of civil society. Furthermore, the project established "Government to Government" system between the Ministry of Justice and Ministry of Health to enable electronic issuing of medical certificates during registration of civil status acts such as death and birth.

Through trainings, study trips and funding for the establishment of independent news platforms, European donors have to some extent contributed to the diversification of the media landscape in Armenia. A number of newly established news platforms combat disinformation and spread alternative news in remote areas of the country, such as the Union of Informed Citizens and Asparez Journalist Club. Other platforms set up with EU support provide independent news coverage on political issues and debates, such as Factor TV and Media Centre. It is also important to mention MediaLab as a news source that provides information and analytical reports about Armenia and includes political cartoons on important social and political problems. The establishment of such news sources has allowed Armenian citizens to receive a greater degree of fact-based news and to reflect on issues from a broader perspective than the one presented on pro-government TV channels.

At the same time, TV channels remain biased towards the government and reflect the position of the ruling party. Another new phenomenon is that many former ruling elite representatives are currently buying news agencies and spreading negative and often fake news against civil society actors in the country. The issue of media ownership and national broadcasting bias has not been challenged by EU engagement, which puts the sustainability of support to independent media

<sup>289</sup> National Parliament, Political Forces Participating in 4+4+4 Negotiating Format Sign a Statement, 13.09.2016, [http://parliament.am/news.php?cat\\_id=2&NewsID=8657&year=2016&month=09&day=13&lang=eng](http://parliament.am/news.php?cat_id=2&NewsID=8657&year=2016&month=09&day=13&lang=eng)

platforms at risk. Based on the analysis conducted for this paper, the impact of EU support on the media landscape has had mixed results.

EU assistance to civil society, mostly through capacity-building, made a clear contribution to citizens' awareness of their rights and their demand for democracy. For example, certain EED grantees took up an active direct role in the revolution. Among the EED supported initiatives were the Citizen Observer Initiative and No Pasaran that focused on monitoring the December 2015 constitutional referendum.

The activists of these initiatives further established the Reject Serzh initiative that played an important role in the revolution. However, many civil society organisations have become dependent on European funding, which makes them unsustainable. In recent years, NGOs have also become actors that strive to maintain a link with the ruling elites in order to make recommendations and assist in reforms. The practice of civil society-government dialogue continued with the adoption process of the Law on Non-Governmental Organisations in 2016. In addition, the Independent Observer public alliance (coalition of NGOs) has observed elections and registered violations thanks to the support of the EU and EUMS<sup>290</sup>. It is noteworthy that there has also been cooperation between civil society and journalists during protests and the revolution. This assisted both for protecting human rights but also for informing ordinary citizens about the political situation.

The case of Armenian civil society support highlights the strategic importance of supporting civil society, particularly in countries where a hybrid regime has a tight grip on political contestation.

**JC 8.7 Selected sample projects delivered sectoral change according to the agreed plans.**

The EU has undertaken sustained and strategic dialogue with Armenia on human rights, and has made significant contributions to the improvement in compliance with international conventions on human rights, labour rights, environment and good governance as well as the laws relative to inter alia domestic violence and alternatives to imprisonment, and to Armenia's ratification of the Istanbul Convention. In view of interviewed interlocutors, this was achieved because of the existence of the EU budget support sector programme 'Support to Human Rights Protection in Armenia' and the requirements for the introduction of the EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+')<sup>291</sup>. One of the areas covered by the HR budget support programme was the gender equality, in particular its conditionality 'Effective gender equality mechanisms and protection of victims of domestic/gender-based violence and abuse'. All stakeholders interviewed highlighted a big role of the EU in this process. The adoption of the Law on Prevention of Violence within the Family, Protection of Victims of Violence and Restoration of Peace in the Family on 8<sup>th</sup> December 2017, together with the signature of the Istanbul Convention in January 2018 marked the first steps towards its ratification, underscoring the commitment of the authorities to address domestic violence. The law provides for criminal and administrative liability for cases defined as domestic violence and obliges the State to create and run shelters for female victims of domestic violence. In addition, to the fact these reform initiatives are supported by the EU through the Human Rights Budget Sector Support Programme, the government also led the

<sup>290</sup> HCAV (2018). Preliminary conclusions of "Independent Observer" public alliance on the 2018 snap elections to the National Assembly of the Republic of Armenia, available at: <https://hcav.am/en/ind-obs-pre-09-12-18/>

<sup>291</sup> Background information: The Republic of Armenia has benefited from GSP since 2008, and the new GSP+ scheme since 2014. Thanks to these preferences, almost 40 per cent of Armenian exports to the EU was done under GSP+ in 2015, with a utilisation rate of 77 per cent. Meanwhile, more than 96 % of EU imports eligible for GSP+ preferences from Armenia entered the EU with zero duties in 2017. Out of the total EU imports from Armenia, 37 % (approximately EUR 135 million) entered under the GSP+ regime. The main Armenian imports to the EU under the scheme are base metals and textiles.

public discussions and policy discussions with civil society actors. One stakeholder underlined *'For 3-4 years, the EU is doing a great job in the field of promotion of gender equality in the country and it has to continue to do such work. Consistency is very important here. The EUD Gender Focal Point is very open and collaborative. Irrespective who is the staff, the EU should continue to work in the same manner'*.

The Special Incentive Arrangement for Sustainable Development and Good Governance grants Armenia duty-free access to the EU market for 66% of all EU tariff lines in return for ratification of and compliance with 27 international conventions on human rights, labour rights, environment and good governance. The interviewed stakeholders with one voice stated that *'In addition to providing economic incentives to beneficiary countries, the GSP+ mechanism created opportunities for the engagement of different stakeholders to advocate for a full implementation of 27 UN Conventions. We perceive the GSP+ monitoring as very useful as it allows to monitor Armenia's progress and shortcomings as regards the effective implementation of these conventions. Moreover, GSP+ monitoring missions all the time hold consultations with the civil society of the beneficiary country. One area for improvement though is to foster greater usage of the GSP+ monitoring reports by the civil society in their advocacy efforts'*. Armenia has to continue to demonstrate progress in effectively implementing the conventions to maintain preferential trade access to the EU market. The second biennial report on the effects of GSP+, covering the period 2016-2017<sup>292</sup>, points out areas in which Armenia is expected to demonstrate progress through concrete actions, such as: effective implementation of the current and previous human rights action plans; adoption and implementation of relevant new legal framework; establishment of a functioning labour inspectorate; and bringing domestic legislation in line with the Convention on Trade in Endangered Species of Wild Fauna and Flora. The EU plans to continue to provide further the support in this area. In cooperation with ILO, the EU started to fund in 2017 a regional project to strengthen capacity of public administrations to implement the ILO core labour conventions as part of the GSP+ Scheme obligations. Three European civil society networks are also implementing GSP+ activities to document and raise further awareness of the weak protection of social and economic rights in Armenia, and by women in particular.

On 2<sup>nd</sup> April 2017, Armenia held parliamentary elections under the new Constitution which shifted the Armenian semi-presidential system of governance to a parliamentary one. Elections were observed also by a Delegation from the European Parliament. These parliamentary elections under the new Electoral Code were well-administered and fundamental freedoms were generally respected. However, credible reports identified widespread vote buying, intimidation of civil servants and private company employees as well as abuse of administrative resources prior to Election Day, which contributed to an overall lack of public confidence and trust in the elections<sup>293</sup>. The EU has contributed financially to electoral assistance meant to increase the safeguards against possible electoral fraud and has encouraged the Armenian law enforcement bodies to conduct a credible and swift investigation into all alleged criminal offenses related to elections and to prosecute in accordance with the law. This was done again in the framework of the Human Rights Budget Sector Support Programme, conditionality on 'Enhancing electoral system in line with CoE and OSCE/ODHIR recommendations'.

The Support to the Office of the Human Rights Defender had a global objective of supporting the principal human rights oversight institution. Support to electoral reform made a direct contribution, in particular relative to minimising electrical fraud. Support was provided to an E-Civil Registry,

<sup>292</sup> <http://trade.ec.europa.eu/doclib/html/156536.htm>

<sup>293</sup> "OSCE/ODIHR Election Observation Mission Final Report" on 10 July 2017, <http://www.osce.org/odihr/328226?download=true>

which has also reduced the risks of voter fraud, and supports democracy and governance more generally.

As civil society has been a critical driver for democratic change in Armenia the coherence of EU support for a pro-democracy role for civic actors' merits more detailed analysis. In general, civil society organisations are most active in awareness raising and monitoring powerholders, although they are increasingly playing a stronger role in policy making<sup>294</sup>. Their importance has been recognised by the EU through both financial assistance and political support in the form of frequent references to civil society in policy documents, such as the Joint Declaration of the Prague Eastern Partnership Summit of 2009<sup>295</sup> or the CEPA<sup>296</sup>. Through the Eastern Partnership and the CEPA, the EU strives to stimulate civil society development and institutionalise its support to domestic public decision-making processes.

The Eastern Partnership (EaP) initiative has been important in enhancing the role of civil society in policy processes. Within this framework, the EaP Civil Society Forum (CSF) was established in order to create a regular dialogue platform between the EU, civil society organisations and governments of Eastern Partnership countries. Through an annual EaP Civil Society Forum and various meetings throughout the year, civil society organisations monitor the progress of the EaP and provide recommendations to their governments. Many small and larger sized organisations received an opportunity to participate in the Civil Society Forum. The NGOs at the EaP CSF often launch campaigns that improve cooperation among the NGOs of the EaP countries and also highlight important issues in their respective countries. For example, in June 2019, the EaP CSF Armenian National Platform called for the institutionalisation of civil society dialogues in the framework of the CEPA. Similarly, NGOs have issued campaigns jointly with all EaP countries regarding domestic issues, such as gender equality, human rights and elections<sup>297</sup>.

The EU also advances the role of civil society in the CEPA. According to Article 103, civil society needs to be included in public decision-making by establishing an open, transparent and regular dialogue between public institutions and civil society. Although the CEPA provides the EU with leverage to further encourage the Armenian government to involve civil society more systematically in policy processes, this commitment remains to be implemented in practice. The CEPA and the EaP thus exemplify the EU's commitment to stimulating the development of civil society and the involvement of civil society in policy processes and dialogues with Armenia but also shows the limitations of such approach if the public authorities are not on board.

In general, it seems that the role of the civil society, established in the CEPA and EaP, is yet to materialise in the reality of EU engagement with Armenia. The EU still insufficiently consults and involves civil society and media actors in policy dialogues concerning EU-Armenia relations and sectoral reforms. For instance, civil society actors have not been involved in official meetings with Azerbaijani representatives in the framework of the OSCE Minsk Group nor in EU peacebuilding activities, precisely when they are the only Armenian actors who are in direct contact with the Azerbaijani population.

<sup>294</sup> EU country roadmap for engagement with civil society 2014-2017

<sup>295</sup> Joint Declaration of the Eastern Partnership Prague Summit 2009. Available at: [https://www.consilium.europa.eu/media/31797/2009\\_eap\\_declaration.pdf](https://www.consilium.europa.eu/media/31797/2009_eap_declaration.pdf)

<sup>296</sup> Armenia-EU Comprehensive and Enhanced Partnership Agreement. Available at: [https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/S17Q1437S\\_ttyiGoqFm6o6ecE564mEUsiCPcYbga97s/mtime:1514986780/sites/eeas/files/eu-armenia\\_comprehensive\\_and\\_enhanced\\_partnership\\_agreement\\_cep.pdf](https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/S17Q1437S_ttyiGoqFm6o6ecE564mEUsiCPcYbga97s/mtime:1514986780/sites/eeas/files/eu-armenia_comprehensive_and_enhanced_partnership_agreement_cep.pdf)

<sup>297</sup> <https://eap-csf.eu/eap-csf-campaigns/>



At the same time, the EU does not sufficiently use its leverage through the CEPA to insist on civil society involvement by the Armenian government. Civil society organisations' proposals to reform the Electoral Code, for instance, were postponed by the post-revolutionary government, despite the widespread support these proposals held. The Roadmap of the EU-Armenia CEPA, adopted in July 2019, includes actions and commitments for reform in the framework of the CEPA, including a commitment by the government of Armenia to reform the electoral code at the end of 2021<sup>298</sup>. While this is an important first sign of political will, it is unfortunate that such a critical reform process is postponed until 2021.

#### **JC 8.8** Extent to which human rights defenders were supported by EU

The Human Rights Defender Office (HRDO) received significant funding from the EU and Sweden during the period under review, which supported technical capacity and expertise for handling complaints through regional offices all around Armenia<sup>299,300</sup>. The progress of the Human Rights Defender Office illustrates the positive impact of the EU and EUMS work on human rights. In 2015, the Ombudsman Office hotline provided assistance and consultancy to 3,786 callers, which had increased to 4,041 by 2016<sup>301</sup>. At the same time, the number of complaints addressed to the Defender that were resolved increased. The number of complaints that have been resolved positively in 2016 was 444. In the year of 2017, this figure doubled to 845, and as of December 2018 it was 1,339<sup>302</sup>. These figures illustrate the great strides made by the Human Rights Defender Office and Ombudsman Office in terms of increased capacity to respond to the needs of human rights defenders. For example, the HRDO monitored the demonstrations in April and May 2018 through media and social networks, handled the complaints received by phone, and conducted visits to police offices and detention facilities where participants were arrested. A significant number of cases received throughout the country were resolved on the spot with the support of HRDO representatives and cooperation with police officers. These cases were later reported to state authorities, requesting official investigations. A significant number of those arrested were released with the assistance of the HRDO<sup>303</sup>. In 2018, the Ombudsman was praised by various international actors such as the EU<sup>304</sup> and European Court of Human Rights<sup>305</sup> for monitoring different peaceful protests and striving to protect human rights in the country.

Overall, during the period of 2010 to 2015, the EU and EUMS supported a number of projects which supported human rights defenders with an overall budget of \$9,235,864.

<sup>298</sup> Roadmap of the EU-Armenia CEPA, Part 3 (2019), [https://www.e-gov.am/u\\_files/file/decrees/varch/2019/19\\_666\\_1.pdf?fbclid=IwAR3XWGXeyxrk4\\_71zEmVg4EM0jb8dH7v5ZP4DNhfW18gAoD\\_WI\\_WDMTUuBpQ](https://www.e-gov.am/u_files/file/decrees/varch/2019/19_666_1.pdf?fbclid=IwAR3XWGXeyxrk4_71zEmVg4EM0jb8dH7v5ZP4DNhfW18gAoD_WI_WDMTUuBpQ)

<sup>299</sup> Sida (2010). Outcome Review of Sida's Development Cooperation with Armenia 1999–2009 Final report. Available at: <https://www.sida.se/contentassets/af847e85a11a493694a76c4f28c7c729/15078.pdf>

<sup>300</sup> UNDP Armenia (2017). Available at: <http://www.am.undp.org/content/armenia/en/home/projects/promotion-and-protection-of-human-rights-in-armenia.html>

<sup>301</sup> Human Rights Defender Office (2016). Statistics. Available at: <http://www.ombuds.am/en/statistics.html>

<sup>302</sup> Human Rights Defender Office (2018). Available at: <http://www.ombuds.am/en/media/598.html>

<sup>303</sup> National Human Rights Institutions and Human Rights Defenders: Enabling human rights and democratic space in Europe. Available at: [http://ennhri.org/IMG/pdf/ennhri\\_18\\_006-publication-04a-bat.pdf](http://ennhri.org/IMG/pdf/ennhri_18_006-publication-04a-bat.pdf)

<sup>304</sup> Emerging Europe (2018). 'EU Praises Armenia's Human Rights Ombudsman'. September 19, 2018, Available at: <https://emerging-europe.com/news/eu-praises-armenias-human-rights-ombudsman/>

<sup>305</sup> Panorama.am (2018) 'ECHR chief praises work of Armenian Ombudsman's Office' February 26, 2018. Available at: <https://www.panorama.am/en/news/2018/02/26/ECHR-Armenian-Ombudsman's-Office/1911331>

Table 27: List of human rights defenders who have received EU support (2010-2015)<sup>306</sup>

No	Project title	Donor	End Date	Budget
1	Support the effective functioning of the Republican Tripartite Commission and the creation of a social dialogue database for the registration of collective agreements and labour disputes	EU	31/12/2015	\$35,606
2	Child Protection Systems	EU	31/12/2015	\$1,660,000
3	TBL RvE/CoE Religious Freedom	EU MS (Netherlands)	31/12/2015	\$166,315
4	EPF Anti-Discrimination Law	EU MS (Netherlands)	30/11/2015	\$131,389
5	Exclusion of torture and forced confessions as a ground for fair trial	EU	07/01/2015	\$144,278
6	Promotion of the European model of justice in Armenia: civil society control over judicial practice	EU	07/01/2015	\$163,633
7	Development and Enforcement of Labour Rights of the Citizens of Armenia	EU	07/01/2015	\$163,297
8	Know your Rights	EU	07/07/2014	\$155,567
9	Fundamental rights and freedoms the guarantee of the future	EU	07/01/2014	\$131,713
10	Establishment of Regional Master programme in Human Rights and Democratization in Armenia, Belarus, Ukraine and Moldova	EU	08/10/2013	\$1,024,200
11	Promotion of Religious Tolerance in Armenia	EU MS (Netherlands)	30/09/2013	\$120,199
12	Speaking for Myself: Voicing the hopes and concerns of children in Armenia	EU	01/12/2012	\$593,687
13	Everything for us-with us	EU	25/11/2012	\$113,603
14	Reducing Violence Against Children in Armenia	EU	09/11/2012	\$803,272
15	Armenia: Promotion and Protection of the Rights of the Child	EU	04/11/2012	\$626,151
16	OSI HR protection through Strategic Litigation	EU MS (Netherlands)	31/08/2012	\$113,153
17	UNDP HR Education in Armenia	EU MS (Netherlands)	31/08/2012	\$107,717
18	Gender Based and Domestic Violence	EU	25/05/2012	\$131,713
19	Effective protection of human rights through the HRD's Institute as NPM in accordance with the OPCAT	EU	29/02/2012	\$301,148
20	TBI ARM human rights NGOs	EU MS (Netherlands)	31/12/2011	\$516,180
21	Facilitating Multi-Stakeholder Dialogue for Addressing Child Labour Issues by the Armenian Companies	EU	25/11/2011	\$164,431

<sup>306</sup> [http://www.d-portal.org/ctrack.html?country=AM&sector\\_code=15160&year\\_min=2010&year=2010&year\\_max=2017&year=2017#view=ended](http://www.d-portal.org/ctrack.html?country=AM&sector_code=15160&year_min=2010&year=2010&year_max=2017&year=2017#view=ended)

22	Increasing public awareness on the right of the benefiting from free healthcare services	EU	25/11/2011	\$120,748
23	Support to the Office of the Human Rights Defender of the Republic of Armenia	EU	12/07/2011	\$987,848
24	Mobilized and empowered system of prevention of child trafficking in Armenia through awareness raising, capacity building and networking	EU	01/05/2011	\$410,776
25	Step Ahead	EU	01/03/2011	\$146,834
26	National Sports Network: Sports Program for People with Disabilities	EU	01/03/2011	\$111,954
27	Promoting rights of Children and Adolescents with Mental Health problems	EU	05/02/2011	\$90,452

At the same time, as evident from the alternative UPR reports<sup>307</sup>, HRDs have been subjected to judicial harassment, smear campaigns, threats and acts of intimidation. Between 2015 and 2018, peaceful protests were violently repressed by the police and protesters were arrested and detained and, in some cases, denied immediate access to medical assistance and legal representation. Journalists were assaulted and intimidated during some protests<sup>308</sup>.

In 2018, the United Nations Special Rapporteur on the Situation of Human Rights Defenders published the World Report on the Situation of Human Rights Defenders. According to the report, at least before recent political developments, there has been a deterioration in the working conditions of human rights defenders in Armenia, with “increasing de facto restrictions on their activities.” The State controlled media have regularly sought to stigmatize and discredit the work of human rights defenders. There has been a lack of accountability for violations of the rights of defenders, particularly in regard to restrictions placed upon freedom of assembly and expression. Women human rights defenders and defenders of sexual orientation and gender identity rights (including defenders who are members of the LGBTQ community) face particular challenges in their work promoting and protecting fundamental human rights.

In 2016, the State amended the Law of Non-Governmental Organisations to distinguish between organisations receiving public resources and those privately funded and to otherwise reduce the level of regulation and expand permitted activities. These amendments were generally welcomed by human rights defenders. More recent amendments to the Law in 2018 have removed the right of non-governmental organisations to intervene in and initiate litigation in the public interest, despite earlier jurisprudence recognizing this power an important right of non-governmental.

Armenia does not have a law or policy implementing the Declaration or a national protective mechanism for human rights defenders at risk. The rights articulated in the Declaration are generally enjoyed in law, though in practice human rights defenders partaking in protest face violations of their rights, there are restrictions on the freedom of expression of defenders and human rights defenders remain at risk of threats and violence; perpetrators of attacks against human rights defenders, often allied with the State, enjoy impunity. For example, Artur Sakunts, the director of one of the most prominent human rights organisations in Armenia, the Helsinki Citizens Assembly of Armenia, received death threats as a result of his vocal criticism of the human rights violations of the State.

<sup>307</sup> Joint Submission to the UN Universal Periodic Review, 35th Session of the UPR Working Group, CIVICUS: World Alliance for Citizen Participation, NGO in General Consultative Status with ECOSOC. 18 July 2019

<sup>308</sup> <https://www.civicus.org/documents/Armenia.JointUPRSubmission.pdf>

In addition, evaluation interviews highlighted that limited funding was allocated for the prominent human rights organizations of Armenia starting from 2010 and up to 2017. Several interlocutors mentioned that they applied several times for different calls of proposals, but their proposals were not supported. Anyone from the EUD Armenia provided any explanations on the reasons of why their proposals were rejected despite high grades. Instead not very well-known organizations usually received the funding. One interlocutor mentioned *'Before 2010, we had a long project with the EU on capacity building of CSOs on human rights. Our methodology was determined as a good practice and we were even invited to Jordan for sharing with our best practices with colleagues from other countries. However, afterwards the situation changed, and we stopped to receive funding from the EU, although we applied many times. It looks for the civil society that the EU changed the approach and provides the support to the organizations whom anyone know'*. Other interviewed human rights defenders stated *'EIDHR is not flexible, not sufficiently transparent, and very complicated especially for small and medium CSOs. If you do not have a fundraiser in your organization who is experienced proposal writer you would not even pass the concept paper stage, but if you a local NGO, you usually do not have extra funds for such type of staff member. As a result, only big and well experienced CSOs could apply for the EU funding and pass the selection. EU should apply different approach for grassroots, small and big NGOs, make application procedure easier and quicker. Moreover, for the last 3-4 years, there were any calls neither for media nor for LGBTI topics. EU did a fewer calls for big amount of funding. EU needs to be more flexible and less bureaucratic, issue more calls of proposals and with bigger number and budget for sub-grants'*. Another respondent reinforced *'If an organization does not have EU partners or strong capacity, it won't be able to receive big funding. USAID does not like to give also small funding and the big CSOs forget about grass roots organizations. The funding mainly is distributing among the main CSO actors, but there are a few opportunities for other small initiatives and small groups. If EU will be giving funding in the amount of 40,000-50,000 EUR through grants, it will be much better'*.

## 5.9. Concluding Remarks

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The EU Delegation has implemented a comprehensive civil society, human rights, democracy portfolio throughout the period under review, through the EIDHR Country Based Support Scheme, which is considered to have made real and complementary contributions to civil society regarding human rights and democracy issues, and the CSO-LA has also been actively used. Numerous oversight institutions have received support relative to capacity building.

Overall, the reforms in the human rights sector in Armenia resulted in a degree of significant progress in recent years in the areas of administrative justice, criminalisation of torture, and drafting new Criminal Procedure Code, providing important safeguards of human rights protection. The detailed elaboration of basically all civil, political, social, and economic human rights in the Constitution is also a step forward.

Nevertheless, the basic human, political and economic rights of Armenian citizens remain insufficiently protected. The rights to fair trial and free elections have not been effectively protected by the authorities of the GoA due to the loopholes in the legal framework as well as existing practices and the organisational culture of justice sector actors. In addition, an independent judiciary, which should be capable of effectively enforcing a system of checks and balances, is needed. Despite the fact that Armenia is a Signatory Party to all international conventions on human rights, those are not effectively applied in country. It should be noted, however, that the GoA has started several important initiatives in the area of human rights, but effective

implementation is needed to demonstrate political will in this area. The legal framework is being amended to ensure more effective protection of human rights, and a new gender equality strategy was developed. Moreover, the GoA has been actively engaged with the international community and showed openness to discuss human rights issues and challenges. The 2015 2<sup>nd</sup> UPR called for further action to reduce discrimination against women, especially in the labour market, for the protection of disadvantaged children, and for ending human trafficking. Gender equality and equal remuneration, independence of the judiciary, violence against women, forced labour, protection of environment and endangered species of wild fauna are still issues frequently voiced by society and the non-governmental sector.

The EU support to the civil society during the period under review has contributed to overall development of civil society (capacity-building interventions in Armenia and financial support); consultations with CSOs for EU policies and in policy dialogue with the government; launch of an online consultation tool allowing CSOs to register on the website ([www.eucso.am](http://www.eucso.am)) and submit their opinions on various aspects of EU-Armenia relations; promotion of a conducive environment for civil society actors in Armenia; promotion of meaningful and structured participation in public policy dialogue and strengthening of CSO capacities; support drafting and organising consultations on the amendments to the Law on Public Organisations; promotion and support of social entrepreneurship among the civil society actors.

## 5.10. Areas for recommendations

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### Recommendations regarding human rights

#### *The need for an increased European presence in Armenia*

Following the positive momentum created by the Velvet Revolution, the EU and EUMS should increase their presence in Armenia and work with a greater variety of partners in order to support reform. European donors will need to support Armenian institutions, political actors and civil society actors in implementing democratic reforms in a timely manner. Such an expanded presence is highly likely to strengthen the Armenian government's commitment to implement the CEPA agreement.

#### *Focus on the drivers and incentives for change*

The EU and EUMS have focused on various important sectors in the country. At the same time, support often overlooked certain root causes, which harmed the effectiveness of democracy support. For instance, electoral assistance enhanced the technical capacity for organising elections, but elections were still manipulated through the usage of administrative resources by the incumbent. In order to enhance the effectiveness of such programmes, it is necessary to understand the drivers and incentives for change among all actors involved and build programmes on this detailed understanding. The EU and EUMS should therefore systematically invest in research to identify the political causes of the problems it tries to tackle.

#### *Support independent media platforms and journalists in all regions of Armenia*

The EU and EUMS have supported online news outlets in publishing unbiased and fact-based information. There is a need to expand this support to journalists in order to improve their ability to



effectively exercise a watchdog function. In addition, independent media support needs to be expanded to remote areas of the country, where pro-government and Russian TV channels and disinformation dominate the media landscape. This will need to go hand in hand with media literacy programmes so as to counter Russian disinformation.

## **Recommendations regarding the civil society**

### *Step up coordination with civil society*

While the EU has regularly engaged with civil society, it should look at involving civil society more regularly and meaningfully in its political engagement with Armenia. Civil society should continuously be a resource of local political and thematic expertise to the EU and EUMS. This will be particularly relevant given the current political capital of civil society, the many ongoing democratic reforms and the need for oversight of the executive.

### *Increase support for civil society organisations*

The revolution has illustrated that civil society actors are among the leading groups striving for democratic values and institutions in the country. Their grassroots linkages and their expertise on issues of human rights will be invaluable for consolidating the gains of the revolution and for monitoring and advancing further democratic reforms. Civil society can play a particularly important role in legislative reforms, by facilitating policy dialogues, contributing thematic expertise and constructively cooperating with the authorities. However, at present there is insufficient cooperation between civil society and the newly formed government. The EU and EUMS should encourage the government to systematically consult and cooperate with civil society in national policy processes. The EU and EU MS should also acknowledge civil society's essential role in Armenia's recent democratic reforms by further expanding and prioritising support to civil society groups, particularly to those with specific sectoral expertise.

### *Simplify the procedures of application and funding for civil society organizations*

The EU should make sure that the procedures of application and funding are more applicant friendly and accessible not only for experienced "grant-hunters" but also for less experienced CSOs based in the region. Time-consuming, complicated and very technical guidelines coupled with complex requirements and bureaucratic reporting procedures, do not allow small and newly established organizations to benefit from EU funds and bring in their perspective and innovation. These changes and simplifications will create equal opportunities for all the civil society actors and will avoid the situation where organizations with bigger experience and perfect knowledge of EU funding rules and technicalities will monopolize the sphere. To partly solve this situation, the EU can encourage its agencies to provide training to newcomers in European programs on the management of EU funds, project management, fundraising, monitoring and evaluation tools, reporting, etc.

### *Focus more on the development of local and regional civil society organizations*

The EU should further prioritize those Civil Society organizations that are not functioning in the capital cities. Further involvement of Civil Society organizations in rural areas and small communities can have bigger and more sustainable impact. Some of the researchers suggest that NGOs enjoy high-level support in rural communities and small communities, where their work is more visible. This shall be taken into consideration, and big organization shall be encouraged to

open branches or offices in regions. Small organizations shall be encouraged to move their projects from urban to rural areas. This will develop rural infrastructure and help local communities.

#### *Focus more civic education at educational institutions*

Civic education in universities and schools should be high on EU's agenda. EU and EUMS should fund civic education classes and keep a tight control of the quality of textbooks, and teaching staff. Educational programs lend themselves nicely to impact measurements, which must be incorporated into teaching. Pre-and post-exposure tests can help demonstrate how taking a civic education course changes a student's attitude towards civic engagement. Tracking the future careers of those who took civic education at school and at university will show whether they become more involved citizens. EU and EUMS can specifically fund chairs of civic education and research at universities, placing qualified specialists in the position where they can influence young citizens, and generate valuable research in crucial aspect of Armenian political culture.

#### *Strengthening a link between the CSOs and research community*

This can be accomplished by a) CSOs commissioning policy papers for the topics of their interest and b) CSOs working with universities and research centres to establish internship programs. Both are trickier than they sound. Policy research in Armenia is under-developed. Scholars need extra training to understand how to shift from academic relevance to practical relevance when producing policy papers. Internships at CSOs will not give the desired results unless CSOs learn how to work with interns efficiently. They need to be willing to invest time in guiding and instructing their interns, so that the outcome of the internship is a research project relevant for CSO goals.

#### *Fostering cooperation of CSOs and church*

Public opinion surveys demonstrate that the church is among the most trusted institutions in Armenia. It is also an organisation that maintains countrywide presence and has access to most impoverished and troubled households. Historically the church has been the most natural ally of civil society in many countries. Armenian CSOs should consider cooperating with the church whenever appropriate, particularly on the local level of individual priests and parishes. In this way CSOs can benefit from the positive image enjoyed by the church in overcoming public mistrust. They can also get access and insider information regarding many troubled households.

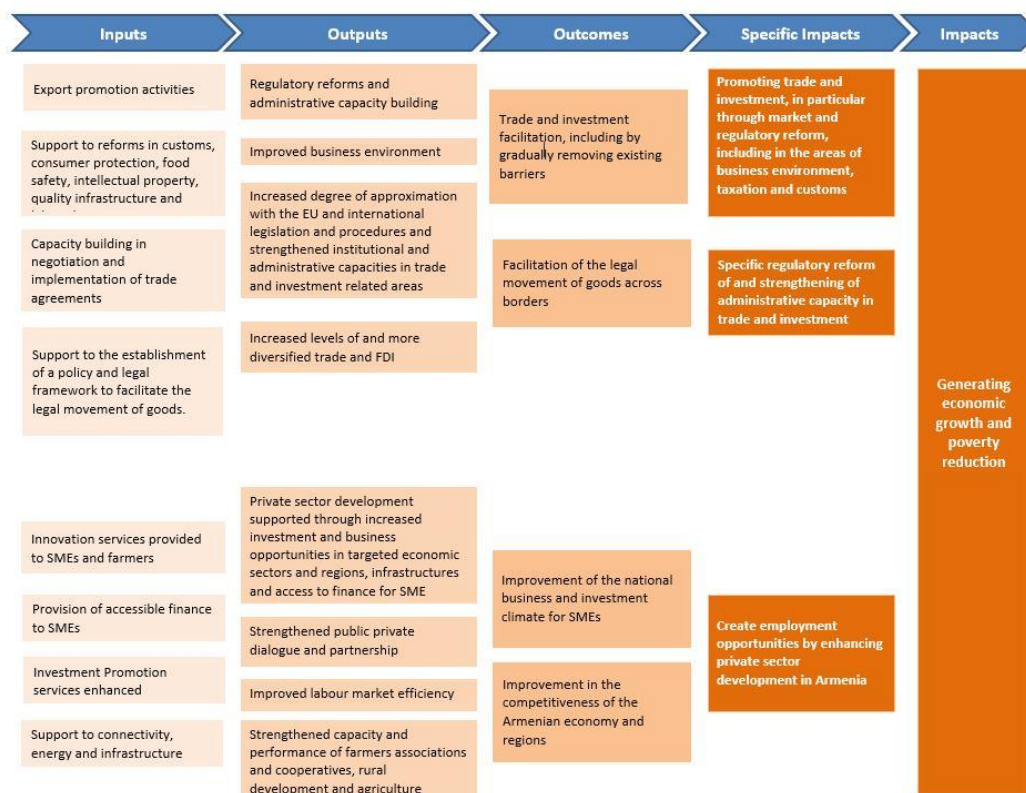
## 6. EQ 9: Trade and economic development

**EQ9:** To what extent, and how, has the EU assistance to Armenia contributed to promoting key economic reforms, trade, and economic development?

### 6.1. Introduction

Analysis of the European Union (EU) programming documents show that trade and investment support was considered a long-term impact to be achieved through regulatory reforms in the National Indicative Programme (NIP) 2007-2010. The rationale of the NIP 2011-2013 remained the same. But with trade and investment set as an output in the priority area and no longer a longer-term impact. This meant that direct interventions were designed with this objective in mind, still based on the strategy of focusing on regulatory reforms. This new central position was due to the upcoming negotiation between the EU and Armenia of a Deep and Comprehensive Free Trade Area (DCFTA). In the NIP 2014-2017 priority is given to the private sector development with interventions and programs targeting the private sector including Small and Medium Size Enterprises (SMEs) and agriculture. Both trade and private sector development have clear connections to economic development and growth and while not consistently mentioned over the period considered, they remain key components of the EU strategy to assist Armenia. To illustrate this further a reconstructed combined intervention logic is presented below.

Figure 18: Intervention logic model: Trade and Economic Development



In this intervention logic combining support to trade, investments and private sector development, the specific impacts include: i) Promoting trade and investment in particular through market and regulatory reform including in the areas of business environment, taxation and customs; ii) Specific

regulatory reform of and strengthening of administrative capacity in trade and investment; iii) Border management and migration and iv) Creation of employment opportunities by enhancing private sector development in Armenia.

The following set of outcomes lead to these specific impacts: i) Trade and investment facilitation, including by gradually removing existing barriers; ii) Facilitation of the legal movement of goods across borders as a result of improved border management; iii) Improvement of the national business and investment climate for SMEs; iv) Improvement in the competitiveness of the Armenian economy and regions.

A series of necessary and expected outputs leading to this higher level of results have been identified and presented in the intervention logic:

- Strengthened capacity and performance of farmers associations and cooperatives. rural development and agriculture
- Improved labour market efficiency
- Strengthened public private dialogue and partnership
- Improved border crossings with adequate border infrastructure. appropriate information systems. control/surveillance mechanisms
- Support to Private sector development through increased investment and business opportunities in targeted economic sectors and regions. and access to finance for SME
- Border control procedures and management systems aligned with the relevant EU acquis and best international practices
- Increased levels of and more diversified trade and Foreign Direct Investment (FDI)
- Increased degree of approximation with the EU and international legislation and procedures and strengthened institutional and administrative capacities in trade and investment related areas
- Improved business environment
- Regulatory reforms and administrative capacity building

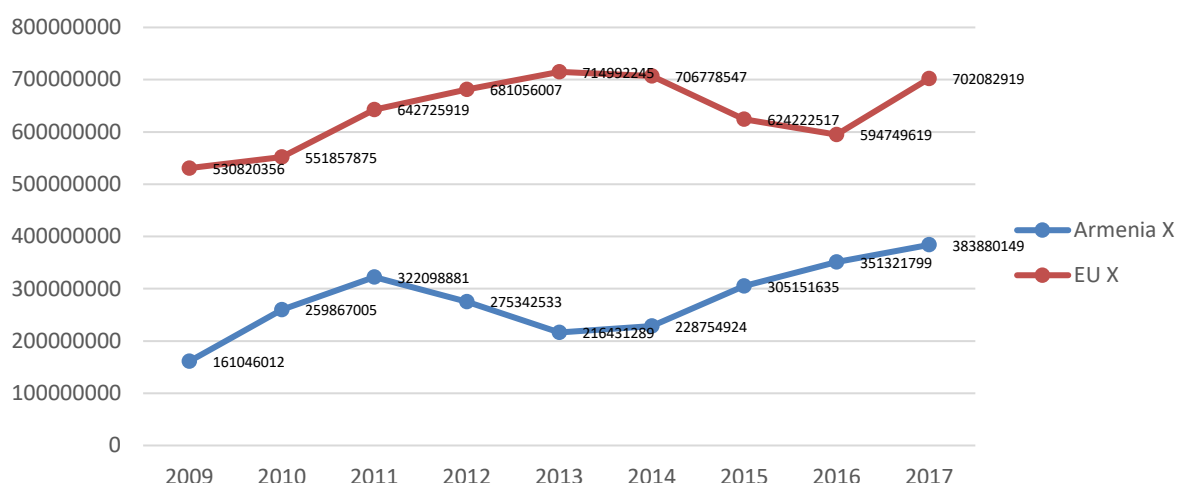
## 6.2. Key performance in trade and economic growth

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Economic development relations between Armenia and the EU is necessarily split into two distinct periods, 2010-2013 and 2015-2017, representing the launch of Association Agreement (AA) (including development of the DCFTA) negotiations in July 2010 and its rejection in September 2013 in favour of the Eurasian Economic Union (EEU). This represents a major shift in policy from European Integration - Partnership and Cooperation Agreement (PCA) and the AA - to closer trading relations and economic development through the Comprehensive and Enhanced Partnership Agreement (CEPA).

The following chart shows the trend of trade between EU and Armenia over the period 2009 to 2017. This includes the period prior to joining the EEU during which EU and Armenia were engaged in DCFTA negotiations and the period after this.

Figure 19: Exports of Armenia to EU and EU Imports from Armenia (EUR)



Source: EUROSTAT

The above chart shows that during the period of negotiation for an AA/DCFTA, EU exports to Armenia increased by an average of 7.84 per cent per annum (2009-2013). However, following Armenia's rejection of the AA/DCFTA and intention to join the EEU, EU exports initially fell and then recovered producing post 2013 average growth of only 0.12 per cent per annum (2014-2017).

By contrast, Armenia's exports to the EU had been growing to 2011 and then fell to 2013 with an average of 12.35 percent per annum growth. Following the rejection of the AA/DCFTA Armenia's exports continued to grow steadily from end of 2014 (coinciding with GSP+) and increased growth rate to 15.87 per cent per annum (2014-2017).

Therefore, in terms of Armenia's exports to the EU - based on either market access and/or increasing competitiveness through improvements in SME and business environment – EU cooperation in terms of the preparation for the introduction of an DCFTA appears to have very little impact on export growth rates. On the contrary Armenia struggled to use the full potential of the Generalized System of Preferences Plus (GSP+) preferential trade regime with the EU which allows the export of 6,400 tariff lines of goods into the EU at a 0-rate tariff.<sup>309</sup> Nevertheless, export performance improved once the focus of support was placed on private sector development.

On the other hand, there was a significant slowdown in growth of EU exports to Armenia. Whether this was caused by trade diversion in Armenia is not fully clear. Nevertheless interestingly during 2016-17 there was a significant upturn in EU exports which if continued could indicate a return to trend despite Armenia's accession to the EEU and consequent absence of the DCFTA.

Table 28: Armenia GDP Performance

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Value (\$ bln)</b>	9.2	11.7	8.6	9.3	10.1	10.6	11.1	11.6	10.6	10.5	11.5

<sup>309</sup> EA-Armenia Trade Liberalization: A Poverty and Social Impact Analysis, EDRC, Yerevan 2012, <http://www.edrc.am/resources/publications/policy-and-analytical-papers>



<b>Growth</b>	26.7%	-25.8%	7.1%	9.5%	4.7%	4.7%	4.4%	-9.1%	-0.1%	7.5%
<b>Period Growth</b>	(2007-2009)		0.6%	(2010-2013)		20.1%		(2014-2017)		-0.6%

Source: World Bank Indicators <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=AM>

The economic performance of Armenia over the same period was rather unstable with an average growth of the Gross Domestic Product (GDP) of 3.1% in the 2007-17 period and a standard deviation of 13%.<sup>310</sup> Prior to the start of negotiations for the AA/DCFTA (2007-10) the GDP grew by 0.6%, while during the negotiations the GDP grew by 20.1% (2010-13) and in the post negotiation period (2014-17) the GDP declined by 0.6%. However, with an expected GDP growth of 4.5%<sup>311</sup> and a 3.4% (year on year) achieved in the first quarter of 2019, there seems to be more stability and growth.

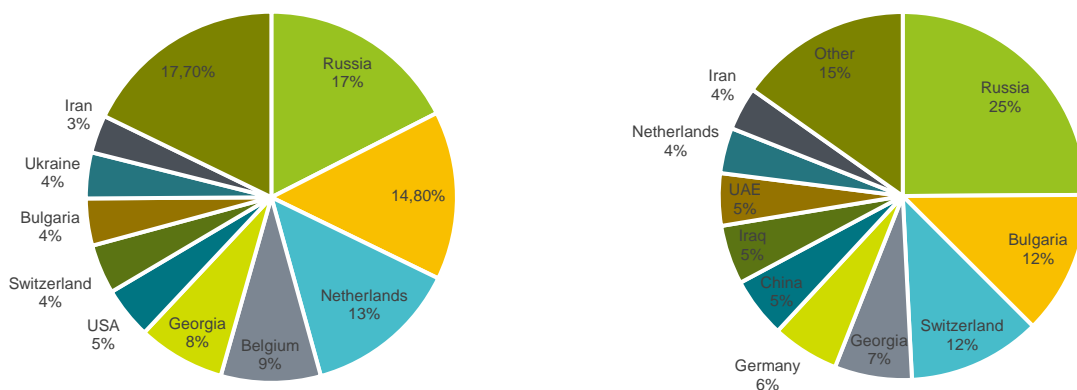
### 6.3. Sector background

#### 6.3.1. Scope of the sector

The population of Armenia is 2.9 million<sup>312</sup> of which 63% involves urban population<sup>313</sup>. There are an estimated 1.4 million workers and 250,000 unemployed in Armenia. The share of the unemployed in the labour force rose from 9.8% in 2017 reaching 17.7%. There are 59,995 enterprises in Armenia, although 32,200 are sole traders so effectively only 27,368 thousand enterprises exist, of which 108 are large and 515 medium, so there are 26,745 small and micro enterprises employing at least 1 person and would be target beneficiaries for EU SME support.

The average global exports of Armenia equals US\$3.6 bln, with average annual growth rate of 9.7% over the last 3 years.

Figure 20: Destination of Armenia's Exports



SOURCE: <http://www.armstat.am/>

<sup>310</sup> That is, annual GDP growth is +3.1% ±13%

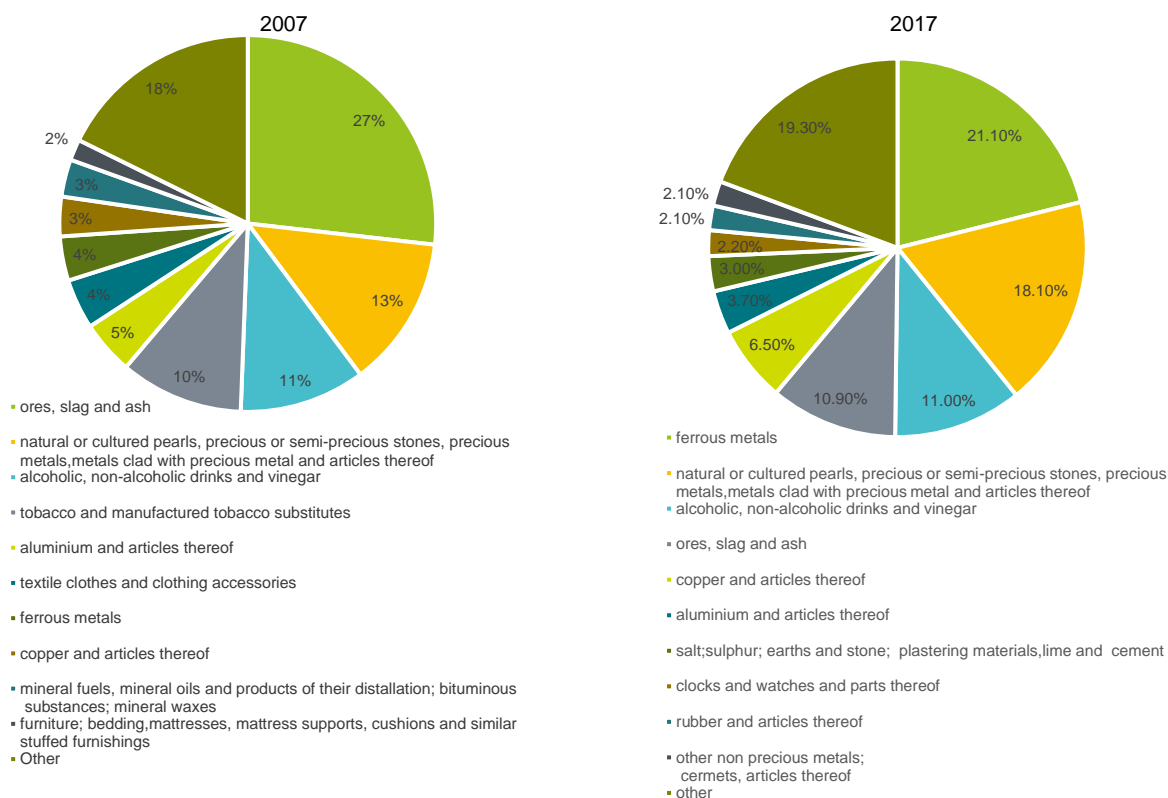
<sup>311</sup> [https://arka.am/en/news/economy/armenia\\_s\\_economic\\_growth\\_in\\_2018\\_is\\_estimated\\_at\\_about\\_5\\_2\\_5\\_3\\_percent/](https://arka.am/en/news/economy/armenia_s_economic_growth_in_2018_is_estimated_at_about_5_2_5_3_percent/)

<sup>312</sup> <https://data.worldbank.org/indicator/>

<sup>313</sup> <https://data.worldbank.org/indicator/sp.urb.totl.in.zs?page=6>

Between 2007 and 2017, there has been a further concentration on trade with more traditional markets (Russia and Bulgaria) accounting for 37% of exports in 2017 compared with only 22% in 2007.

Figure 21: Commodity Composition of Armenia's Exports (check date order)



SOURCE: <http://www.armstat.am/>

Between 2007 and 2017 there has been little diversification in the composition of Armenia's main (top 10) exports representing mostly based metals and minerals. In fact, manufacturing exports comprising; furniture clothing tobacco and beverages equated to 28% in 2007 whereas only clocks and watches and articles of rubber appear in the top 10 in 2017 and represent only 5% of exports.

This lack of diversification is not reflected in the composition of GDP nationally whereby there has been a shift away from both agriculture and industry towards services.<sup>314</sup>

Table 29: Share of GDP by Sectors of Economy

GDP	2012	2014	2015	2016	2017

<sup>314</sup> Data prior to 2012 was not available from World Bank Indicators.

Agriculture	17.9%	18.1%	17.2%	16.4%	14.9%
Industry	27.8%	25.3%	25.7%	25.6%	25.3%
Services	45.7%	47.4%	48.2%	49.9%	51.3%

Source: WB <https://data.worldbank.org/indicator/>

The economic shift is also reflected in the structure of employment with a 2% shift in agricultural employment and 3% shift in industry to services sector.

Table 30: Employment by sector of the Economy (%)

Indicator Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Employment in agriculture (% of total employment)	36.53	37.40	39.45	38.60	38.92	37.28	36.27	34.83	35.33	34.05	34.35
Employment in industry (% of total employment)	18.97	19.18	17.08	17.41	16.68	17.69	17.01	16.73	15.91	15.84	15.98
Employment in services (% of total employment)	44.50	43.42	43.47	43.99	44.40	45.03	46.72	48.45	48.76	50.11	49.67

Source: WB <http://data.worldbank.org/indicator>

### 6.3.2. Key issues faced

Although not directly comparable, three separate sources for the binding constraints to business in Armenia has been found, the reports indicate that there has been limited progress on improving business regulations with a 4<sup>th</sup> ranking binding constraint in 2007; one third of business surveyed in 2013 citing regulatory constraints restricting enterprises and lack of progress on market and investment reforms again cited in top 5 in 2017.

Table 31: Binding Constraints to Business

2007 (WB Doing Business Survey)	2013 (WB Enterprise survey)	2017 (Future Armenia: Connect. Compete. Prosper)
<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Nepotism</li> <li>• Interference by state authorities</li> <li>• Uneven and unpredictable application of laws</li> <li>• Weak banking sector</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Rates (28.3%)</li> <li>• Tax Administration (23.6%)</li> <li>• Political Instability (10.0%)</li> <li>• Trade Regulations (7.8%)</li> <li>• Access to Finance (6.7%)</li> <li>• Informal Sector (5.7%)</li> <li>• Corruption (5.4%)</li> <li>• Access to Land (4.1%)</li> <li>• Poorly Educated Workers (3.4%)</li> <li>• Labour Regulations (1.8%)</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-connectivity constraints to international trade</li> <li>• growth biased toward non-tradable</li> <li>• low product diversification</li> <li>• relatively little use of innovation and technology.</li> <li>• Lack of progress in improving the investment climate and market contestability reforms</li> </ul>

### 6.3.3. National strategies and policies

The main Government Economic Policy for the early period under evaluation (2008-2021) is the Government Decree 1207-N. October 30. 2008 Sustainable Development Program (SDP)<sup>315</sup> and has the following themes:

1. Ensuring equal conditions for economic competition
2. Improvement of business environment
3. Improvement of investment environment and investment promotion
4. Policy aimed to ensure structural economic transformations and continuous growth of country's competitiveness
5. long-term export promotion program, which along with other relevant measures will ensure:

From 2014, the government policy is framed in the Armenia Development Strategy 2014-2025 (ADS). The ADS highlight the following priority: "Priority 1. Growth of employment ... through sustained economic growth" (page 15) and this contribute to economic growth through improvements in "8.2. Business Environment and Investment Climate."

The specific goals of the strategy are:

1. Significant reduction in direct contacts of businesses and citizens with the state through the introduction of interagency electronic information exchange systems.
2. As a one-time measure reduction and simplification of state regulations (by about 50%) relating to businesses and citizens.
3. Implementation of inspections system reform by particularly rationalize its number and functions and pay greater focus on education and training of human resources through introduction of contemporary training processes and evaluation standards.
4. Complete implementation of regulatory impact assessment which will allow for avoiding new regulations creating additional burden.
5. Regular study of the business regulation and investment climate best practices and their introduction in Armenia with consideration for specific local characteristics.
6. Reform and improvement in competition policies and enforcement
7. Industry and export promotion through: Special tax and customs regimes; Financial support and ensuring access to financing; Access to markets: Trade information and Trade promotion activities; Capacity building and increase of competitiveness and promotion of research and developments (including tech parks).
8. Tourism development
9. Information Technologies' sector development
10. Agriculture and rural development:
  - Development of commercial agricultural organizations, cooperatives and family farms integrated with market infrastructures through application of intensive technologies
  - Stable food security and meeting demands of agriculture processing raw materials through realistic combination of food security interests and comparative advantage of external trade of agriculture and food products
  - Increase of gross product in agriculture due to increase of labour productivity. Comparative reduction of the number of people employed in agriculture and use a part of the surplus workforce in the non-agricultural sphere.

<sup>315</sup> [http://www.nature-ic.am/res/pdfs/documents/strategic/SDP\\_01\\_eng\\_20081030.pdf](http://www.nature-ic.am/res/pdfs/documents/strategic/SDP_01_eng_20081030.pdf)

- Processing of produced agriculture raw materials at SME production units
- Domination of production of agriculture products with high added value in the plant cultivation and animal husbandry intra-branch structure
- High level of food security of the population and ensuring self-sustainability for basic foodstuffs.
- Reduction of rural poverty and migration.

#### 11. SME creation and ensuring their adequate activities

- Continue and expand loan state guarantee practices for acting and start-up SMEs that have potential in export and import substitution or knowledge production, giving priority to businesses acting in Marzes.
- Support to development of start-up businesses including measures directed at capacity building and skills development, business planning, particularly entrepreneurship among women and youth.
- Provide access to finance through elimination of obstacles and application of adequate management tools in situations with inadequate or illiquid collateral and high risks.
- Educational and counselling support especially if acting market mechanisms fail or involve big transaction costs.
- Direct support to acting and beginner SMEs to ensure access to markets and to provide information related assistance.
- Ensuring access to state procurement system for SMEs. Revision of procurement procedures which create unjustified obstacles for relevant sector SMEs.

#### 6.3.4. Key changes during 2007-2017

Within the broader area of economic development, there are a number of sub-themes of support that both government policy and EU interventions sought to address. These are:

- the Business Enabling Environment (BEE) which makes it easier for business (and SMEs in particular) to operate efficiently and competitively
- supporting businesses to identify market opportunities in both national and international markets which include SME development as a stimulus for economic growth in Armenia and export development
- rural development and agricultural diversification to target employment and poverty issues in rural areas. This had overlap with activities in market opportunities yet focused more on social benefits than competitiveness in markets.

Economic development of Armenia (both business/economic growth and employment generation) cannot in general be clearly split between international and national markets as for example improvements in BEE will contribute to improved competitiveness in both national and international markets. Even border efficiency (which appeared early on in the evaluation period) equally affects imports as exports and can therefore contribute to greater production competitiveness (lower costs) for domestic markets.

The trends in trade and economic development over the evaluation period are presented in the following sections, based where possible (but not exclusively) on relevant Level 1 indicators (2007-2017) from the EU Results Framework (see evaluation matrix for relevant indicators). Other indicators/trends have been used as necessary to supplement this analysis.



*ii. Extent to which competitiveness has improved since 2007*

*a) Annual trend 2007-2017 in global competitiveness score<sup>316</sup> (Level 1/no. 29)*

The competitiveness score of Armenia, based on the World Bank indicators shown in Table 5, has increased since 2007, but this increase has only really started since 2011. The overall increase in competitiveness in Armenia is around 11% over the period. This is comparable with improvements in Georgia (12%), and much more than Ukraine (3%), but lower than Azerbaijan (15%).

<sup>316</sup> See capacity 4 dev. for calculation methods <https://europa.eu/capacity4dev/eu-rfi>

Table 32: Overall Competitiveness of Armenia and Neighbours

Country Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Armenia	3.76	3.73	3.71	3.76	3.89	4.02	4.10	4.01	4.01	4.07	4.19
Georgia	3.83	3.86	3.81	3.86	3.95	4.07	4.15	4.22	4.22	4.32	4.28
Azerbaijan	4.07	4.10	4.30	4.29	4.31	4.41	4.51	4.53	4.50	4.55	4.69
Ukraine	3.98	4.09	3.95	3.90	4.00	4.14	4.05	4.14	4.03	4.00	4.11
Belarus	–	–	–	–	–	–	–	–	–	–	–

Source:

[https://tcdata360.worldbank.org/indicators/gci?country=BLR&indicator=631&viz=line\\_chart&years=2007.2017](https://tcdata360.worldbank.org/indicators/gci?country=BLR&indicator=631&viz=line_chart&years=2007.2017)

Comparatively, Armenia scores significantly higher than other countries in market efficiency and business sophistication (except Azerbaijan), with the remaining pillars similar or lower than neighbouring countries and performs relatively poorly in terms of infrastructure and market size as seen from Table 6 below:

Table 33: Relative competitiveness by pillar 2017

Global Competitiveness Index	Armenia	Georgia	Azerbaijan	Ukraine	Belarus
1 <sup>st</sup> pillar: Institutions	4.1	4.2	4.6	3.2	–
2 <sup>nd</sup> pillar: Infrastructure	3.9	4.2	4.5	3.9	–
3 <sup>rd</sup> pillar: Macroeconomic environment	4.1	5.1	4.8	3.5	–
4 <sup>th</sup> pillar: Health and primary education	6.0	5.8	5.7	6.0	–
5 <sup>th</sup> pillar: Higher education and training	4.4	4.0	4.5	5.1	–
6 <sup>th</sup> pillar: Goods market efficiency	4.7	4.5	4.8	4.0	–
7 <sup>th</sup> pillar: Labour market efficiency	4.4	4.4	5.0	4.0	–
8 <sup>th</sup> pillar: Financial market development	3.9	4.1	3.8	3.1	–
9 <sup>th</sup> pillar: Technological readiness	4.1	4.3	4.6	3.8	–
10 <sup>th</sup> pillar: Market size	2.8	3.1	4.0	4.5	–
11 <sup>th</sup> pillar: Business sophistication	4.0	3.7	4.4	3.7	–
12 <sup>th</sup> pillar: Innovation	3.3	2.8	4.0	3.4	–

SOURCE: <https://www.weforum.org/reports/the-global-competitiveness-report-2017-2018>

#### b) Trade competitiveness in EU markets

Trade competitiveness of a country relative to a specific market can be estimated using Revealed Comparative Advantage (RCA) as described in Appendix 3. This method has been used to estimate the number of Armenia's global export products that have a comparative advantage in the EU market at a HS 6-digit product level as shown in Table 7:

Table 34: Number of Armenia's products with RCA in EU at HS 6

	2013	2014	2015	2016	2017
Agricultural	65	102	104	104	117
Non-agricultural	599	121	151	228	249
Total	664	223	255	332	366

Source: Authors calculations from Eurostat and UN COMTRADE

This shows that despite the granting of GSP+ since 2014, the number of products with a comparative advantage in the EU market has declined by 45% as in 2013, 664 products (from 5,300 products at HS 6) had a comparative advantage in the EU market. In 2017, there were only 366 products that had a revealed comparative advantage in EU market. This is a significant fall. A similar situation occurred in the relative competitiveness of Armenia's non-agricultural exports with a 58% fall in the number of relatively competitive products in EU markets. However, there has been a rise in the number of agricultural products that are relatively competitive, rising by 80% over the same period.

The inability of Armenia to fully utilize the potential of the GSP+ is further illustrated by the main list of exported products to the EU. In 2007 the top 10 exported products which accounted for more than 80 percent of the total exports primarily involved low added value mining products and this has not changed significantly during the evaluation period as illustrated in Table 8. Table 9 shows that besides products which were already exported in 2007, Armenia during the evaluation period did not really manage to enhance the exports of other (more added value) products covered by the GSP+ to the EU.

Table 35: List of Top 10 products exported by Armenia to the EU 28 in 2007 (US Dollar thousand)

	Product label	Export value in 2007	% of total
1	Iron and steel	243197	22%
2	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	207324	18%
3	Beverages, spirits and vinegar	126187	11%
4	Ores, slag and ash	125722	11%
5	Copper and articles thereof	74711	7%
6	Aluminium and articles thereof	42643	4%
7	Salt; sulphur; earths, stone; plastering materials, lime cement	34750	3%
8	Clocks and watches and parts thereof	25053	2%
9	Other base metals; cements; articles thereof	24465	2%
10	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	23891	2%
	<b>Total</b>	<b>927943</b>	<b>83%</b>

Source: Author's calculations from ITC Trade map

Table 36: List of Top 10 products exported by Armenia to the EU 28 in 2018 (US Dollar thousand)

Product label		Imported value in 2018	% of total
1	Ores, slag and ash	557132	23%
2	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	306300	13%
3	Tobacco and manufactured tobacco substitutes	267620	11%
4	Beverages, spirits and vinegar	229696	10%
5	Articles of apparel and clothing accessories, not knitted or crocheted	157515	7%
6	Iron and steel	126471	5%
7	Aluminium and articles thereof	96059	4%
8	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	80786	3%
9	Copper and articles thereof	68258	3%
10	Articles of apparel and clothing accessories, knitted or crocheted	53154	2%
<b>Total</b>		<b>1942991</b>	<b>82%</b>

Source: Author's calculations from ITC Trade map

### c) Prevalence of barriers to trade in EU market for Armenian exports

In order to estimate the level of barriers in the EU market for Armenian exports, a list of products that are underperforming in the EU market is estimated. With the existence improved market access under the GSP+, it would be expected, ceteris paribus, that the market share of Armenian exports in the EU would be higher than its global market share (See Appendix 3 for calculation method of the Underperforming Index). If the share is less in the EU, this would indicate other barriers (such as sanitary and phytosanitary or technical regulations, as well as market factors) exist in addition to tariffs. Therefore, it would be expected that over time, the number of underperforming products would reduce. Table 10 provides the aggregate number of underperforming Armenian exports in the EU market since 2013 (just prior to application of GSP+).

Table 37: Armenia underperforming index at 6 Digit Harmonised System

	2013	2014	2015	2016	2017
Number of Underperforming products	667	648	1236	1540	1837

Source: Calculated from Eurostat and UN COMTRADE databases.

Immediately following the autonomous implementation of the GSP+ by EU on imports from Armenia, the number of products underperforming (that is where Armenia's market share in EU is less than Armenia's global market share) significantly increased and by 2017, it is almost 3 times that of 2013, indicating that there have been an increase in non-tariff barriers to trade for Armenia's exports to the EU (this can also be affected not only by the EU Armenia trade regime, but also by the structure of global exports).

### iii. Extent to which exports increased since 2007

#### a) Annual trend 2007-2017 in exports of goods and services as a percentage of GDP

The importance of exports (both ease and trade openness) can be estimated using the share of exports in GDP. Generally, it is expected that with open economies such as Armenia, the share of trade (e.g. exports) is higher. Data from World Bank indicators in Table 11 below, show that Armenia's export share in GDP has risen by almost 18 percentage points over the period under evaluation, suggesting an improvement in export propensity and orientation in the economy.

Table 38: Share of Exports in GDP

Country Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Armenia	19.19	15.05	15.47	20.83	23.76	27.57	28.36	28.57	29.73	33.15	37.32
Georgia	31.21	28.62	29.74	34.95	36.24	38.15	44.69	42.94	44.74	43.60	50.27
Azerbaijan	68.13	65.78	51.64	54.30	56.43	52.97	48.42	43.27	37.79	46.43	48.69
Ukraine	42.46	44.43	43.91	47.05	49.82	47.72	42.96	48.59	52.60	49.30	47.95
Belarus	60.94	60.94	48.88	50.11	78.47	78.78	58.33	54.94	58.01	62.51	67.04

SOURCE: World Bank's World Development Indicators (WDI) database – see <http://data.worldbank.org/indicator>

It should be noted that whilst Armenia's export share in GDP has improved, the actual level is by far the lowest in the region and a full 10 percentage points lower than Ukraine which has the second lowest share in this regard. Moreover, it is generally expected that with smaller domestic markets, small countries such as Armenia would have much larger share of trade in GDP (as compared to Ukraine for example) and certainly over 50%<sup>317</sup> so that trade (exports and imports) in small countries is well over 100% of GDP.

#### b) Armenia's Market Share in EU

In order to examine relative performance in the EU market, the share of a country's exports in EU imports can be used. Market share is relative to the size of EU market so it eliminates many external EU factors such as changes in EU demand, so it shows performance relative to global suppliers. The data presented in table 12 shows that Armenia lost market share in the EU over the evaluation period from 0.25 to 0.21 per cent of EU imports, that is a decline of 16% in market share over the last 11 years.

<sup>317</sup> With a policy trade balance of equal exports and imports



Table 39: Share of EU imports from Armenia and neighbouring Countries

Country Name	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Armenia	0.025%	0.020%	0.013%	0.017%	0.019%	0.015%	0.013%	0.014%	0.018%	0.021%	0.021%
Georgia	0.031%	0.046%	0.042%	0.037%	0.035%	0.032%	0.039%	0.038%	0.042%	0.030%	0.036%
Azerbaijan	0.507%	0.673%	0.608%	0.654%	0.891%	0.792%	0.850%	0.782%	0.619%	0.447%	0.506%
Ukraine	0.781%	0.905%	0.626%	0.723%	0.844%	0.787%	0.790%	0.782%	0.714%	0.748%	0.873%
Belarus	0.304%	0.300%	0.208%	0.173%	0.250%	0.251%	0.199%	0.203%	0.215%	0.172%	0.183%

Source: Calculated from EUROSTAT

By comparison, Ukraine and Georgia (DCFTA countries) increased market share over the same period, Azerbaijan maintained its market share and only Belarus lost market share in the EU.

#### iv. Extent to which BEE in Armenia Improved

##### a) Extent to which the ease of doing business in Armenia improved 2007-2017<sup>318</sup>

The World Bank Ease of Doing Business index shows the relative openness of the business environment in each country. Since the methodology has changed over the time period, the index has been calibrated to the latest methodology by estimating the index by adjusting to % changes year on year in comparable methods for available years as seen in table 13.

Table 40: Ease of Doing Business Index

Country Name	2010	2011	2012	2013	2014	2015	2016	2017	Period Change
Armenia	59.85	60.37	62.88	66.77	68.16	69.49	70.95	72.44	21.0%
Georgia	69.64	71.96	74.50	77.22	77.74	77.60	78.19	80.68	15.9%
Azerbaijan	61.75	62.55	62.91	63.67	65.10	66.82	67.7	68.04	10.2%
Ukraine	40.91	45.56	45.76	50.24	60.12	62.58	63.6	64.71	58.2%
Belarus	54.64	56.99	62.27	66.10	68.85	70.08	70.31	74.09	35.6%

Source: World Bank Doing Business index ranking <http://www.doingbusiness.org/en/custom-query>

Based on the index movements, doing business in Armenia has improved significantly over the evaluation period with the ease of doing business index increasing in Armenia by 21% between 2010 and 2017. Although all countries in the region improved, Armenia improved significantly more than Georgia and Azerbaijan but much less than Ukraine and Belarus.

##### b) Small Business Act Indicators

The small business act provides a disaggregated framework for assessing the business enabling environment along 10 dimensions, although the data series is more limited to scoring in 2 time periods over the evaluation period. Table 14 shows the change in score between 2012 and 2016.

318 Calibrated using the DB17-19 methodology based on change in index, See capacity 4 dev for calculation methods <https://europa.eu/capacity4dev/eu-rfi>

Table 41: Small Business Act Scoring

Dimensions	Armenia		Georgia		Azerbaijan		Ukraine		Belarus	
	2012	2016	2012	2016	2012	2016	2012	2016	2012	2016
Entrepreneurial learning and woman's entrepreneurship	2.40	2.63	3.15	2.70	2.45	2.59	1.65	2.25	1.60	2.39
Bankruptcy and second chance for SMEs	3.17	3.16	2.94	2.94	2.50	2.87	1.94	2.05	2.11	2.57
Regulatory framework for SME policy making	3.00	3.38	3.23	3.48	1.95	2.47	2.13	2.45	1.89	2.41
Operational environment for SMEs	3.64	4.05	4.30	4.33	3.70	4.23	3.41	3.81	3.73	4.09
Support services for SMEs and start-ups	3.28	3.93	2.92	3.69	2.12	2.98	1.77	1.84	2.41	2.99
Public procurement	2.14	3.42	4.14	4.04	2.29	2.42	2.57	2.73	3.14	3.21
Access to finance for SMEs	3.00	3.53	3.52	3.76	2.74	2.70	2.59	3.22	2.50	3.08
Standards and technical regulations	2.38	3.33	2.88	4.22	2.13	3.32	3.25	4.34	3.75	3.22
Enterprise skills	2.13	2.67	2.69	3.00	2.19	2.94	2.44	2.56	1.69	2.28
Innovation	1.79	2.91	1.91	2.70	1.29	2.47	2.37	1.86	2.83	2.91
<b>Simple Average</b>	<b>2.69</b>	<b>3.30</b>	<b>3.17</b>	<b>3.49</b>	<b>2.34</b>	<b>2.90</b>	<b>2.41</b>	<b>2.71</b>	<b>2.57</b>	<b>2.92</b>
		22.7%		10.1%		23.9%		12.4%		13.6%

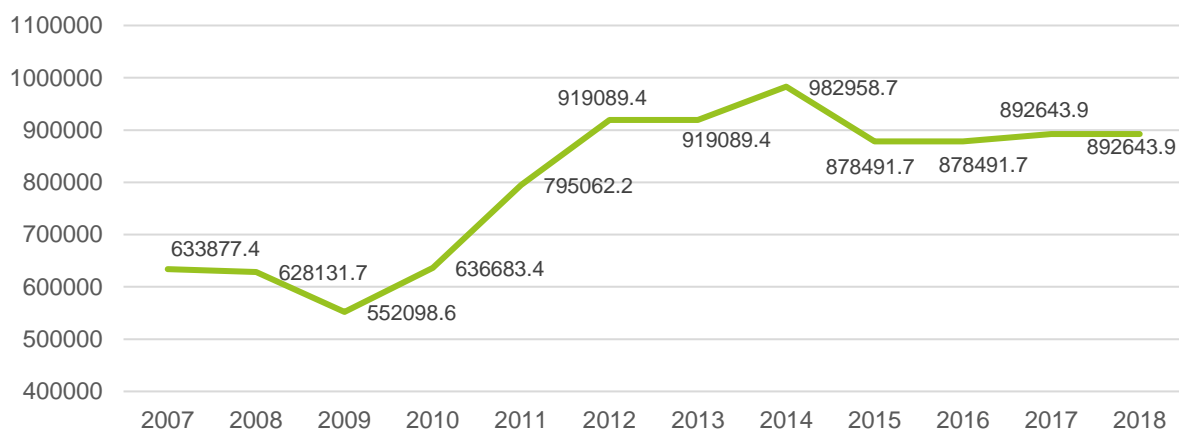
Source: [https://read.oecd-ilibrary.org/development/sme-policy-index-eastern-partner-countries-2016\\_9789264246249-en#page9](https://read.oecd-ilibrary.org/development/sme-policy-index-eastern-partner-countries-2016_9789264246249-en#page9)

This shows that Armenia has improved in all areas (except bankruptcy which has scored the same) and that average scoring on the business environment is second highest in the region. Armenia's scores have also improved more than other countries (except Azerbaijan). In terms of areas of improvement, the biggest improvements seen in Armenia have been in innovation and public procurement, with big gains in standards and technical regulations and enterprise skills as well.

*v. Extent to which Agriculture Developed in Armenia level 1. No. 8*

The volume of agriculture output increased in Armenia during the evaluation period although the phase of growth fluctuated.

Figure 22: Volume of Gross Agriculture Output, (mln AMD)



Source: NSSRA

The level of development in agriculture is also reflected to the degree of change in the agricultural value added (the difference between the final value of agricultural production less the input costs as a proportion of GDP). Data for Armenia is only available from 2012 as seen in **Error! Reference source not found.**

Table 42: Value added in Agriculture, forestry and fishing % GDP

Country Name	2012	2013	2014	2015	2016	2017	2018	Change 2014-2017
Armenia	17.9	18.4	18.1	17.2	16.4	14.9	13.6	-16.8%
Georgia	7.4	8.2	8.0	7.9	7.7	6.9	6.6	-6.8%
Azerbaijan	5.1	5.4	5.3	6.2	5.6	5.6	5.2	9.8%
Ukraine	7.8	8.8	10.2	12.1	11.7	10.2	10.1	30.8%
Belarus	8.1	6.8	7.3	6.3	6.9	7.8	6.4	-3.7%

Source: World Bank Indicators Value added in Agriculture

Armenia has seen a significant decrease in agricultural value added since 2012, declining by 16.8% over the period, this means the relative contribution of agriculture to the Armenian economic development has lessened. Georgia and Belarus also reduced value added in agriculture but by a much smaller amount. By comparison, although it started from a smaller base, Ukraine saw a large increase in agricultural value added.

*vi. Extent to which rural development occurred part of level 1. No 1*

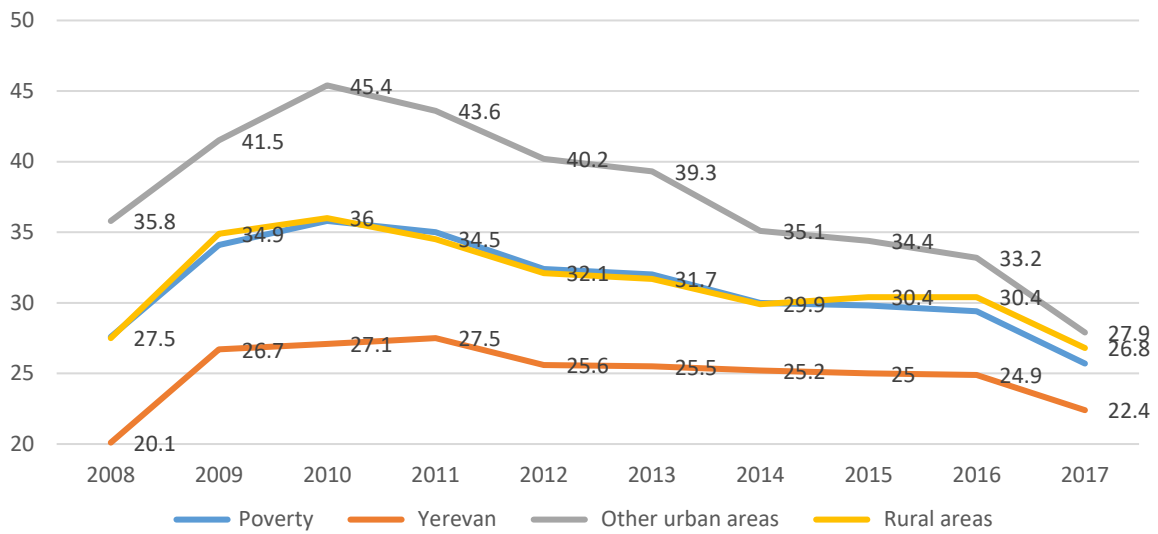
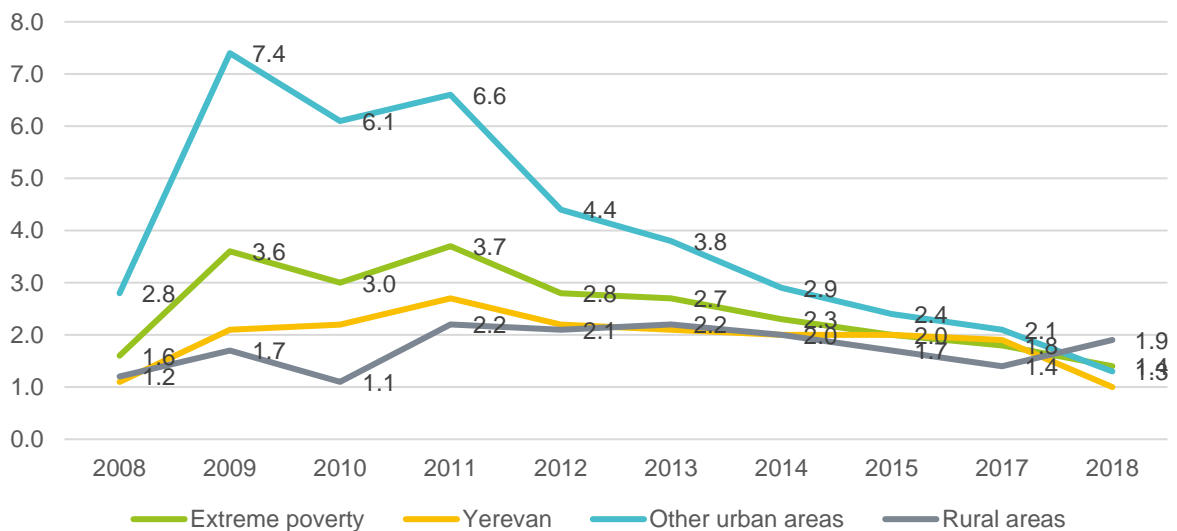


Figure 23: Poverty incidence in Armenia, per community type, %

Source: NSSRA

Poverty in Armenia decreased during the reporting period. As illustrated in

Figure 23 and Figure 24, the largest poverty alleviation took place in urban areas outside of Yerevan. Rural areas have a poverty incidence that is close to the national average, yet, since 2014, the national poverty incidence decreased faster than poverty in rural areas. This indicates that rural development in terms of poverty alleviation lags behind the national average.



The same is the case with extreme poverty. Although extreme poverty in rural areas was often the lowest compared to other settings, nevertheless poverty reduction in rural areas was slower compared to other settings such as urban areas.

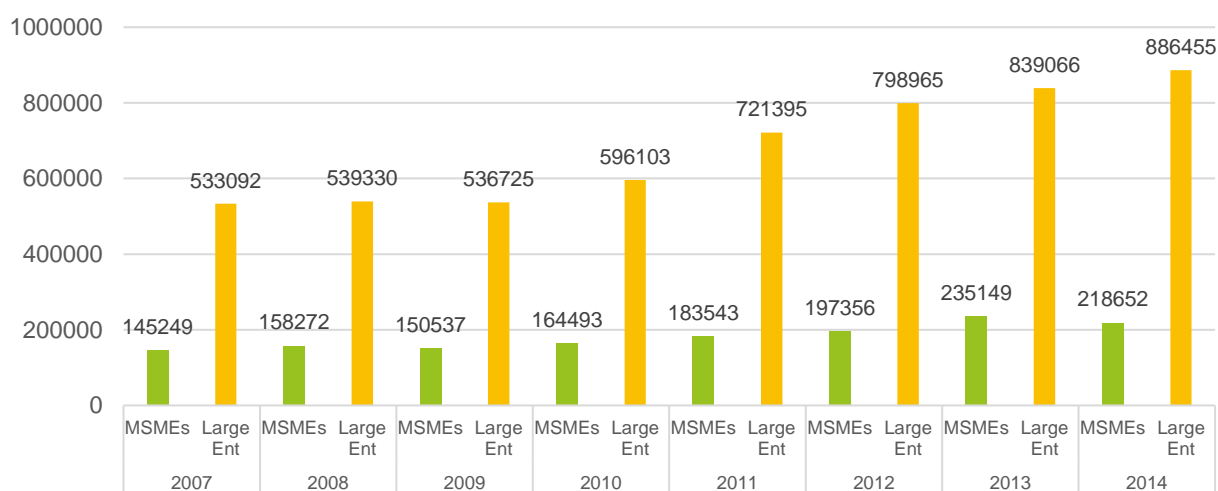
Figure 24: Extreme Poverty incidence in Armenia, per community type %

Source: NSSRA

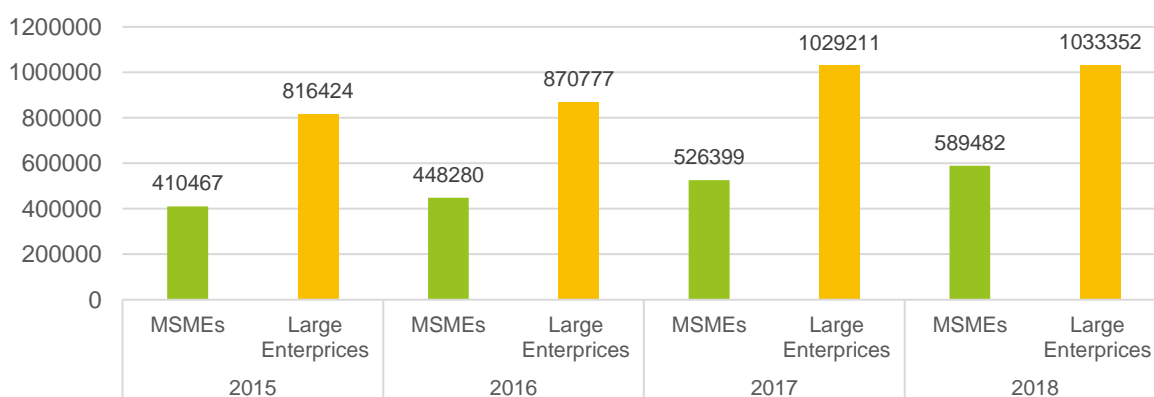
Monetary poverty measures provide only a partial picture of the negative effects of poverty on well-being and the lack of positive capabilities of people. Despite reduction of poverty, regional disparities still disadvantage rural households particularly if non-monetary poverty measures are taken into account. According to the national measure of multidimensional poverty, between 2010 and 2015 the share of the population living in households that were multidimensionally poor dropped from 41.2 to 29.1 percent as access to physical infrastructure and labour markets improved. However, regional patterns illustrate that in rural areas, limited access to decent housing and infrastructure and high levels of informal employment in agriculture continue to shape the experience of poverty. Limited work opportunities in rural areas translate into a significant share of households being unable to benefit from decent jobs and a large share work informally. Employment in rural areas is very low – close to natural level <sup>319</sup> and there is limited formal employment. Rural population is mostly employed in agricultural production with no full workload.

*vii. Extent to which SME development occurred*

Armenia has an average number of SMEs per capita in relation to other EaP countries, yet the



country has one of the highest SME employment generation levels. Likewise, the share of SMEs



in GDP makes up of a significant part of the national economic output, the highest of the six EaP countries.

Figure 25: MSME Added Value 2007-2014 (million AMD)

<sup>319</sup> Armenia Economic Report 2016. EDRC. 2017 [http://edrc.am/images/Useful\\_Publications/aer\\_2016\\_eng.pdf](http://edrc.am/images/Useful_Publications/aer_2016_eng.pdf)



Figure 26: MSME Added Value 2015-2018 (million AMD)

Source: NSSRA

The added value of SMEs grow during 2015-2018. The average annual growth rate of SME added value during the same period (12.9%) was also higher than the average growth of larger enterprises (8.4%). As presented in Figure 26, the added value of SMEs also grow 2007-2015, yet SMEs during this period experienced a smaller average annual growth rate (6.4%) compared to larger enterprises (7.7%). In this regard, it is important to note definition of SMEs as reported by the RANSS was different during the 2007-2015 period consequently the indicators are not fully comparable with the data of previous years.<sup>320</sup>

## 6.4. International/donor interventions in sector

Based on a view of websites of major donor's in Armenia, the following project analysis highlights relevant activities in the trade and economic development area.

Table 43: Relevant Activities in Trade & Economic Development Area

Donor	Strategic Focus	Relevant Projects
<b>GIZ (Germany)</b>	<ul style="list-style-type: none"> <li>• Transition to a more free-market-oriented economy</li> <li>• Democracy and rule of law</li> <li>• Sustainable economic development</li> <li>• Municipal development</li> <li>• Environment and natural resources</li> <li>• <b>Economic development</b></li> <li>• Support for legal and judicial reform</li> <li>• Sustainable management of biodiversity in South Caucasus.</li> </ul>	<ol style="list-style-type: none"> <li>1. South Caucasus/ regional (Armenia, Azerbaijan and Georgia): Sustainable Economic</li> <li>2. Development in the South Caucasus priority programme. 'Private sector development component (October 2013 to March 2017 (extended to December 2019 for EU co-financing) BMZ contribution: EUR 18.260.000</li> <li>3. Legal approximation towards European standards in the South Caucasus (2018 to 2020)</li> <li>4. Good local governance in South Caucasus (2017-2019)</li> <li>5. Private Sector Development and Technical Vocational Education and Training. South Caucasus (2017-2020)</li> </ol>
<b>DFID (United Kingdom)</b>	<ul style="list-style-type: none"> <li>• Administration</li> <li>• Education</li> <li>• Government, civil society</li> <li>• <b>Industry</b></li> <li>• Multisector</li> <li>• <b>Trade</b></li> </ul>	<ol style="list-style-type: none"> <li>1. Economic Security and Opportunity in Armenia (Total Budget: £83.0000</li> <li>2. Supporting the Armenian economy's development. employment growth through raising the profile of Armenia's IT sector in the UK. (Budget: £12.350)</li> <li>3. Supporting economic growth in Armenia</li> <li>4. Budget: £10.000</li> </ol>
<b>World Bank</b>	<ul style="list-style-type: none"> <li>• <b>Agriculture</b></li> <li>• <b>Economic</b></li> <li>• <b>Trade</b></li> <li>• <b>Industry</b></li> </ul>	<p><b>Lending \$569.42 Million</b>  <b>IBRD 11 Loans (\$468 Million)</b>  <b>IDA 5 Credits (\$92.9 Million)</b> (3 stand-alone credits and 2 blend with IBRD)</p>

<sup>320</sup> During 2007-2014 the NSS definition of MSMEs was as follows: micro-small enterprises had 1-50 employees, medium enterprises had 51-100 employees and large enterprises were those that had 100+ employees, since 2015 enterprises are categorized as: Micro and Small 1-49 employees, Medium 50-249 employees, and large 250+ employees.

Donor	Strategic Focus	Relevant Projects
	<ul style="list-style-type: none"> <li>Local development</li> <li>Education</li> <li>Society</li> </ul>	<b>SREP 1 Grant (\$8.55 Million)</b> <ol style="list-style-type: none"> <li>Local Economy And Infrastructure Development Project</li> <li>Social Investment And Local Development Project</li> <li>Tax Administration Modernization Project</li> <li>Second Community Agricultural Resource Management And Competitiveness (Carmac2) Project</li> <li>Trade Promotion And Quality Infrastructure Project</li> </ol>
<b>UN Development Programme (UNDP)</b>	<ul style="list-style-type: none"> <li>Poverty reduction</li> <li><b>Agriculture development</b></li> <li><b>Business environment</b></li> <li>Democratic Governance</li> <li>Environment and energy</li> </ul>	<ol style="list-style-type: none"> <li>ENPARD Technical Assistance to Producer Groups and Value Chain Development</li> <li>E-governance as a Tool for Facilitating the Government to Attract Foreign Investments</li> <li>Integrated Support to Rural Communities</li> <li>Integrated Rural Tourism Development</li> <li>Modernization of Bagratashen. Bavra. Gogavan Border Crossing Points of the Republic of Armenia</li> <li>Kolba Innovations Lab</li> <li>Innovation for development</li> </ol>
<b>International Trade Centre (ITC)</b>	<ul style="list-style-type: none"> <li>Trade</li> <li>Business and Regulatory Environment</li> <li>Infrastructure</li> <li>Economic development</li> <li>Domestic and Foreign Market Access</li> </ul>	Na.
<b>USAID</b>	<ul style="list-style-type: none"> <li>Democracy</li> <li>Human Rights</li> <li>Governance</li> <li><b>Economic Growth</b></li> <li>Health</li> <li>Social Protection</li> </ul>	<ol style="list-style-type: none"> <li>Establishment of the Center for Development of Legislation and Legal Studies</li> <li>"My Armenia" Cultural Heritage Tourism Program</li> <li>InnovATE Armenia: Support to the Agribusiness Teaching Center (ATC)</li> <li>Market Liberalization and Electricity Trade Program (MLET)</li> <li>Advanced Science and Partnerships for Integrated Resource Development (ASPIRED)</li> <li>Innovative Solutions and Technologies Center (ISTC)</li> </ol>
<b>EBRD</b>	<ul style="list-style-type: none"> <li>€1.241 million -Cumulative EBRD investment</li> <li>€816 million - Cumulative disbursements</li> <li>84% - Private sector share</li> <li>53 - Number of active portfolio projects</li> <li>€310 million - Current portfolio of projects</li> <li>€236 million - Operating assets</li> <li>24% - Equity share</li> </ul>	Number of projects 171 <ol style="list-style-type: none"> <li>EU-Armenia SME Fund</li> </ol>

## 6.5. Overview of relevant EU interventions

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### 6.5.1. Relevant agreements between EU and Armenia

Relations between the European Union and Armenia are based on the EU providing GSP+ for access to the EU and the signature of the CEPA.

The EU provided Armenia with market access under the GSP+ from 1 January 2014 following Armenia's rejection, in 2013 of the AA, including DCFTA. This provides additional tariff preferences to Armenia on exporting to the EU based on selected criteria including signature and implementation of 27 ILO labour and human rights standards and environmental agreements. As a result, 95% of total EU imports from Armenia entered the EU with zero duties in 2016, of which 35% entered under the GSP+ regime.

CEPA was signed in the margins of the Eastern Partnership Summit in Brussels in November 2017 and entered into provisional application on 1 June 2018. The structure of the agreement is similar to the AA but the content is very different. The sectorial cooperation title of the CEPA covers 28 sectorial chapters ranging from energy and environment, economic dialogue, accounting and auditing, corporate governance, social policy, employment, taxation, public finances to cross-border and regional cooperation, transport, education and civil society.

In many of the sectors, Armenia is committed to gradually approximate its legislation to that of the EU and international law in a given timeframe stipulated in the agreement. It appears that the negotiators of CEPA heavily relied on the existing texts of the previously initialled AA. These include a broad range of legislation that will impact on SMEs producing in Armenia including for example under the environmental chapter, directives concerning environmental governance, water (e.g. Directive 91/676/EC), air (Directive 2008/50/EC), industrial emissions (Directive 2010/75/EU), waste management (Directive 2008/98/EC), hazards and dangerous substances (Directive 96/82/EC) and chemicals and nature protection (Directive 2009/147/EC).

Of particular relevance for economic development, is the chapter on Employment, social policy and equal opportunities which include commitments on equal treatment, including gender and racial equality, anti-discrimination, safety related to employment, social policy and equal opportunities. These provisions strengthen Armenia's obligations in the framework of the GSP+ that requires adopting and enforcing a number of international treaties. The chapters related to equal opportunities, social policy and employment include substantial EU *acquis* on safety at work, equal treatment, gender and racial equality, anti-discrimination and essential labour market regulations which will also impact business in Armenia.

Unlike the association agreement, the title on trade cannot include provisions for establishing free trade between the parties as this would be inconsistent with Armenia's accession to the EEU. Therefore, the agreement does not cover tariffs. Moreover, although there are provisions on customs procedures, Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary Measures (SPS), these are core areas of competence of the EEU, and therefore are based on reinforcing WTO principles and best endeavour clauses,

The chapters on competition, state aid and public procurement of CEPA are less constrained by Armenia's membership in the EEU as although the EEU holds the competence of adopting competition legislation, its member states can decide on their own competition authority. Therefore, the chapters on competition and state aid aims to establish basic equal conditions for the

companies, state-owned companies, state aid, cartels and monopolies. Although Armenia will not approximate to the EU's competition law, it will have an EU-style competition regulator.

The public procurement chapter of CEPA goes beyond the WTO commitments and goes as far as foreseeing mutual market access between the EU and Armenia and therefore likely to involve a greater alignment of Armenia with EU requirements (or equivalence).

The Intellectual Property Rights (IPR) chapter includes detailed provisions on geographical indicators use of the 'cognac' label by the Yerevan Brandy Company, which is owned by the French company Pernod Ricard has a 24-year transition period during which Armenia may still label its brandy 'cognac', but only in Cyrillic letters and for export to Russia.

The CEPA chapter on trade in services will provide mutual access to service markets and national treatment and foresees the transposition of a significant amount of EU legislation into Armenian national legislation, particularly in computer services, postal and courier services, electronic communication networks and services, financial services, transport services and e-commerce. CEPA also focuses on the temporary presence of natural persons for business purposes such as business owner, key personnel, graduate trainees and business services seller as well as services suppliers and independent professionals.

### 6.5.2. At the policy/strategic level

The European Union overarching policy in Armenia is based on its European Neighbourhood Policy<sup>321</sup> (ENP) with its southern and eastern neighbours to promote peace, stability and economic prosperity in the whole region. Under the Eastern Partnership the Prague Summit (May 2009) emphasis of EU policy was placed on support to Eastern European countries' (including Armenia) on reform processes to accelerate economic integration with the European Union. This led to an ambition of alignment and approximation with EU rules and AA Negotiation including a DCFTA.

At the Vilnius Summit<sup>322</sup>, and following Armenia's rejection of the completed AA negotiations, EU strategy to some degree moved from European Integration to common European Values dialogue and focus on improving the business environment to the benefit of local, regional and European SMEs and businesses and Riga (2015) on access to EU markets and SME development rather than approximation. At a higher level, the EU continues to focus on economic stability of its neighbours following an EU public consultation and review of the policy in 2015<sup>323</sup> with a Joint Communication adopted in November 2015 to adjust it to the challenges and crises that have hit the neighbourhood regions since 2008. That is stabilisation and tailored and flexible partnerships.

The revised ENP refers to 'economic modernisation and entrepreneurship' as a priority for cooperation. In particular, it identifies the following fields of intervention:

- Support reforms that lead to better business and investor environment
- Support growth through support to SMEs
- Support growth through modernisation of existing sectors and diversification into new ones.

<sup>321</sup> <https://www.euneighbours.eu/en>

<sup>322</sup>

[http://collections.internethistory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/139765.pdf](http://collections.internethistory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/139765.pdf)

<sup>323</sup> <https://www.euneighbours.eu/en/policy#the-european-neighbourhood-policy-enp>

This is to be achieved by engaging in economic dialogue, policy advice, and the mobilisation of financial assistance especially targeting the SME sector, building on the principles of the Small Business Act (SBA).

Heads of state from the EU member states and the six EaP countries meet every other year in Eastern Partnership Summits, for example in Brussels on 24 of November 2017 and endorse actions, such as a result-oriented approach, based on the implementation of 20 Deliverables for 2020 for the EaP.

Discussions in EaP multilateral Platforms and Panels, where all six partners and EU Member states participate, help exchange good practice across these areas and develop regional cooperation. Examples include:

- EaP Civil Society Forum to take the views of civil society into account
- Conference of Local & Regional Authorities for the Eastern Partnership brings in the perspective of the levels of governance that are the closest to the people
- EURONEST Parliamentary Assembly provides a platform for parliamentary oversight of the EaP
- High-level events with youth, business and media representatives every second year in the run-up to the Eastern Partnership Summit.

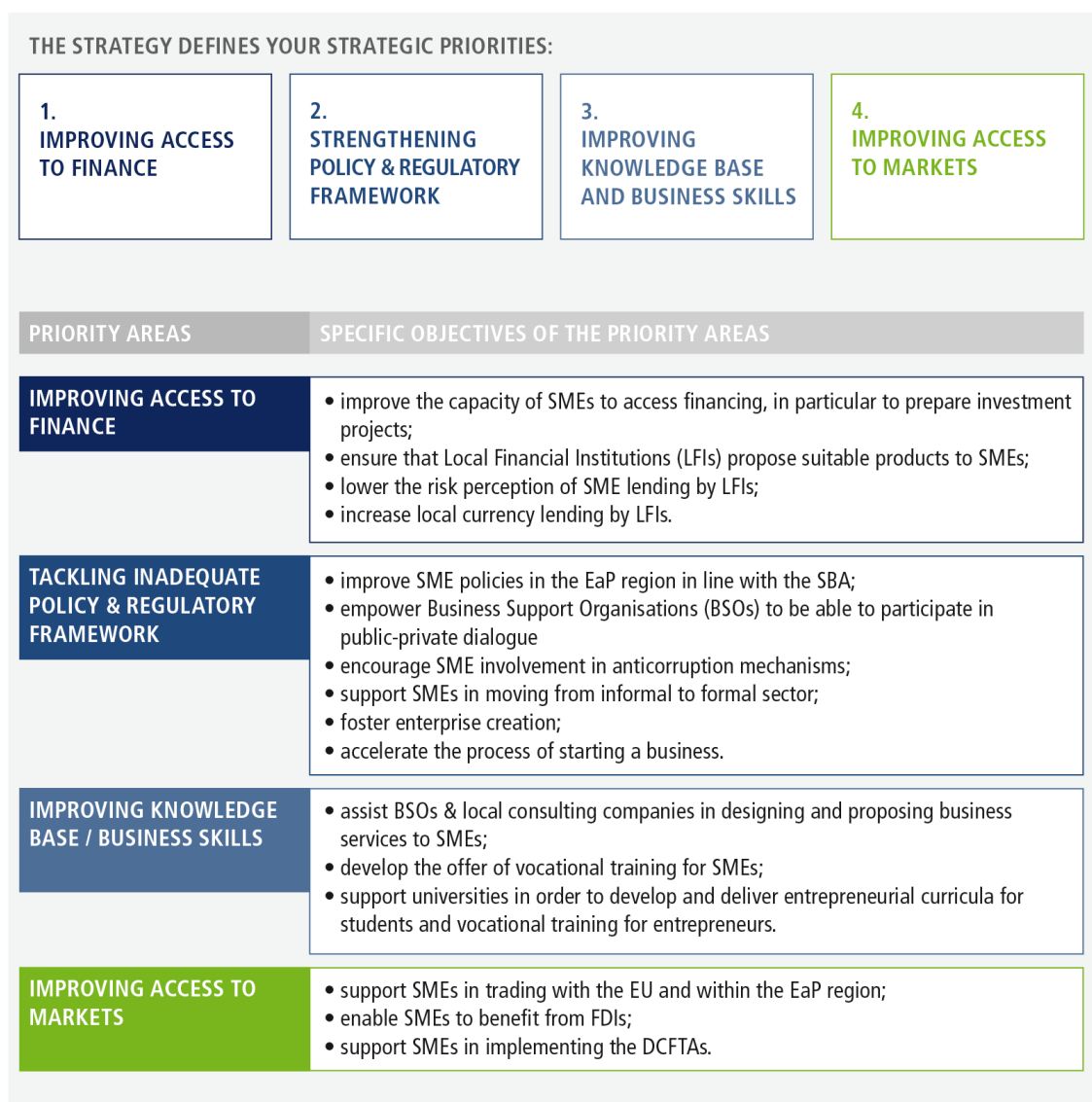
As part of the EaP, six Flagship Initiatives were created to support the specific priority of cooperation between the EU and EaP partner countries: integrated border management, SMEs, energy, sustainable municipal development, good environmental governance, climate change prevention and preparedness and response to natural and man-made disasters.

Launched in 2009, the SME Flagship Programme (now branded EU4Business since 2016) is a wide-ranging regional initiative of the EU, which aims to specifically provide support to SMEs in the EaP countries to tackle the common challenges hampering the 6 EaP's countries' growth, including limited access to finance, difficulty to conquer new markets, lack of business skills and a difficult business climate. It should be noted that the SME Flagship



Figure 27 illustrates both the four EU4B Strategic Priorities, as well as the Priority Areas which are expected to be achieved.

Figure 27: EU4B Strategic Priorities and Priority Areas



Within the EaP framework, the six partner countries have committed to demonstrate and deliver tangible benefits to the daily lives of citizens across the region by focusing on achieving the 20 Deliverables by 2020 in the four key priority areas, including three cross-cutting deliverables. Four of the 20 deliverables connect directly with the theme of Stronger Economy and thus the EU4Business programme, as illustrated in

Figure 28.

Figure 28: EaP's 20 Deliverables for 2020

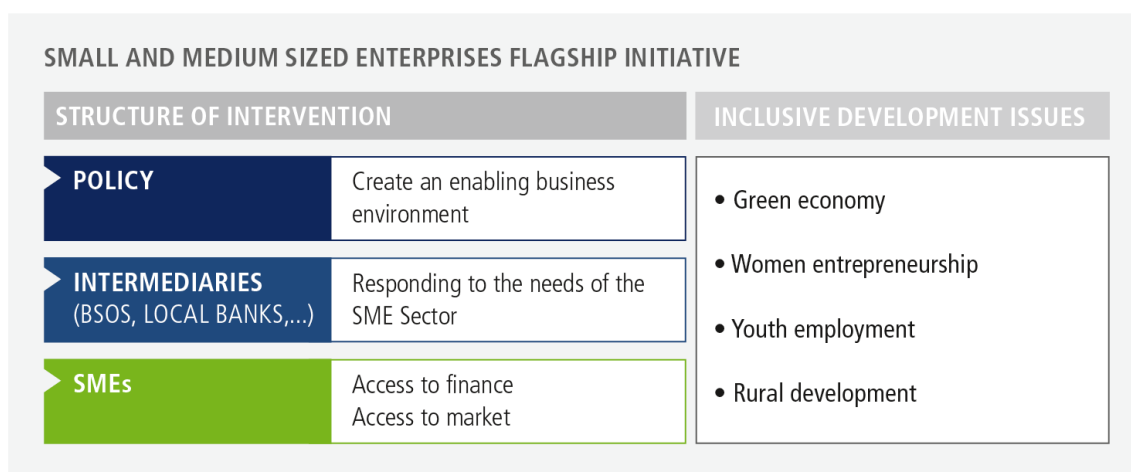


As such, the SME Flagship was designed to complement EU bilateral cooperation with EaP countries on economic development by bringing an overarching framework for issues of regional interest, builds upon international organisations' expertise and ensures coherence in the EU support to SMEs in the region. The SME Flagship Initiative offers support at three levels (see Figure 29 below):

- **Policy level:** for example, it works with the OECD to assist partner countries in drawing up effective SME policies through the Small Business Act (SBA) Assessment and the implementation of related recommendations, etc.;

- **Business Support Organisations (BSOs) level:** for example, it works with a pan-European networking programme, aims to promote trade and investment through networking and capacity building of business associations, etc.;
- **Business level:** for example, it works with SMEs to facilitate access to finance through a wide range of programmes involving International Financial Institutions (IFIs) such the EBRD, EIB, KfW, etc., as well as co-funding business development services to SMEs through the Small Business Support programme (SBS, EBRD).

Figure 29: Levels of Intervention of the SME Flagship Initiative



In addition to the four Strategic Priorities and Priority Areas (see Figure 27 above), EU4Business seeks to respond to inclusive development issues related to women and youth, rural development, energy and the environment.

The External Investment Plan (EIP) is a new EU initiative providing a framework to support more innovative and riskier products by deploying new financial instruments and facilities. Alongside the existing blending facility, the EIP will provide a new standalone guarantee for a total value of €1.5 billion, aimed at mitigating investment risks. The Women in Business programme is an example of a EU4Business project that will be leveraged with the help of the EIP (via EBRD), with its current EU contribution of €4.8 million expected to leverage €54.3 million of total investments.

### 6.5.3. Programmatic level

The overall priority for EU Cooperation (2011-2013 NIP) was “Alignment of Armenia’s trade- and investment-related legislation and procedures with the EU internal market and international norms would improve trade and investment opportunities for Armenia as well as the country’s business and investment climate.” (page 16)

In the Single Support Framework for EU support to Armenia (2014-2017) the emphasis of support in economic development shifts to supporting the private sector: “Sector 1. Private sector development. The overall objective was to create employment opportunities by enhancing private sector development in Armenia. The specific objectives were: a) to improve the national business and investment climate for the small and medium enterprises; and b) to improve the economic competitiveness of Armenian regions (page 8).



Table 44: Single Support Framework for EU Support to Armenia

EQ	Title	DAC 3	DAC 5	No. Contracts	Total EUR budget	Total EUR actual
9	Trade and Economic Development	240. 250. 311. 321. 331. 332.	43040	57	71.828.950	39.693.992

The initial focus of EU support in economic development was on alignment with EU legislation (changes in business environment particularly in trade related areas). Between 2009 and 2013, ten projects valued at €50 million were funded. However, despite BEE being a priority for the Government of Armenia (GoA), after 2014, the EU did not fund any activities related to BEE within the context of bilateral interventions. However, within a broader regional support, the EU funded regional BEE initiatives including activities in Armenia with the World Bank “Strengthening Auditing and Reporting in the countries of the Eastern Partnership (STAREP) (2013-18)” and “OECD SME Competitiveness Reforms in EAP (2013-17).”

Prior to 2014, EU projects in supporting market opportunities for business in Armenia (including SME development) numbered only three and totalled €0.5 million. From 2015, there were twelve projects in this area totalling over €13 million.

In the first period, the EU financed nine programmes in the area of rural development and Agricultural Diversification totalling €3.5 million but, after 2014, the EU increased funding in agriculture and rural development (mostly under ENPARD programme) to €31 million.

#### 6.5.4. Intervention (sample) level

In undertaking this evaluation, a range of documents have been collected and reviewed at strategic policy, programme and intervention level. At an intervention level, there are 40 bilateral projects in the economic development sphere totalling €130 million during the period under investigation.

In assessing the intervention level, a sample of 15 projects were selected:

Table 45: Interventions sample in Armenia

#	Title of the project	Period	Year	Type	Implementing agency	Amount/ budget (in EUR)	Economic Development Sub-theme
1	EU Advisory Group to the Republic of Armenia	2007-10	2009	bilateral	UNDP	€ 2,000,000	BEE
2	Harmonisation with EU standards and institution building of the State Inspectorate of Protection of Markets and Consumer Rights	2011-13	2012	bilateral	State Inspectorate of Protection of Markets and Consumer Rights	€ 1,000,000	BEE

3	Support to the State Revenue Committee for strengthening of Customs control procedures and enforcement in the Republic of Armenia	2011-13	2012	bilateral	State Revenue Committee	€ 999,990	Border Control
4	Support to SME development in Armenia	2014-17	2015	bilateral	Ministry of Economy	€ 6,400,000	SME Development
5	Strengthening the Investment Promotion and Investment Policy Institutional framework of Armenia,	2014-17	2015	bilateral	Business France	€ 810,000	SME Development
6	Boosting competitiveness of regional SMEs	2014-17	2016	bilateral	Small and Medium Entrepreneurship Development National Centre Of Armenia Fund	€ 1,604,808	SME Development
7	Enhancing SME competitiveness through promotion and wider use of sustainable innovative technologies,	2014-17	2016	bilateral	Pin Soc.Cons. A R.L. – Servizi Didattici E Scientifici Per L Universita Di Firenze	€ 2,085,000	SME Development
8	Integrated Support for Sustainable Economic Development in Rural Mountainous Areas of Armenia	2014-17	2016	bilateral	Shen Benevolent Non-Governmental Organisation	€ 1,340,995	SME Development
9	ENPARD – Support to Agriculture and Rural Development – ENPARD Armenia (AAP 2013)	2014-17	2015	bilateral	Ministry of Agriculture, UNIDO, UNDP and FAO, local authorities and farmer groups.	€ 25,000,000	Rural & Agricultural Development
10	SME Competitiveness Reforms in	2011-13 2014-17	2013-2017	regional	OECD	€2.78 million	BEE

	EAP (2013-17) Regional BEE Project						
11	EAST INVEST I + II (2010-7) Regional Trade and Export project (2 large PSD/export programme across the whole period)	2011-13  2014-17	2010- 2017	regional	Euro chambers	/	SME Development
12	SME Finance and Advice Facility in Armenia of TA/Risk Capital (to include a NIF project)	2014-17	2015	regional	EBRD	€136.2 million (NIF contribution €15.4 mn)	SME Development
13	Organic Agricultural Support Initiative OASI	2014-17	2015	bilateral	Austrian Development Agency	€2.8 million	Rural & Agricultural Development
14	Tavush Region Integrated and Balanced Economic Development project	2014-17	2016	bilateral	Community Centre for Development	€1,626,333	Rural & Agricultural Development
15	Dilijan and Adjacent Communities Development Initiative	2014-17	2016	bilateral	IDEA foundation	€ 1,195,000	Rural & Agricultural Development

## 6.6. Response to EQs by judgement criteria

**JC 9.1** There is an overall positive trend in the situation regarding trade and competitiveness since 2010

Within the evaluation framework, there are 6 indicators and 11 sub-indicators that were specified to judge trade and competitiveness performance. These are detailed above under “Key changes over the period 2007-2017” above and summarised in **Error! Reference source not found.6** below:

Table 46: Summary of evaluation indicator results

Indicators	Sub-sectors	Results	Score
<i>a. Extent to which competitiveness has improved since 2007 (Level 1/no. 29)</i>	World Bank Competitiveness Index	+11% in competitiveness index 2007-17	
	Relative competitiveness by pillar 2017 (Global Competitiveness Report)	10 of 12 pillars relatively better than most neighbouring countries (2017)	
	Trade competitiveness in EU markets (number of RCA)	-45% in number of competitive exports (2013-17)	
	Prevalence of barriers to trade in EU Market for Armenian Exports (number of underperformance index)	3 times more products underperforming products (2013-17)	
<i>b. Extent to which exports have increased since 2007 (Level 1/no. 30)</i>	Share of Armenian Exports in GDP	Export Share in GDP +17% Absolute level low (only 37%) (2007-17)	
	Share of EU imports from Armenia	Share of EU imports declined by 16% (2007-17)	
<i>c. Extent to which BEE in Armenia has improved</i>	Extent to which the ease of doing business in Armenia improved 2007-2017	Ease of doing business +21%	
	Small Business Act Scoring (2012-17)	+22.7% increase of simple average	
<i>d. Extent to which Agriculture has developed in Armenia (level 1. No. 8)</i>	Value added in Agriculture (2012-17)	Change in % GDP agriculture VA -16.8%	

e. Extent to which rural development has occurred (Part of level 1. No 1)	National poverty level. World Bank Multi-dimensional poverty.	Poverty in rural educed slightly. Poverty and extreme poverty reduced by 0.8 and 0.2 percentage points respectively	
f. Extent to which SME development has occurred	SME added value	The added value of MSMEs grow by 43.6 percent during 2015-2018 and 50 percent during 2007-2014	

Based on a review of the above indicators, Armenia’s economic development has been mixed. Whilst it appears that there have been significant improvements in competitiveness within domestic markets and significant improvements in Business Enabling Environment, external competitiveness, especially vis a vis the EU appears to have worsened. This is especially significant for a small country such as Armenia as economic development is dependent on exports due to the small domestic market.

In terms of agricultural development, although agricultural output did experience growth, nevertheless, there has been a disappointing move away from value added contribution to the economy. Given the improvement in agricultural product competitiveness in the EU detailed in section 3.4 above, this may be based more on basic commodities than food products that produce more employment and higher wages through value added.

Development in rural areas lagged behind compared to urban development. Poverty reduction in rural areas was slower compared to other settings such as urban areas. Regional disparities still disadvantage rural households particularly if non-monetary poverty measures are taken into account.

In terms of SME development, both SMEs and larger enterprises experienced growth and their added value increased during the evaluation period. The growth of the MSME added value was particularly higher during the later stages of cooperation, specifically after 2015.

**JC 9.2** The key changes in the trade and economic development since 2010 are clearly identifiable and there is broad consensus on what these are

*Indicator 9.2.1: The key changes in the trade and economic development since 2007 are clearly identifiable and there is broad consensus on what these are*

There are many studies that highlight the current issues and problems in Armenia regarding the business enabling environment and make suggestions as to areas to reform. For example, World Bank<sup>324</sup> 2018 Doing Business Report on Armenia; EBRD<sup>325</sup> “Improving the Business Climate in Armenia”; European Business Association (EBA)<sup>326</sup> Armenia “Business Environment Assessment: Exploratory Study” and; Eurasian Development Bank<sup>327</sup> “Armenia needs to reform its business environment”. These demonstrate achievement of targets across the majority of indicators for

<sup>324</sup> <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/ARM.pdf>

<sup>325</sup> <https://www.ebrd.com/news/2015/improving-the-business-climate-in-armenia-.html>

<sup>326</sup> [http://eba.am/wp-content/uploads/2017/12/2017-BUSINESS-ENVIRONMENT-ASSESSMENT-update\\_EBA-report\\_07-15-17-doc.pdf](http://eba.am/wp-content/uploads/2017/12/2017-BUSINESS-ENVIRONMENT-ASSESSMENT-update_EBA-report_07-15-17-doc.pdf)

<sup>327</sup> <https://eabr.org/en/press/publications/armenia-needs-to-reform-its-business-environment/>

interventions implemented under the priorities identified in the sub-periods 2007-10, 2011-13, 2014-17.

The available evidence shows for BEE, Armenia has performed well, compared within the region based on the OECD<sup>328</sup> “SME Policy Index Eastern Partner Countries 2016: Assessing the Implementation of the Small Business Act for Europe” and shows significant progress in all 10 BEE indicators between 2012 and 2016 except Bankruptcy, which showed no improvement. For SME access to markets, USAID’s “Armenia Gap Analysis” (2016) showed Armenian SME participation in exports is declining but share in employment and value added has grown and is more significant than neighbouring countries.

Although there is evidence of improved economic performance in Armenia over the investigation period (see 9.1), nevertheless, there is limited evidence of a direct EU contribution in this regard. This latter is notoriously difficult to measure, especially when considering the business enabling and legal/policy framework as there is a long results chain from reform to benefit and growth in SMEs. Moreover, most of the SME and rural/agricultural development projects began recently and although progress and final reports show some evidence of increased numbers of SMEs, investment and employment, any significant impact could be years away.

Although general exports improved, there is agreement among GoA representatives and BSOs that the country has lagged behind in terms of development of trade, particularly taking into account the competitiveness of Armenian products in the EU. Except to a number of agricultural products Armenian businesses have in general also not been able to utilize the full potential of the GSP+.

**JC 9.3** There is alignment between EU interventions and the actual needs of the Armenian economy

*Indicator 9.3.1: The objectives of EU Cooperation continued to serve EU Priorities align with Armenian priorities.*

Analyses<sup>329</sup> of successive Presidents of Armenia’s foreign policy speeches show a continued commitment to European Integration, e.g. 2012 “For us, Armenians the European system of values is intimately close ... Since the reestablishment of our independence in 1991, we had not only reasserted our sovereignty but also obtained historic opportunity to rediscover Armenia’s European road of development.”<sup>330</sup>

The objectives and design of EU cooperation continued to serve EU priorities as set out in the EU external relations with Armenia.

The European Union overarching policy in Armenia is based on its European Neighbourhood Policy<sup>331</sup> (ENP) with its southern and eastern neighbours to promote peace, stability and economic prosperity in the whole region.

Under the ENP, the Prague Summit in May 2009 launched a strategic and ambitious Eastern Partnership as a specific dimension of the European Neighbourhood Policy, to further support

<sup>328</sup>

[https://www.etf.europa.eu/sites/default/files/m/427198C9BDD82720C12580E5003F433E\\_SME%20Policy%20Index%20Eastern%20Partners%202016\\_EN.pdf](https://www.etf.europa.eu/sites/default/files/m/427198C9BDD82720C12580E5003F433E_SME%20Policy%20Index%20Eastern%20Partners%202016_EN.pdf)

<sup>329</sup>

[https://www.researchgate.net/profile/Aram\\_Terzyan/publication/326439835\\_Armenia%27s\\_foreign\\_policy\\_between\\_European\\_identity\\_and\\_Eurasian\\_integration/links/5b4d938a45851507a7a5c74c/Armenias-foreign-policy-between-European-identity-and-Eurasian-integration.pdf?origin=publication\\_detail](https://www.researchgate.net/profile/Aram_Terzyan/publication/326439835_Armenia%27s_foreign_policy_between_European_identity_and_Eurasian_integration/links/5b4d938a45851507a7a5c74c/Armenias-foreign-policy-between-European-identity-and-Eurasian-integration.pdf?origin=publication_detail)

<sup>330</sup> <http://www.president.am/en/statements-and-messages/item/2012/03/07/news-124>

<sup>331</sup> <https://www.euneighbours.eu/en>



Eastern European countries' sustainable reform processes with a view to accelerating their political association and economic integration with the European Union. The Warsaw summit<sup>332</sup> reaffirmed these principles specifying continued alignment with EU. Progressive approximation with EU rules and practices and launching Association Agreements with comprehensive reform agendas and, where appropriate, with Deep and Comprehensive Free Trade Areas (DCFTAs) as an integral part. This was seen as the cornerstone of relations under the Eastern Partnership.

At the Vilnius Summit<sup>333</sup>, the wording moved away from European integration to common European Values dialogue: "participants reaffirm the importance they attach to the Eastern Partnership founded on mutual interests and commitments as well as on shared ownership, responsibility, differentiation and mutual accountability. The Partnership is based on commitments to the principles of international law and to fundamental values, including democracy, the rule of law and the respect for human rights and fundamental freedoms, as well as to market economy, sustainable development and good governance." Moreover, regarding Armenia, "The EU and Armenia have today reconfirmed their commitment to further develop and strengthen their cooperation in all areas of mutual interest within the Eastern Partnership framework" and as well as AA/DCFTA actions for other countries (including for Azerbaijan after its WTO Accession), additional areas of cooperation were introduced in the field of economic development, namely: Strengthening the business dimension of the Eastern Partnership including through improving the business environment in partner countries to the benefit of local, regional and European SMEs and businesses.

The Riga summit<sup>334</sup> (2015) further showed a changed policy (more mutual interests based): "Summit participants reaffirm the Eastern Partnership objective to develop strengthened, differentiated relations between the EU and its six sovereign, independent partners. The scope and depth of cooperation are determined by the EU's and partners' ambitions and needs as well as the pace of reforms." The emphasis under market development was access to EU markets and SME development rather than approximation. At a higher level, the EU continues to focus on economic stability of its neighbours following an EU public consultation and review of the policy in 2015,<sup>335</sup> with a Joint Communication adopted in November 2015 to adjust it to the challenges and crises that have hit the neighbourhood regions since 2008. That is stabilisation and tailored and flexible partnerships.

To this end the EU Cooperation with Armenia up to 2013 supported the objectives of the Prague and Warsaw. This shifted in 2013 at the Vilnius summit in align with GoA rejection of AA, but the extent to which this was EU policy shift or simply reflecting new realities is uncertain.

Up to 2013 the EU cooperation agenda fed into the domestic context and met the Armenia agenda. Consequently, in the early 2010s, Armenia vigorously adopted EU policy and institutional templates. Both domestic and EU actors specifically attribute the domestic changes initiated since 2010 in Armenia to EU's engagement, and rapid results were visible in a number of sectors with specific reference to the EU's conditions, templates and assistance<sup>336</sup>.

<sup>332</sup>[http://collections.internetmemory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ec/124843.pdf](http://collections.internetmemory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/124843.pdf)

<sup>333</sup>

[http://collections.internetmemory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/139765.pdf](http://collections.internetmemory.org/haeu/20160313172652/http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/139765.pdf)

<sup>334</sup> [http://collections.internetmemory.org/haeu/20160313172652/http://eeas.europa.eu/eastern/docs/riqa-declaration-220515-final\\_en.pdf](http://collections.internetmemory.org/haeu/20160313172652/http://eeas.europa.eu/eastern/docs/riqa-declaration-220515-final_en.pdf)

<sup>335</sup> <https://www.euneighbours.eu/en/policy#the-european-neighbourhood-policy-enp>

<sup>336</sup> Babayan, N., and N. Shapovalova. 2011. Armenia: the Eastern Partnership's unrequired suitor. FRIDE Policy Brief, No. 94, September 2011. And, Borzel, T., and T. Risse. 2012. From Europeanisation to diffusion: introduction. *West European Politics* 35, no. 1

The will to align domestic policies with EU policies was fuelled by interwoven factors such as: a stronger domestic demand for reform templates; the perceived legitimacy of the EU's offer and, the perceived compatibility of EU templates for reforms with Armenia's security reliance on Russia. The domestic demand for alignment to some degree also thrived due to (temporary) lack of counter-conditionality from Russia.<sup>337</sup>

Yet, despite the Europeanisation that occurred particularly during 2010-2013, the strong presence of Russia in Armenia (particularly in strategic sectors such as Energy), Russian security guarantees, enhanced Russian integration ambitions in the region and Russia's pressure together with the lack of any security guarantees by the EU and adequate EU toolbox for conflict resolution<sup>338</sup> swayed the country's policy from the AA towards the EAEU. The lack of a strong economic and security dependence vis-a`-vis the EU (and a strong security and economic dependency vis-a`-vis other players), relegated the EU to a lower level of importance. The importance of this dependence was seemingly underestimated, and no adequate alternatives were offered.

Nevertheless, desk study results confirmed by discussions with various stakeholders, point that the CEPA is considered a fresh start for EU-Armenia cooperation.<sup>339</sup> Compared to the AA the areas most affected are core trade policy elements and the consequential loss of the DCFTA, yet other important areas are prioritized such as energy. The EU and Armenia agreed to promote common regulatory frameworks to facilitate trade in oil products, electricity and potentially in other energy commodities.

*Indicator 9.3.2: there is alignment between priorities identified in EU programming and government priorities. [Equivalent Indicator 1.1a, 1.1b and 1.1c]*

The overall EU strategy over the two periods followed the strategy and objectives of the Government of Armenia as evidenced by successive Presidents of Armenia's foreign policy speeches and priorities in the Armenia development Strategy (ADS) which focused on EU alignment pre-2013 and economic growth through private sector development post 2013.

- **2011-2013:** the EU NIP objective for<sup>340</sup> Priority area 2: Trade and investment; regulatory alignment and reform (p6); Analyses<sup>341</sup> of successive Presidents of Armenia's foreign policy speeches show a continued commitment to European Integration, e.g. 2012 "For us, Armenians the European system of values is intimately close... Since the reestablishment of our independence in 1991, we had not only reasserted our sovereignty but also obtained historic opportunity to rediscover Armenia's European road of development."<sup>342</sup>
- **2014-2017:** In the Single Support Framework for EU support to Armenia the emphasis of support in economic development shifts to supporting the private sector: "Sector 1. Private sector development ... The overall objective will be to create employment opportunities by enhancing private sector development in Armenia. The specific objectives will be: 1. To improve the national business and investment climate for the small and medium enterprises; 2. To improve the economic competitiveness of Armenian regions. Armenia

<sup>337</sup> Laure Delcour & Kataryna Wolczuk (2015) The EU's Unexpected 'Ideal Neighbour'? The Perplexing Case of Armenia's Europeanisation, *Journal of European Integration*, 37:4, 491-507, DOI: 10.1080/07036337.2015.1004631

<sup>338</sup> Delcour, L., and H. Duhot. 2011. Bringing South Caucasus closer to Europe: achievements and challenges in ENP implementation, College of Europe, Natolin Research Paper, Warsaw, 3, April.

<sup>339</sup> Hrant Kostanyan and Richard Giragosian (2017): EU-Armenian Relations: Charting a fresh course. CEPS

<sup>340</sup> Armenia NATIONAL INDICATIVE PROGRAMME 2011-2013 (2010) European Commission

<sup>341</sup>

[https://www.researchgate.net/profile/Aram\\_Terzyan/publication/326439835\\_Armenia%27s\\_foreign\\_policy\\_between\\_European\\_identity\\_and\\_Eurasian\\_integration/links/5b4d938a45851507a7a5c74c/Armenias-foreign-policy-between-European-identity-and-Eurasian-integration.pdf?origin=publication\\_detail](https://www.researchgate.net/profile/Aram_Terzyan/publication/326439835_Armenia%27s_foreign_policy_between_European_identity_and_Eurasian_integration/links/5b4d938a45851507a7a5c74c/Armenias-foreign-policy-between-European-identity-and-Eurasian-integration.pdf?origin=publication_detail)

<sup>342</sup> <http://www.president.am/en/statements-and-messages/item/2012/03/07/news-124>

development Strategy (ADS) “emphasises that a continuous improvement of business environment and investment climate will remain the main priority of the state framework policy to increase employment and will aim at facilitating the establishment of businesses.” Examination of the ADS shows “Priority 1. Growth of employment ... through sustained economic growth” (page 15). It further states that economic growth will be achieved through “8.2. BUSINESS ENVIRONMENT AND INVESTMENT CLIMATE.

Based on the documentary evidence, during the initial period (2011-14 for EU NIP and 2008 – 2014 for GOA Sustainable Development Programme), most of the priorities aligned, that is business environment improvement and market regulations (including infrastructure) [but no mention of migration or border control]. However, the specifics of EU support were the adoption in Armenia of the EU acquis in business regulation whereas Armenia’s official policies focused on reforms, rather than reforms using EU “model” or “best practise.” Although the timing of preparation of these documents is off set by 3 years, the existence of PCA and pre AA negotiation discussions should have made adoption of EU acquis as model of economic and trade reform obvious. Therefore, explicit reference should have been seen to embed actions and maybe better commitment. The EU thematic areas also did not address some of Armenia’s priorities in economic growth and diversification, focused on adopting EU regulations instead.

During the second period (2014-2017) EU strategies can be found within the ADS but the EU “results” approach means that the specific alignment with ADS, which is much more prescriptive in terms of actions and means (e.g. reforms are specified whereas EU programming document states effects of actions) is more difficult to judge (i.e. did the specific interventions of EU target those in the ADS). The EU Evaluation on support to SME Competitiveness in Enlargement and Neighbourhood Countries Final Report 5 July 2017 found for SME programmes, there were synergies between programmes and government strategy but no evidence of coordination

Across the major thematic areas of economic development in Armenia, the EU interventions (projects) at a bilateral level largely aligned with the GoA current strategy and priorities. The only real exception was improving the BEE post 2014 where bilaterally, EU did not undertake any activities although it remained a priority for GoA. However, BEE was addressed through 2 regional projects:

- **BEE:** Business enabling environment was both a GoA and EU priority and 10 projects valued at €50 million were funded between 2009 and 2013. However, despite BEE being a priority for GoU after 2014 in its ADS, EU moved away and did not fund any activities related to this area within the context of bi-lateral interventions.
- **SME Development and markets:** Prior to 2014, EU projects in providing market opportunities for business in Armenia (including SME development) numbered only 3 and totalled €0.5 million. From 2015, there were 12 projects in this thematic area totalling over €13 million and is reflective of the shift away from EU alignment and well as ADS policy of GoA.
- **Rural Development and Agriculture:** In the first period, EU financed 9 programmes totally €3.5 million but post September 2014, EU increased funding in agriculture and rural development (mostly under ENPARD programme) to €31 million. This also reflects the priority of the ADS which prioritises a lot in agriculture and rural development.

The adoption of the ADS, and the introduction of new strategies for the financial perspective 2014-2020 have resulted in a strong convergence of EU programmes with the national needs in the PSD/Competitiveness sector. No evidence of actual coordination of programming (EU GOA) was

found in the documents reviewed, although EaP regional programmes do state that the Office of the President, the Ministry of Economy (MoE), the Ministry of Finance (MoF), the Prime Minister's Office (PMO), and the SIGMA missions were consulted.

In general, the interventions undertaken by the EU align with both programmes and overall priorities. Results of the discussion with EUD and national stakeholders confirm the participatory approach toward priority setting in programming. National stakeholders confirmed that the cooperation has become more cooperative during later stages of the cooperation.

*Indicator: There was sufficient meaningful consultation at the design stage of sample programmes*

Target groups of beneficiaries were generally effectively engaged in the portfolio of interventions. Target beneficiaries were actively engaged in the interventions themselves with exception of BEE projects were in selected projects – there appeared to be a lack of private sector participation with focus on adopting laws and institutional report (e.g. standards and consumer protection project) – and the ENPARD project.

The technical assistance projects were very responsive to the needs of the Government. This was also very much the case with the EU Advisory Group to the Republic of Armenia project and other TA projects that were developed in cooperation with the national counterparts.

In terms of action grants, projects financed in the framework of the Pilot Regional Development Programme PRDP were praised to have a very participatory design with both government and implementing agencies. The latter were also assisted during project preparation stage which contributed to the quality of the projects that were finally implemented.

Although many of the projects were considered to include sufficient meaningful consultation at the design stage, issues existed with the design of the ENPARD project particularly regarding the buckwheat production component, which failed to function as expected. Local counterparts including the Ministry of Agriculture shared their concerns regarding this particular component of the project and their wish to have more thorough consultations with local counterparts and experts during the project design stages.

<b>JC 9.4</b> EU-supported interventions contributed to relevant and sustainable changes in trade and economic development
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The EU and other Development Partners have taken consistent steps towards supporting trade facilitation and development of the overall business environment and the SMEs in Armenia.<sup>343</sup> Evidence relating to sectors and thematic priority areas covered by EU cooperation indicates positive change/developments for which a contribution can be traced to the interventions implemented under EU cooperation. This particularly relates to:

- Implementation of policy recommendations outlined in the SME Policy Index
- Improving business and investment climate in terms of increased business opportunities and access to finance
- Strengthening public-private dialogue and partnership
- Administrative capacity development and institution building activities including capacity of the State Revenue Committee in customs control procedures and enforcement
- Facilitation of cooperation among border agencies at national and international level; and improvement of border infrastructure

<sup>343</sup> Development and Strategic Studies project. Joint Analysis of the Situation in Armenia. 2018

- Internationalising of SMEs and enlarging opportunities for entering European single market
- Improved legislative framework involving EU practice; including the Quality Infrastructure (QI) legislation
- Enhancing capacity for customs management and QI.

Examination of the sample interventions in BEE, SME markets and rural and agricultural development all show results that would contribute to economic development. The Evaluation on support to SME Competitiveness in Enlargement and Neighbourhood Countries Final Report stated the projects it evaluated would “likely” lead to improving the business environment. Review of selected BEE project final reports showed progress on the legal framework, but these are not explicitly linked to observed indicators. SME Development and market access projects have more explicit links and impact directly on economic development:

- **Strengthening the Investment Promotion and Investment Policy Institutional framework of Armenia (2014-17 Business France € 810,000):** the twinning final report reported impact on SMEs and business in Armenia within the project timeframe. “The aftercare practice launched in the first phase of the project allowed to identify 13 reinvestment projects generating 500+ jobs; additionally companies like Carrefour which were considering withdrawing from the country were convinced to stay and develop their activity thanks to the assistance and problem solving provided by DFA. As for investment promotion, the late schedule of activities (end of 2016 till May 2017), with the first outreach mission conducted in France in February 2017, could not generate concrete investment decisions within the project timeframe. However, this outreach mission was a clear success with 25 companies met individually, 9 projects identified and 3 visits to Armenia planned; this result was above the initial expectations”.
- **SME Finance and Advice Facility in Armenia of TA/Risk Capital (to include a NIF project) (2014-17 regional EBRD €136.2 million (NIF contribution €15.4 mln):** regional project, providing finance and advice to SMEs in Armenia (24 consultancy projects totalling €111,000 only).
- **Tavush Region Integrated and Balanced Economic Development project:** the project reports increases in number of enterprises, increases in competitiveness of 90 enterprises and 120 new jobs. This shows a contribution to targets though in absolute terms relatively small, nonetheless positive impact on strategic goals.
- **IDEA Dilijan National Park Tourist Centre creation (2014-17):** Whilst the objectives align with overall targeted indicators of SME development (35 new SMEs already created after 1 year) and rural employment, the project has mainly only finished its construction stage of the Centre and training, encouraging “tourism” SMEs without end results (yet) so no linkages can be established.

There is some evidence of improved economic performance of SMEs and agriculture in Armenia over the investigation period but there is limited evidence of a direct EU contribution. Nevertheless measurement of the impact in any case notoriously difficult, especially when considering the business enabling and legal/policy framework as there is a long results chain from reform to benefit and growth in SMEs, Moreover, most the SME and rural/agricultural development projects began recently and although providing some evidence of increased numbers of SMEs, investment and employment, any significant impact would be years away.

In terms direct contribution, the impact of projects that had a direct sub granting components to SMEs in various sectors such as the PRDP projects was particularly clear and recognised. These projects were perceived to have tangible impact in terms of SME and regional development.



**JC 9.5** Achieved changes in the trade and economic development sectors resulting from the sample EU interventions remain in place and are likely to remain over the coming years

Clearly the support that has been provided during the different implementation periods was used but the extent to this after completion is not known as many projects are still on-going:

- **EU Advisory Group to the Republic of Armenia (2007-10 contribution agreement UNDP € 2.000.000):** Activities described in the Final Report showed that the advice was used during negotiations and reform processes.
- **Support to SME development in Armenia (2014-17 € 6.400.000):** From 2017 activities, implementing partners seem to have skills/knowledge but in current risks, one partner may have a change in mandate “SME DNC’s role is currently under scrutiny by the Armenian government with a potential shift towards more responsibility for municipal business advisors, which might lead to weakening SME DNC’s position.” This may sustainability and ownership.
- **Strengthening the Investment Promotion and Investment Policy Institutional framework of Armenia (2014-17 Business France € 810,000):** This was capacity building of investment promotion officers so that the interventions and training are owned and being used.
- **Tavush Region Integrated and Balanced Economic Development project (2014-17):** Sustainability embedded through creation of new cooperatives to service and use local produce (e.g. freezing facilities or dairy production) using TA and grants to develop these not for profit processing ventures that will help support cooperatives and new agribusiness in the region.
- **Organic Agricultural Support Initiative (OASIS) (2016-8) €3.3 million of which €2.8m EU contribution:** too early in implementation to comment although some activities already show sustainability with organic course to embed into a broad range of education and training institutes (although this does not guarantee course will be delivered unless there is demand).

**JC 9.6** Selected sample interventions delivered sectoral change in proportion to their cost, and were delivered on time

Across the sampled economic development project portfolio, the vast majority (all but one) were delivered on time or with minor delays as against the project schedules and within budget.

*Suggested sub-indicator: Human, institutional and financial resources have been used efficiently to reach the expected results.*

In general, from the final reports on sample projects, the resources have been efficiently used and delivered to achieve results, although many of the selected projects are still on-going or have only just started and so no judgement has been made on these. For the others:

- **EU Advisory Group to the Republic of Armenia (2007-10 contribution agreement UNDP € 2.000.000):** UNDP reported value for money and allocation of resources, with delivery “on time” although since the activities were on going until 2013, there was a more open ended approach that is not measurable.
- **Harmonisation with EU standards and institution building of the State Inspectorate of Protection of Markets and Consumer Rights (€ 1,000,000 twinning 2011-13):** Final report stated, “Almost all project activities were delivered to time, within budget and to a very high quality”.
- **Strengthening the Investment Promotion and Investment Policy Institutional framework of Armenia (2014-17 Business France € 810,000):** The project reported full implementation of activities and outputs – a few selected results were pending as the final report was being



prepared based on government due procedures (e.g. Investment law and investment strategy that was endorsed but in process of consideration for adoption).

- **Boosting competitiveness of regional SMEs (2014-17 € 1,604,808):** project reported on track with business services delivered to new start-ups etc. so assumed to be well allocated. ENPARD – Support to Agriculture and Rural Development (2014-17) € 25,000,000): Given that the programme (SBS and TBT have seemed to be highly achieving of its results) then it is assumed that sufficient resources in Place, For example 90% was achieved in the 2016 SBS assessment.
- **Tavush Region Integrated and Balanced Economic Development project (2014-17):** there has been some reported delays in implementation, but generally positive progress reported and delays not attributed to resources.

Rural development and agricultural diversification/development in general delivered efficiently with ENPARD for example achieving 90% in the 2016 SBS assessment. Although the accompanying TA by FAO was less efficient and required a no cost extension.

*Suggested Sub-indicator: The absorption capacity of beneficiary organisations has been sufficient to ensure effective implementation.*

In all cases in the sample, beneficiaries received capacity building activities with no reported issues of receiving mentoring or training. Beneficiaries have then delivered activities and no reported issues, so it is assumed that they have capacities. In only a few cases, the reports detailed the ability of beneficiaries to implement (and these were positive:

- **EU Advisory Group to the Republic of Armenia (2007-10 contribution agreement UNDP € 2,000,000):** This was a capacity building project and it is reported that the beneficiaries were adequately able to utilise advice, training and other activities.
- **Harmonisation with EU standards and institution building of the State Inspectorate of Protection of Markets and Consumer Rights (€ 1,000,000 twinning 2011-13):** With the exception of staff turnover – requiring training to be embedded (lesson).
- **IDEA Dilijan National Park Tourist Centre creation (2014-17):** the project reports good progress on capacity building (training and manuals) for ultimate beneficiaries (SMEs) indicating capacity for delivering and use of capacity building.

*Suggested Indicator: The choice of aid delivery modalities has facilitated the lowering of aid transaction costs.*

A full range of aid modalities were used in Economic Development projects in Armenia including contribution agreements, SBS, Twinning, grants and traditional technical assistance. All of these were implementing efficiently but there was no evidence of lower aid transaction costs, except minor mentions.

- **EU Advisory Group to the Republic of Armenia (2007-10 contribution agreement UNDP € 2,000,000):** Contribution agreement with UNDP reporting value for money savings (cheap air fares etc.) but no real evidence that this would be less than a project approach).
- **Support to SME development in Armenia (2014-17 € 6,400,000):** This project is delivered through GIZ Caucasus SME programme utilising tools already developed so there is potentially leverage in this to lower delivery costs.
- **Strengthening the Investment Promotion and Investment Policy Institutional framework of Armenia (2014-17 Business France € 810,000):** no direct evidence but Business France

reported that they provided extra input of experts beyond both daily inputs and scope of TOR to enhance the results.

- **ENPARD – Support to Agriculture and Rural Development (2014-17) € 25,000,000):** No evidence for this but high level of achievement was also combined with a TA so the combination seemed to be mutually supportive to results achieved.
- **Organic Agricultural Support Initiative (OASIS) (2016-8) €3.3 million of which €2.8m EU contribution:** No evidence although leverages €0.5 or 15% funding from Austrian Development Agency and reported identified cost savings of €0.2 million in the budget.

#### **JC 9.7** Selected sample projects delivered sectoral change according to the agreed objectives.

Outputs were delivered in a timely manner, as measured against project results frameworks. In the vast majority of cases, all the outputs in the sampled Economic Development interventions were delivered on time or with minor delays with the exception of ENPARD TA which required a no cost extension for FAO.

- **ENPARD – Support to Agriculture and Rural Development (2014-17) € 25,000,000):** the reports show the ENPARD in Armenia was delivered in a well-structured and timely way achieving almost all results. However, it was noted that although achieving agricultural extension services targets, these are now phasing out, which could adversely affect agricultural support to SMEs in future. The TA project implemented by FAO is running behind schedule, but a no cost extension has been granted (no reasons were given)
- **Organic Agricultural Support Initiative (OASIS) (2016-8) €3.3 million of which €2.8m EU contribution:** Project is delivering largely on schedule although reports delays in legal framework due to working group difficulties (but to be expected with national legal framework); all other outputs on target.
- **Support to SME development in Armenia (2014-17 € 6,400,000):** All outputs are reported as being delivered on time, some results achieved already and the remainder in progress (but as planned). But GIZ noted in its report some indicators are over ambitious and no longer relevant in the economic climate (indicating watering down or under achievement).

## **6.7. Concluding remarks**

The overall EU strategy over the two periods generally followed the strategy and objectives of the Government of Armenia. EU thematic areas particularly up to 2013 did not address some of Armenia's priorities in economic growth and diversification and focused on adopting EU regulations instead. EU interventions at a bilateral level largely aligned with the GoA strategy and priorities. An exception was improving the BEE post 2014. Nevertheless, the introduction of new strategies for the financial perspective 2014-2020 resulted in a strong convergence of EU programmes with the national needs in the PSD/Competitiveness sector.

Trade and competitiveness development have been mixed. Despite significant improvements in the business enabling environment, Armenia's external competitiveness, especially vis a vis the EU worsened. Although Armenia was granted the GSP+, the number of products with a comparative advantage in the EU market declined significantly. Also, main exported products to

the EU which were mainly composed of (low added value) mining products remained unchanged. This highlights the inability of Armenia to fully utilize the benefits of preferential trade regimes with the EU.

Armenia needs to enhance the competitiveness of its products abroad, although it to some degree succeeded to do so regarding agricultural products. Yet, even in agriculture, there has been a move away from value added contribution to the economy. The latter is of critical importance for rural development which during the evaluation period lagged behind development in urban areas.

Key changes in the trade and economic development since 2010 primary involve improvements regarding business-enabling environment. The contribution of SMEs to employment and value-added grow. Nevertheless, this went along with significant reduction of external competitiveness and reduction of SME participation in exports. Armenia lagged behind in terms of trade development.

The EU and other Development Partners have taken consistent steps towards supporting trade facilitation and development of the overall business environment and the SMEs in Armenia. Although there is evidence of improved economic performance in Armenia nevertheless there is limited evidence of a direct EU contribution and identification of attribution remains difficult.

Across the sampled economic development project portfolio, the vast majority (all but one) were delivered on time or with minor delays as against the project schedules and within budget. Generally, resources have been efficiently used and delivered to achieve results. Achieved changes in the trade and economic development sectors resulting from the sample EU interventions remain in place nevertheless the degree of which this will remain like this is not clear as many of the sample interventions are on-going.

## 6.8. Areas for recommendations

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**Apply closer scrutiny of the domestic context during cooperation planning.** Study of the EU's sectoral policies reveals that the EU did not always incorporate democratic factors into its country cooperation approach with Armenia. Up to 2013, EU cooperation agenda seemingly fed into the domestic context and met the Armenia agenda. Yet the strong presence of Russia in Armenia, Russian security guarantees, enhanced Russian integration ambitions, together with the lack of any security guarantees by the EU and adequate EU toolbox for conflict resolution swayed Armenia's policy from the AA towards the EEU. These issues were apparently underestimated and or not enough prioritized during initial stages of cooperation.

Moreover, importance of local context was also made visible by the inability of Armenian businesses particularly SMEs to use the potential of the GSP+. Since granting the GSP+ to Armenia in 2014, the number of products with a comparative advantage in the EU market declined. Similarly, Armenia's exports to the EU grow steadily after 2013 while the AA was rejected. This was also simultaneous with change of focus of support away from regulatory support towards private sector development during the second stage of cooperation. Consequently, compared to regulatory support enhanced competitiveness of SMEs and improved business enabling environment has been more effective for increased use of preferential trade regimes.

**Enhance support to increasing SME competitiveness.** Overall, while SMEs contribute significantly to the Armenian economy, in terms of both GDP and employment, their role in contribution to exports is considerably small, indicating competitiveness issues. Main areas of local

exports include mining and certain processing industry which primarily involve larger enterprises. Enhanced support to increase capacity and competitiveness of SMEs is necessary to boost SME performance particularly with regard to sophistication and added value of exports, diversification of production capacity towards more sophisticated products and services. The latter could be a potential field of growth as services are a growing branch of the Armenian economy.

**Further Support to Business Enabling Environment.** Although Armenia progressed significantly on improved business enabling environment, regulatory constraints restricting enterprises and lack of progress on market and investment reforms were identified as key constraints to businesses. Further support to improved businesses enabling environment particularly development and implementation of appropriate regulatory framework for investment attraction is recommended.

## 7. EQ 10: Connectivity

**EQ10:** To what extent and how has EU assistance to Armenia contributed to improving infrastructure, energy and the environment?

### 7.1. Introduction

#### 7.1.1. Purpose

This document is a part of the Country Level Evaluation Armenia Report, which presents the findings for the Evaluation of the European Union's co-operation with Armenia, as required by the Terms of Reference (ToR). This section of the evaluation studies EU's cooperation with Armenia towards enhanced connectivity in the areas of energy and transport, enhanced environmental protection including waste and water management.

The evaluation aims to assess whether and to what extent the various projects and programmes financed by the EU under the European Neighbourhood and Partnership Instrument (ENPI)<sup>344</sup>, the European Neighbourhood Instrument (ENI), and the EU thematic programmes in the period 2010-mid-2017 are contributing to achievement of the strategic objectives of the EU Cooperation with Armenia in the Area of connectivity. More specifically, it aims to assess:

- The relevance and coherence of EU's co-operation strategy and programmes in the field of connectivity during the 2010- mid- 2017 period;
- The implementation of the EU's co-operation in the field of connectivity, focusing on impact, sustainability, effectiveness and efficiency for the period 2010 – mid-2017.
- The consistency between programming and implementation.
- The value added of the EU's interventions (at both strategic and implementation levels).

The coordination and complementarity of the EU's interventions with other donors' interventions and coherence between the European Union's interventions and policies that are likely to affect the partner country/region. The latter should include an assessment of the extent the programmes, financed by the EU, are coherent with the objectives set in agreement with Armenia.

The scope of the study covers all the cooperation strategies and agreements between the EU and Armenia, and the actions related to their implementation over the 2007-2015 period. The rationale

<sup>344</sup> [http://ec.europa.eu/europeaid/funding/european-neighbourhood-and-partnership-instrument-enpi\\_en](http://ec.europa.eu/europeaid/funding/european-neighbourhood-and-partnership-instrument-enpi_en)

for this evaluation is to provide the necessary evidence to inform decision-making processes and future EU-Armenia cooperation.

The main users of this evaluation include the European Commission, the European External Action Service (EEAS), the Council of the European Union, and the European Parliament. The evaluation may also be of interest to the wider international development community, such as partner countries, EU Member States and their National Parliaments, EU expert groups, donors and international organisations, civil society organisations, and the general public interested in external assistance.

### 7.1.2. Methodology

The evaluation is largely driven by the analysis of the EU Armenia cooperation Intervention Logic (IL) which is used as an instrument to assess performance and results achievement. The IL (as illustrated in Figure 1) provides a structure for the assessment against the evaluation criteria, judgement criteria (JC) and indicators as described in the Evaluation Matrix which is provided in Annex 1 (Volume II of Final Report). These judgement criteria and indicators subsequently describe how each evaluation question is assessed.

### 7.1.3. Overview

This introduction summarises the objectives, scope, process and methodology of the evaluation, and presents the context in which the cooperation took place. The report then provides the findings of the evaluation along the following lines:

- Chapter 2 – 3 present the general context and background for EU cooperation in Armenia in the area of connectivity.
- Chapters 4 and 5 provide an overview of and describe the interventions and activities of various development partners and the EU in the connectivity sector.
- Chapter 6 sets out findings of the study in terms of the extent to which EU assistance to Armenia contributed to improving infrastructure, energy and the environment and elaborates on how this impact took place. This involves the strategic relevance of EU cooperation in the connectivity sector in light of the evolving context in Armenia, the impact, effectiveness and sustainability of EU interventions in this sector.
- Chapter 7 and 8 present the overall assessment conclusions and the recommendations of the evaluation.

## 7.2. Background

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Connectivity has been a major factor influencing the development of Armenia. In this regard, gaps in infrastructure and obsolescence of assets have challenged sustainable development and poverty elimination in the country.<sup>345</sup> Minimizing the negative impact of unfavourable geographical location and consequent high transportation costs (being landlocked, two out of four borders are closed for trade; and the country is far from its major international markets), the highest possible liberalization of foreign commerce and elimination of obstacles (including technical) are issues of high

<sup>345</sup> Sustainable Development Program 2008

importance for Armenia as a small and open economy. In line with this, addressing gaps in the connectivity sector plays a vital role for development of the country.

To sustain economic growth, Armenia needs to invest significantly in infrastructure. Indicatively Armenia could require annual expenditure of USD 450-600 million in energy, transport, telecommunication, water, and sanitation (not counting investment in regional connectivity projects such as the North South Corridor Project or the cost of replacing the generation capacity of the ageing nuclear plant at Metsamor Nuclear Power Plant (MNPP)).<sup>346</sup>

Addressing gaps in the connectivity sector has consequently also been a strategic priority of the Government of Armenia (GoA). The GoA prioritized improved connectivity in its main strategic policy planning documents<sup>347</sup> which prioritized integration of the Armenian economy into the global economy – through implementation of a policy aimed at export promotion, facilitation of external trade and reduction of transport costs. The GoA set out to improve service provision in the sector through reforms and increased public and private investments.

In cooperation with Armenia, increased competitiveness of the Armenian economy and sustainable socio-economic development was also a long-term impact sought by the EU. The main priority areas of the Country Strategy Paper 2007-2013 and the Multiannual Indicative Programme for the period 2007-2010<sup>2</sup> were democratic development and good governance, support for regulatory reform and administrative capacity building and support for poverty reduction and economic growth. Nevertheless, connectivity was not directly a key priority. Accordingly, the NIP 2011-2013 and the SSF 2014-2017 prioritized private sector development along with public administration and justice sector reforms.

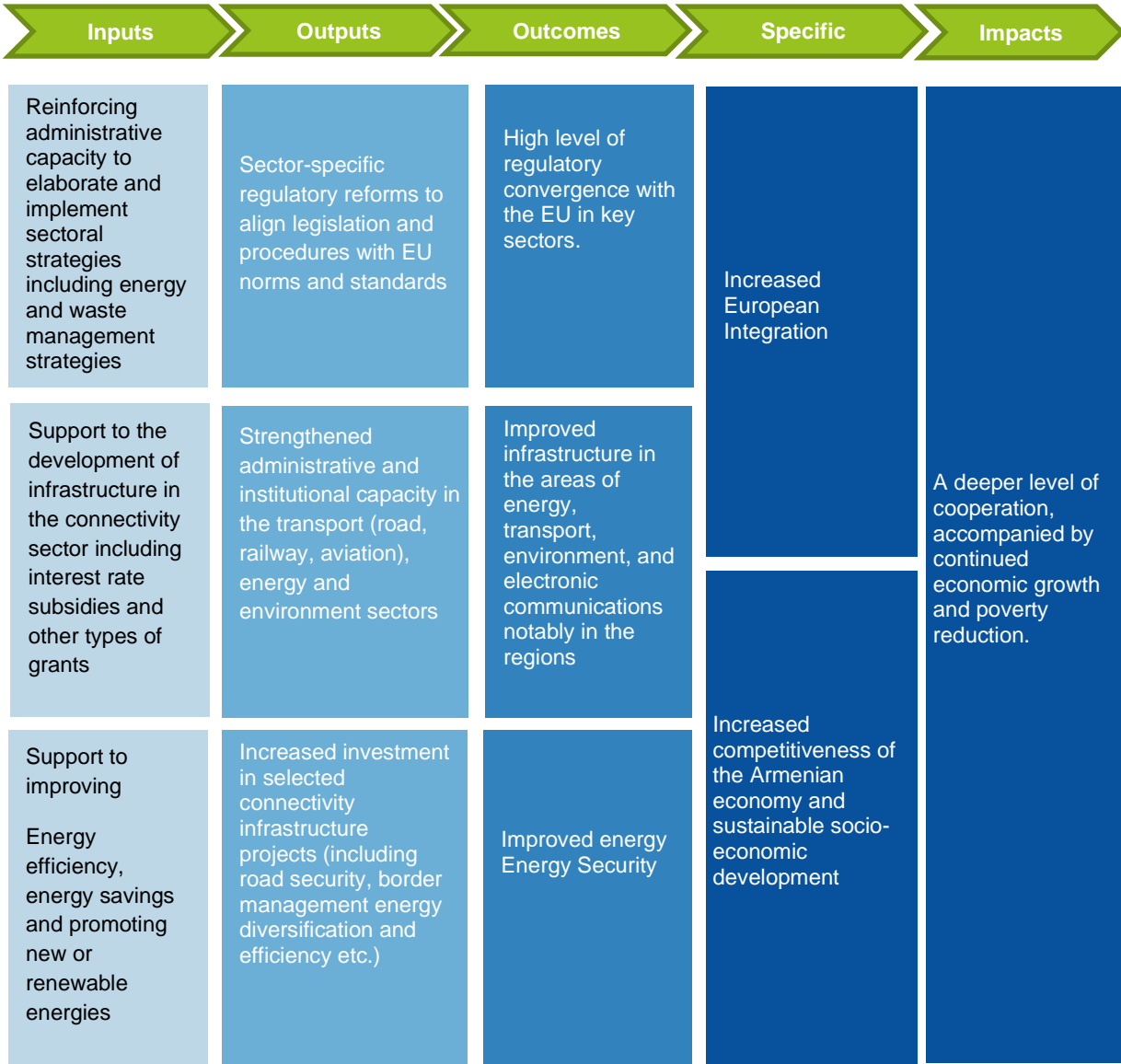
In terms of sectoral policy for connectivity, the EU strategic planning documents prioritized regulatory reforms, strengthened administrative and institutional capacity and increased investments in the sector for infrastructural projects. In the energy sector, EU cooperation supported energy efficiency, energy savings and promotion of new or renewable energies which would allow for early decommissioning of the MNPP. In the field of transport, support was provided for increasing road safety and rehabilitation at local and regional levels. With regard to the environment, particular attention was given to support for the implementation of multilateral environmental agreements, in particular, the UN Framework Convention on Climate Change and its Kyoto Protocol, and the UN-ECE conventions. Further priority areas were management and nature protection as well as promoting civil society development and better awareness raising on environmental issues.

<sup>346</sup> Infrastructure Finance in Armenia, World Bank, 2017.

<sup>347</sup> Sustainable Development Program 2008, Armenia Development Strategy 2014



Figure 30: Intervention logic model: Connectivity



### 7.3. Sector background

#### 7.3.1. Energy

Armenia has a single integrated power supply system, where 100 percent of the population has access to electricity. The main power generation capacities are nuclear, thermal, large and small hydropower plants as well as small renewable power plants (a biogas plant, a wind power plant and a number of cogeneration units). Currently, the country has sufficient electricity-generating capacity to meet domestic needs and maintains some export potential. Nevertheless, electricity demand is projected to grow.

Electricity is mainly generated by: 1) the MNPP, which generates 30-50% of the electricity needs, depending on plant uptime and ability to purchase nuclear fuel; 2) hydro-electric plants, which

generate about 20-40% of the country's needs, depending on rainfall, which exhibits a significant variation and 3) thermal plants which provide the remainder, from natural gas.<sup>348</sup>

Security of energy supply is a great strategic and geopolitical issue that is of major concern to Armenia, and other interest holders in the region including the EU, Russia and Iran. The GoA and strategic planning documents therefore stress the following key elements for improving Armenia's energy security:<sup>349</sup>

- Development of nuclear energy (i.e. construction of a new nuclear power plant)
- Development of Renewable Energy (RE), Energy Efficiency (EE), and energy conservation programmes
- Diversification of all primary energy resources and supply routes
- Regional integration of the country's energy system

Diversification of energy (imports) remains an important factor as Armenia can only meet 35 percent of the total demand for energy from domestic resources. It has no confirmed oil or natural gas reserves and is thus highly dependent on imported energy resources. Armenia imports oil and oil products from Georgia, Iran, Russia and Europe. A total of 80% of the natural gas consumed is imported from Russia through Georgia and the remaining is imported from Iran in a gas for electricity swap arrangement. Nuclear fuel is also imported from Russia.

In terms of energy efficiency, efficiency in buildings has been shown to be particularly low. According to National Energy Efficiency Action Plan 2010, almost all Armenian houses were constructed during the Soviet period, with little regard for energy efficiency and almost half of all families residing in apartment buildings live in temperatures considered to be below the established international standards for human occupancy. Energy use per square meter is almost 3-5 times higher than in the EU and varies between 320 and 690 kWh/m<sup>2</sup> per year.

### *Key players*

Although Armenia worked on market liberalisation and adopted some necessary legislation for this nevertheless the energy market in the country remains monopolized, which hampers competition, transparency and the general efficiency of the sector.<sup>350</sup> The liberalisation of services provided on the energy market is timid, which limits customers' opportunity to choose and change suppliers on a market model. The existing distribution and transmission infrastructure is available to limited suppliers, necessitating the further development of secondary legislation.

Since 2006, ENA is the sole electric power distributor in the country. It is one of the biggest employers and taxpayers in Armenia, serving approximately 985,000 customers. Despite the recent change in law allowing competition in this sector, no new company has emerged to compete with ENA. In 2015, the previous owner of ENA "Inter RAO", a Russian company, sold it to the Tashir Group - a Moscow-based group of companies.

The High Voltage Energy Network (HVEN) which is a state monopoly operated as a closed joint stock company secures the transmission of energy via 220-110kV electrical networks, including its service operation, maintenance, reconstruction, retooling and design works, as well as expansion of the network by the construction of energy facilities and high voltage transmission lines.

The "Electro Power System Operator" CJSC (EPSO) as the independent operator has a monopoly over the functioning of the power system. It is responsible for the technical and economic

<sup>348</sup> RA Ministry of Territorial Administration and Infrastructure. [www.mtad.am](http://www.mtad.am), [www.minenergy.am](http://www.minenergy.am)

<sup>349</sup> Sustainable Energy Development Strategy, 2005; and National Energy Security Concept, 2013.

<sup>350</sup> Armenia Gap Analysis: List of Market Challenges and Legal Barriers, USAID 2016. [www.minenergy.am](http://www.minenergy.am)

coordination and control of the system. In addition, EPSO provides coordination and long-term planning for the power system operations. This includes production, import, export and delivery of electricity.

An important step to transform the energy sectors in accordance with EU regulations and reshaping the local market in this direction was establishment of the Independent regulator in Armenia. The Public Services Regulatory Commission (PSRC) establishes the procedures for setting and reviewing tariffs. According to the Energy Law, the PSRC can either set the specific monetary value of the tariff or establish a clear formula for calculating the tariff based on parameters defined in the Energy Law. Establishment of the PSRC was a great step toward improved functioning of the energy sector, yet energy sectors generally are subject to political influence and government interventions, which undermine the activities of energy regulators, affecting their integrity in setting tariffs for energy-related services. The work of the PSRC was also criticized and gave ground for large demonstrations where people expressed their dissatisfaction regarding increased energy tariffs.

### *Key Issues*

Armenia faces three principal challenges in its energy sector: (i) an emerging supply gap which is further fuelled by remaining energy inefficiencies; (ii) the need to maintain energy supply reliability; and (iii) the need to maintain affordable tariffs. 351 more specific issues in the sector involve:<sup>352</sup>

a) **Lack of enforcement in the existing (already adopted) Energy Efficiency (EE) and Renewable Energy (RE) regulations**, largely due to the lack of institutional capacities (elaborated further), in particular:<sup>353</sup>

- The latest GoA decree and amendment to the EE&RE Law on mandatory compliance with EE requirements in state investment projects and residential construction has no provisions for enforcement<sup>354</sup>
- Energy auditing regulations are still voluntary, and must be made mandatory for large energy consumers
- Standards & Codes are missing for all sectors
- Labelling of appliances and buildings remains in voluntary domain and is not required by any primary legislation
- Energy performance in existing and new buildings needs to be assessed, certified and labelled, which still lacks political will and enforcement
- Several International Financing Institute's (IFI) green credit lines offer grant co-financing for EE & RE investments (10-20% grant for qualifying investment loans) and leasing on below-market terms. More support is necessary to enhance private investments in this direction, including public sector taking the lead, private sector receiving more affordable financing, etc.

b) Despite the associated new legislative initiatives put forward, **adoption and/or enforcement lags** due to insufficient affordable financial resources, administrative and technical capacity, and concerns of added/increasing cost burden on the private sector, particularly for the below initiatives:

- Technical regulations on building safety and energy performance;

<sup>351</sup> RA Energy Sector Note, WB 2011, Stay Informed Publication, EU4Energy 2019, [www.eu4energy.eu](http://www.eu4energy.eu)

<sup>352</sup> Development and Strategic Studies project. Joint Analysis of the Situation in Armenia. 2018

<sup>353</sup> 2<sup>nd</sup> National Energy Efficiency Action Plan, GoA 2017.

<sup>354</sup> The EU4Energy programme aims to tackle this particular issue.

- Amendments to the Law on Urban Development
- The Law on Yerevan City Centre
- Amendments proposed to housing legislation, need a holistic policy reform promoting sustainable energy in residential sector.

**c) Financial barriers:**

- There are no financial incentives for EE and RE, which would incentivise the enforcement of the voluntary provisions of the EE and RE Law
- Not all sectors are adequately covered by financiers: not all sustainable energy credit lines have financing terms (interest rate, tenor, technical assistance, etc.) adequate for EE and RE borrowers and investment features
- Some sectors are served by multiple credit lines (e.g. public buildings, households, corporate), while others, like multi-apartment building niche are not covered by any.

**d) Lack of capacities of all players in the sustainable energy market, including:**

- Loans and Grants Financial Institutions (LFIs) lack skills and knowledge to adequately partner with the private sector for sustainable energy investment financing
- ESCOs lack skills for bankable project preparation and negotiations with LFIs
- Industrial enterprises lack skills in energy management and application of resource efficient technologies
- Multi-apartment buildings lack capacities to serve as a lending partner for EE and RE investments
- Municipalities lack capacities in energy planning, energy management and project development
- The GoA lacks capacities in monitoring of and reporting on EE Plans.

**e) Imperfect information and lack of awareness among all user groups:**

- Lack of information dissemination about the opportunities and benefits of EE, RE, sustainable energy, technical and financing solutions, service & material vendors
- Lack of information on sub-sectoral energy consumption patterns, utilised technologies, energy saving potential
- Lack of Measurement, Reporting and Verification on the effectiveness of various policy, capacity-building, and financing efforts.

Taking this all into account, the outlook for EU energy cooperation with Armenia is limited by the country's overwhelming dependence on imports of Russian natural gas. Although Russia's hold over Armenia's energy sector has slightly loosened after the 'Electric Yerevan' protests, this remains a concern. In response to those protests, Russia sold its ownership of Armenia's electricity distribution network and largest thermal power plant to the Tashir Group which is related to an Armenian-Russian businessman.<sup>355</sup> Nevertheless, despite these developments, Russia remains a key player in Armenia's energy sector.

Also influencing this dependence was the fact that Armenia so far has had little choice but to rely on its nuclear power plant. In the absence of a viable alternative, Armenian authorities are likely to continue to be largely unable to offer any concession or compromise to the EU. In this regard

<sup>355</sup> Armenia Country Commercial Guide, [www.Export.gov](http://www.Export.gov)

advancing alternative energy sources such as the fairly developed hydroelectricity and growing potential in such as wind and solar power is critical.

Interconnectivity among the Eastern Partnership (EaP) partner countries and between them and the EU is also of significant importance for energy security and independence of Armenia. In particular projects and policies which increase regional integration can deliver a great impact on energy diversification. In this context strengthening of integration efforts such as electricity interconnection between Georgia and Armenia, is critical and will demonstrate joint commitment and progress in this field. The connection with Georgia should be seen as a first step which could be expanded to electricity deficient regions of Turkey and Iran.

### 7.3.2. Transport

In terms of transport and cross-border access, next to being landlocked, Armenia is disadvantaged by the fact that only two of its four international borders are open. The eastern border with Azerbaijan and the western border with Turkey were closed in 1991 and 1993 respectively due to the Nagorno Karabkh conflict. This makes Armenia's international links both insufficient and vulnerable.

Closed borders, along with the high average elevation of 1800 meters (90% of the country is above 1000 metres) and the severe climate with low winter temperatures and snowfall affecting key routes connecting Armenia with its neighbouring countries, result in high cost of transport, particularly for traded goods, and expensive infrastructure maintenance and development.<sup>356</sup>

Influenced by the abovementioned factors, in 2018, Armenia ranked 116 among 160 economies worldwide in the Logistics Performance Index (LPI). Compared to neighbouring countries Armenia did score better at the LPI, nevertheless this measure does not adequately take into account issues such as Armenia's land locked situation.<sup>357</sup>

Armenia's main trade partners are Europe, Russia and China, and cargo is usually transited on rail ferry services through<sup>358</sup>:

- Two highway routes and one rail-link providing access to the Black Sea ports of Batumi and Poti (Georgia, some 650 km from Yerevan) and further to the EU by sea (TRACECA line)
- One road to the south through Iran to the Persian Gulf. The route to the Iranian ports is much longer (2000 km from Yerevan) and is more expensive
- A land connection with Russia through the Georgian Verkhny Lars crossing points.

The competitiveness of Armenian products is hampered by the obsolete infrastructure, undeveloped logistics networks, and the consequent high transport and logistics expenses.<sup>359</sup> Therefore, for Armenia the upgrading of crucial infrastructure, running efficient and safe transport operations and ensuring intramodality and interoperability of transport structures are of crucial importance.

Road, rail and air routes are the main transport modes of Armenia, yet, most of the freight and passenger transport goes through the road network. As illustrated in Figure 32, the freight turnover of the country has increased drastically since the 2000s. The share of cargo transportation that

<sup>356</sup> Improving the Sustainability of Road Management and Financing in Armenia, WBG 2011. [Available here](#)

<sup>357</sup> Logistics Performance Index, [www.lpi.worldbank.org](http://www.lpi.worldbank.org)

<sup>358</sup> Logistics Processes and Motorways of the Sea II: Country Profile Armenia, Traceca 2011. [Available here](#)

<sup>359</sup> EBRD Strategy for Armenia 2012, [Available here](#)

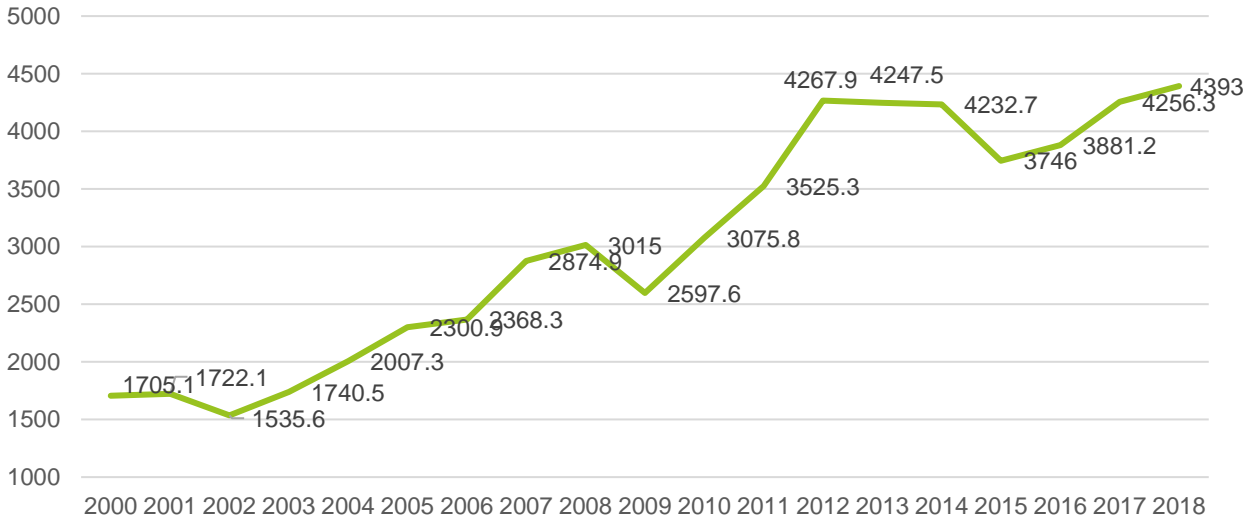
was carried out by motor vehicles increased from 59% in 2010 to 84.2% in 2017 while the share of passenger transportation carried by motor vehicles reached 87.6%. The second largest share is recorded for railroad, which comprised 12.8% in 2016, followed by the pipeline transport with 7.8%.<sup>360</sup>

Figure 31: Map of Armenia (Source/Image Credit: RFERL)



Freight turnover more than doubled during the evaluation period from 1705 tons/kms reaching 4393 tons/km.

Figure 32: Freight turnover, million tons/km



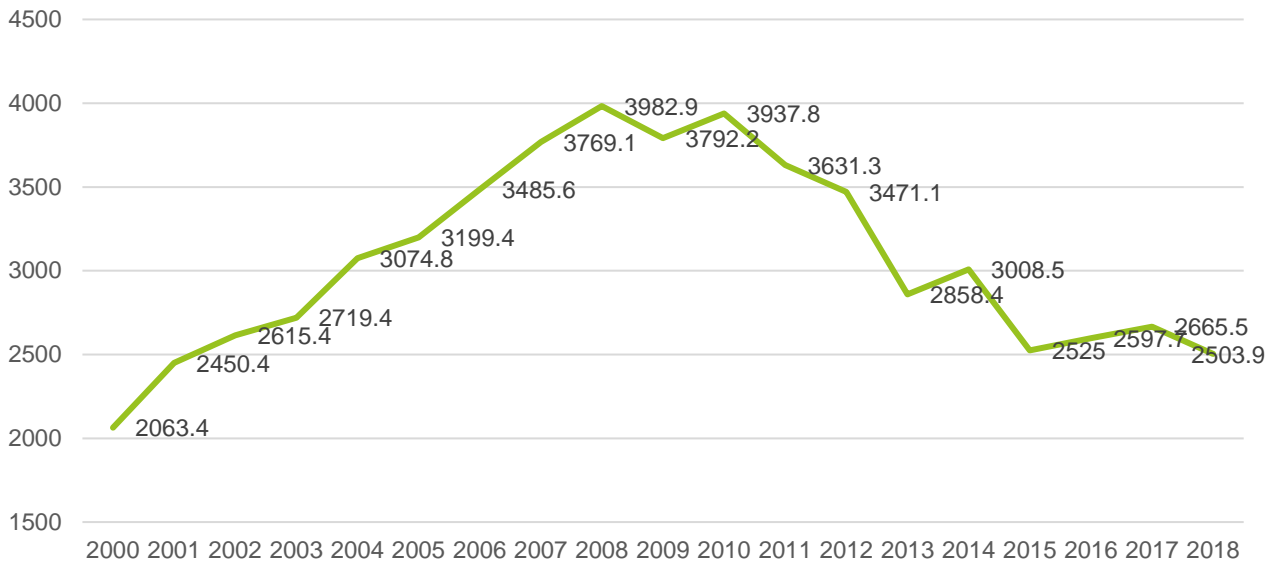
Source: RA statistical Committee, Armstat

Total passenger turnover has nevertheless reduced since 2000. Enhanced private transportation is believed to be one of the underlying factors behind reduction of the passenger turnover.

<sup>360</sup> NSS. Statistical Yearbook of Armenia 2016. Yerevan.



Figure 33: Passengers turnover<sup>361</sup>, mln. passenger-km



Source: RA statistical Committee, Armstat

Development of Armenia's road network mainly took place during the 1950-1980 period. The road network is relatively expanded with about 257.6 kilometres of roads per 1,000 square kilometres and a total length of 7,750 km, of which 1,686 km are interstate roads. Surface condition of these roads however varies from excellent to poor, whereas secondary roads are mainly in poor condition.<sup>362</sup>

The total length of the **railway** tracks which includes the metro system of Yerevan, is 1,328.6 km (including 780 km of express tracks) yet, only 845 km is operational. Although Armenia's road density is quite high, nevertheless the density is lower than its neighbour countries Georgia and Azerbaijan.<sup>363</sup> The railway system has seen its operations shrink ten-fold since independence, primarily due to the closing of Armenia's borders with Azerbaijan and Turkey.<sup>364</sup> Armenia's railway network, is in need of serious improvement. Most of the railways were also constructed during the Soviet era and the infrastructure has deteriorated rapidly due to lack of funds. Some of the infrastructure was also damaged during the conflict with Azerbaijan.<sup>365</sup>

**Air transport** accounts for a significant portion of the cross-border movement of passengers and freight of Armenia. Because of the limited railway system, restricted use of the southern border in times of extreme climatic conditions, closed borders and lack of road network infrastructure. Armenia has three main airports: Zvartnots, Shirak, and Erebuni. Zvartnots (or Yerevan) The International Airport is the principal gateway to the country and serves the vast majority of passenger and freight traffic. Since 2001, the Armenian International Airports CJSC manages and maintains the airports in Zvartnots and Shirak under a 30-year concession agreement.

Air transportation grew significantly during the evaluation period. This involved both cargo and passenger transportation. In terms of Cargo transportation, as illustrated in Figure 34 compared to 2008, by 2017, the volume of transported cargo more than doubles reaching 22.4 thousand tons.

<sup>361</sup> Passenger turnover is defined by multiplying the number of passengers by average distance per passenger.

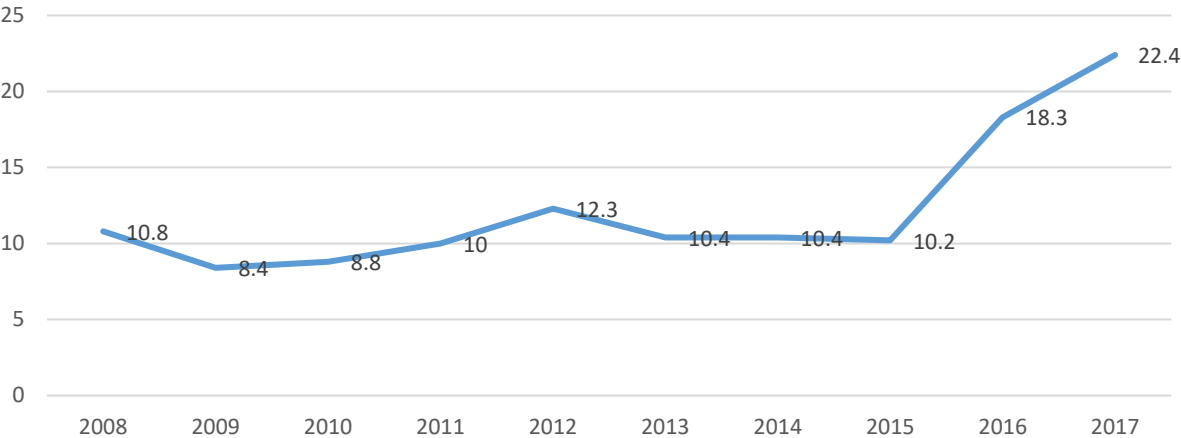
<sup>362</sup> Armenia's Transport Outlook, ADB 2011. [Available here](#)

<sup>363</sup> Armenia Business and Investment Opportunities Yearbook Volume 2. IBP, Inc. 2016

<sup>364</sup> Armenia's Transport Outlook, ADB 2011. [Available here](#)

<sup>365</sup> RA Country Infrastructure Report, 2011. Yerevan

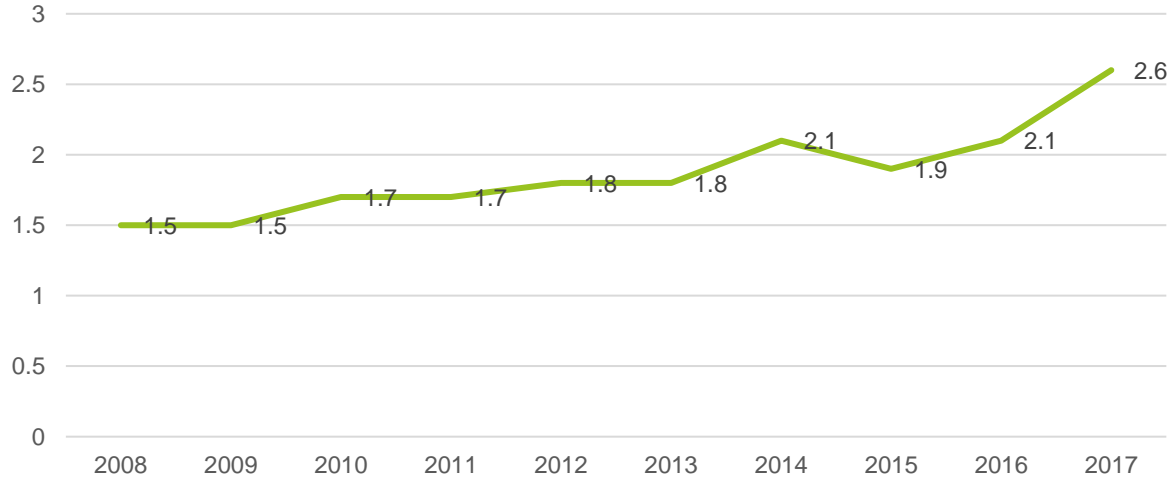
Figure 34: Freight Shipped By Air (1000 t)



Source: RA statistical Committee, Armstat

The same was the case for passenger transportation, which as illustrated in Figure 35, during the same period increased by more than 73 percent reaching 2.6m passengers.

Figure 35: Passengers Carried by Air (million passengers)



Source: RA statistical Committee, Armstat

Following the ceasing of operations of Armavia, the private national flag carrier in early 2013, a new Open Skies policy framework for the civil aviation sector was developed and approved. Considering Armenia’s long legacy of tight regulations in its commercial aviation market, this new policy signalled a sharp break from tradition.

The new policy framework aimed to increase competition, improve connectivity, enhance service quality, and lower costs.<sup>366</sup> Key elements of the framework include: (i) promotion of competition and a move to open skies (limiting protection of particular airlines, for example, through frequency or capacity restrictions); (ii) transparency in publishing agreements in the sector; and (iii) splitting up the functions of the Directorate General for Civil Aviation (DGCA)—in particular policymaking, policy execution (negotiation of agreements), technical regulation, infrastructure operations,

<sup>366</sup> Armenia: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding. IMF 2014

monitoring and enforcement, and accident investigation—to provide greater efficiency and transparency and address possible conflict of interests.

Cooperation between Armenia and the EU in the aviation sector was based on the "Horizontal" Agreement on certain aspects of air services between the European Community and the Republic of Armenia signed in December 2008 and serving as a legal basis for any EU airline to operate flights between any EU Member State and Armenia. The agreement was aimed at contributing to the further development of EU-Armenia aviation relations. Armenia signed Working arrangements with EASA in July 2009. In November 2010, following the resolution of the DGCA, normative requirements of EASA entered into force.

In November 2017, the EU-Armenia Common Aviation Area Agreement was initialled in Brussels. The Aviation Agreement is expected to further improve market access on both sides and provide better connectivity, resulting in more choice, better services and lower fares for all travellers. Furthermore, this agreement should contribute to increasing tourism, and contribute to economic growth and job creation. It is estimated that the agreement with Armenia will increase the passenger numbers by up to 87,000 and bring up to €16 million of consumer surplus over the first five years of the agreement.

### **Key sectorial issues**

The main issues in the transport sector involve:

- Lack of roads in good technical condition. This makes the roads unsuitable for cargo transportation and a great deal of modernisation will be required to make them reliable for heavy commercial truck fleets. On the context of the EaP regional network, 93% of the EaP strategic network in Armenia is characterized by poor (54 km) and poor to medium (600 km) road conditions.<sup>367</sup> Road safety remains a critical issue.
- Existence of only one key railway connection, which doesn't allow for fast transit across Armenia and to Georgia,
- Lack of developed multimodal transport and logistics services

### **Public strategy and actors**

The GoA set out to address the issues in its Transport Sector Strategy and Master Plan, developed by ADB in 2011, which cover all types of transport with more emphasis on road transport development. The national transport strategy further prioritizes:

- i. Efficient and cost-effective transport infrastructure and services for the whole country;
- ii. Cross-border trade facilitation; and
- iii. Environmentally and socially sustainable transport infrastructure and services.

Many programs outlined in the Strategy are under implementation (e.g. de-loading of city centre traffic by by-pass routes, removing the bottlenecks in intersections, shift from private vehicle use, rationalisation of bus networks, etc.).

The MoTAI (previously the Ministry of Transport and Communication - is the main national government agency responsible for formulating transport programs, projects, and regulatory measures and planning transport systems. The Armenian Roads Directorate (ARD) is the national government agency responsible for maintaining the highways and roads—particularly those making up the country's arterial road system. Due to limited funding, the ARD does not fully carry

<sup>367</sup> Eastern Partnership Regional Transport Study, Final report, Annex I – Data collection, June 2015

out its function of road maintenance. The GoA successfully devolved most functions in the transport sector through privatization or the granting of franchises and concessions. The state does not have controlling ownership of key transport networks (railway, seaports, in some cases also airports) but awards concessions to operate these. The MoTAI sets the fare structure of the public transport systems and the regulations for competition, safety, and efficiency in those systems. Although the private sector operates public transport through the franchise system, MoTAI defines the regulations when it issues the franchises.

### 7.3.3. Environment

Armenia has a complex mountainous topography and exhibits both a great range of altitudinal variation and a diversity of climatic zones. This has resulted in a diversity of landscapes and ecological communities, making Armenia globally of importance as a center of endemism for wild relatives of economically important crop and livestock species. Nevertheless, Armenia is exposed to significant environmental and climate change risks and has had limited success in managing its environmental sector sustainably.

Some of the environmental challenges are inherited from the Soviet era, while others are the products of Armenia's ongoing political and economic transformation. The high level of rural poverty, over-exploitation of natural capital, limited application of environmentally sound technologies and practices in agriculture and industry, resulted in loss of habitats and species, pollution and chemical contamination, degradation of forest, water and other ecosystems and their functionality.

The Ministry of Environment, as the leading ministry on climate change and environmental issues, and host of both the Global Environment Facility and the Green Climate Fund is the natural centre for climate and environment coordination between government ministries and institutions, donors, implementing partners and NGOs. While the Minister of Environment chairs the Inter Agency Coordination Council on Climate Change (established by the Prime Minister Decree No. 955-A in 2012).

#### *i. Key issues*

In general, despite improvement of environmental laws and regulations, still significant strengthening in terms of both regulatory aspects and implementation capacity is necessary. Moreover, legislative issues remain, such as compensation for harm caused to the health of the population from hazardous waste is poorly regulated. Although the Law on Sanitary and Epidemiological Safety of the Population outlines the right of citizens to claim compensation for damages caused to their health as a result of a violation of sanitary rules, no specific procedure is provided by the government. Legislation is also vague on the standards for creating special protection areas.

#### *ii. Aquatic environment and water supply*

Armenia enjoys 100 percent access to improved water. Yet, since Armenia's independence in 1991, the deterioration of water supply and sanitation infrastructure and related service delivery mechanisms have impacted the quality and management of water, making it a crucial issue on the development agenda. In addition, the increasing demand for irrigation, coupled with the fact that close to one-third of Armenia's electricity is generated through hydropower, is adding stress on water systems, on major water bodies such as Lake Sevan, and on groundwater aquifers. The natural landscapes on which many rural communities depend are degrading.

Between 1926 and 2000 Lake Sevan, the major water body in the country, and an essential storage of water for hydropower electrical generation, irrigation, and drinking water, decreased in depth and volume by almost 20m and 43%, respectively. The reductions were due to Soviet-era unsustainable extraction of water for irrigation, and in order to power 6 downstream hydroelectric power stations. Since policy changes were implemented in the 1980's the water level has been rising slowly, though still remains more than 10m below its original depth. High concentrations of organic substances, associated eutrophication, and a loss of fish stocks are also causes for concern for the lake's biodiversity and ecosystem services.

Agriculture and fisheries are Armenia's largest users of water. In terms of agriculture, current tariffs and subsidies do not encourage farmers to adopt more water- and energy-efficient practices or technologies. Farmers, for instance, continue using flooding irrigation and more efficient methods/technologies such as sprinkler and drip irrigation solutions which are not used. Also, the over-issuance of water use permits and the over-abstraction of groundwater in the Ararat valley has led to negative consequences. Artesian groundwater resources have sharply declined, and the artesian groundwater zone has decreased.

### *iii. Mining*

The GoA has prioritized the mining sector for expansion, with a view to bolstering economic growth. As of 2015, several hundred mining licenses were granted to private companies, without long-term sustainability considerations and having appropriate tax legislation, or environmental protection plans in place. Between 2010 and 2013, the area of land occupied by the mining sector increased by 16%, to approximately 34,900 hectares, predominantly in Lori and Syunik marzs.

Yet the sector developed without due consideration of its impact on the environment and health and the potential for the development of an alternative, green economy. Management and decision making in sector was often not transparent. Corruption in the sector was also a centre of discussion and the governance and decision making in terms resource governance was perceived to only serve the interests of a small group. NGOs were often not consulted and were limited to dispute decisions of authorities in court.

Prolonged unsustainable mining operations and disposal of mining waste contributed to degradation of the natural environment and resource governance did not take into account sustainable development or long-term public good. Water resources are ineffectively used and an increase in mining waste and insufficient waste management mechanisms pose a serious threat to both human health and the sustainable economic development of the country.

The main threats to the environment posed by the mining sector are water course pollution as a result of tailing ponds, and the accumulation of wastes that pose a threat to biodiversity.<sup>368</sup> The existence of a large number of no longer mined, or no longer used mines and waste facilities which have no legal owner, represent a very significant environmental liability. Such facilities are causing significant and ongoing environmental damage. Field visits conducted in the framework of WB study suggest that many, if not old and no longer mined sites in Armenia have been abandoned without performing any significant rehabilitation measures. Most of the abandoned and now operating metal mines have a history of being state run enterprises since the soviet area, which were closed without adequate closure and or after privatization, the environmental liability that is associated with these operations was not shared between the state and the current owner. Moreover, the funds available for rehabilitation after closure of now ongoing metal mining

<sup>368</sup> Armenia's 5<sup>th</sup> National Biodiversity Strategy and Action Plan.

operations seem to be deficient. Lack of investments for proper closure of obsolete mines makes them a continual source of pollution and health hazards.

In terms of implications for human health, a number of studies by the Armenian Centre for Ecological-Noosphere Studies and the American University of Armenia identified that pollutants associated with emissions from the mining industry are present in, for example, kindergartens at levels above national Soil Standards (SS) and internationally recommended Maximum Acceptable Concentrations.

While comprehensive legislation is in place to measure, regulate and ultimately reduce emissions, particularly from the mining industry, the legislation does not often comply with EU legal regulations and low penalties and poor enforcement result in weak incentives for private companies to invest in clean technologies or otherwise comply with legislation. Environmental and social regulation of the mineral sector is primarily based on the RA Law on Environmental Impact Assessment and Expert Examination (2014) and the RA Mining Code (2012). Even though, the former includes modern concepts to anticipate, prevent and mitigate negative impacts on the environment and humans, there is a general lack of secondary legislation and/or guidelines for implementation of the law. Furthermore, mine waste management, which is regulated through the RA Mining Code and the RA Law on Waste, does not always allow adequate regulation of the sector as for example, there is a lack of clarity in how to determine whether a mining waste is hazardous or not. The RA Mining Code classifies non-operational tailings dams with a proven mineral reserve as “man-made mines” rather than mine waste.<sup>369</sup>

#### *iv. Deforestation*

Armenia has been losing forests at an alarming pace and is one of ECA's least forested countries. Forest cover, estimated at 11% of the total area of Armenia, is under threat from unsustainable logging as well as the more subtle slow onset pressures of higher temperatures, creeping desertification and declining summer rainfall, which together are leading to shifting forestry zones, declining growth rates, increased forest fires and greater susceptibility of trees to pests and diseases.

The pressures on deforestation are several. They include mining (most recently Teghut with cutting of more than 360 hectares of forest), construction material industry and particularly fuel wood needs in rural areas. Review of household survey data shows that the use of solid fuels, which primarily means burning wood, after rapid decline since 1996, has been on the increase from 2008. As of 2012, approximately 35% of the population, and 19.1% schools utilized wood fuel for household heating. Reduced forest cover is also associated with lower water infiltration into groundwater stores, essential for most of Armenia's water supply.

In addition to such pressures on forests, experts seem to agree that poor management of forests is leading to qualitative deterioration of the re-growth of forests, especially due to the grazing patterns of livestock. The logging of forests is also done in a selective manner so that high-quality wood is cut first and more aggressively, leaving forests with compromised flora diversity.

#### *v. Environmental governance*

Sustainable development is recognised as a priority by the government, and a co-ordinating administrative structure has been formed. Armenia adopted the major internationally agreed sustainable development principles and the targets set in the Rio+20 outcomes. The Paris Climate

<sup>369</sup> World Bank. 2016. Armenia: Strategic Mineral Sector Sustainability Assessment. World Bank, Washington, DC. World Bank. <https://openknowledge.worldbank.org/handle/10986/24756>



Agreement was ratified by the National Assembly of Armenia and entered into force in 2017. Intended Nationally Determined Contributions (INDC) were developed and approved by the government in 2015 and the National Energy Efficiency Action Plan approved in 2016. A separate division on Climate Change and Atmosphere Air Protection Policy has been established in the Ministry of Nature Protection, and sectoral environmental strategies are in the process of elaboration and adoption.

Yet, environmental governance concerns have been raised in various areas such as poor implementation of environmental laws and regulations which has generated significant environmental liabilities or “legacy pollution” in industries such as mining. Issues involved failure to ensure rule of law, lack of an independent judiciary, unaccountable governance, and failure to fulfil international commitments. The government has been inclined to join any international initiative, and make any formal commitment, without making sustained efforts to implement these commitments.

Government policies have properly addressed neither the new opportunities provided by renewable energy technologies and possible investments into their adoption in Armenia, promised by the West, including the EU, nor the imperative of diversification of energy supplies. Territorial development programs remained dependent on the mining industry and sustainable Development policy making did not fully address development of a green economy that would fully capitalize on sectors such as tourism, organic and traditional agriculture, and other branches of green economy. At the same time, the policy response to several environmental challenges has been inadequate— not least on deforestation, ineffective management of water resources, poor control over pollution by the mining industry, and appropriate use of the latter’s revenue for public purposes.

The responsible authorities do not have a comprehensive environmental database and improved access to environmental data is crucial. Currently out of 42 main UN Economic Commission for Europe (UNECE) environmental indicators, Armenia provides statistics for 37 indicators. Armenia needs to improve reporting on environmental MEAs, increase transparency and publish reports on the internet.

Institutional strengthening is required to improve the efficiency with which financial resources are allocated across competing priorities, in order to deliver environmental management more effectively and, in turn, support efforts to strengthen sectors with export potential, such as agriculture and tourism.

Moreover, Environmental protection and climate change coordination capacity within and between government ministries can be considered weak. The Ministry of the Environment has expressed intent towards supporting the reestablishment of an inter-ministerial committee for improved climate coordination. There is also no functioning climate partner/ donor roundtable.

#### *vi. Soil erosion degradation and desertification*

Land erosion and degradation in Armenia have many causes including natural and anthropogenic. Climatic conditions (wind, rain, and insolation), soil composition, and topography (slopes) are typically among the natural factors affecting soil erosion.

While climate-related drivers such as higher temperatures and changes in rainfall volume and distribution are certainly contributing to Armenia’s increasing desertification and erosion problem, livestock intensification, widespread poor land management practices (incl. logging), and unsustainable extraction of ground water also contribute strongly to the declining soil and ecosystem health.

Other human factors that contribute to land degradation in Armenia include poor irrigation practices, chemical pesticide use and heavy metal contamination from mining and industry. One consequence of poor irrigation practices and related infrastructure, for instance, is soil salinization, i.e., built-up of salt in soil, which in its turn renders soil useless for agriculture and increases chances of desertification.

The level of soil erosion is very high and alarming in EaP countries, including Armenia. Soil erosion contributes to land degradation and, in its extreme, desertification thus preventing it to be put in economic use, too. The level of erosion in Armenia exceeds 30% and is above the EU average. Pastureland erosion is also a significant problem in Armenia, primarily due to overgrazing of the land that is in close proximity to human settlements. This is a result of inability of farmers to use all available pastures in a planned way due to deteriorating infrastructure and lack of capital to invest into sustainable grazing management.

Semi-desert zones (including sandy deserts and saltmarshes) naturally dominate the lower elevation areas in central western Armenia. However, between 2009-2013, the coverage of the semi-desert zone increased in altitude by 50m as both desertification and worsening soil erosion took hold of higher grounds; in total ~75% of the land in Armenia is believed to already be- or at risk of becoming desertified.

#### *vii. Waste*

Waste management is one of the main areas of concern with regard to sustainable environment management. Over the past decade, waste generation in the country has been on the increase. This increase in waste generation primarily relates to solid waste growth from the mining sector and the expectation is that this type of waste will be growing substantially. With respect to municipal solid waste (household waste), the waste generation is in line with average waste production of low-income countries and is lower than the average of middle-income countries.

The RA is party to a number of international conventions including Basel, Stockholm, Rotterdam, Espoo and a number of others. Basel (handling and transport of hazardous waste), Stockholm (on POPs), and Rotterdam (on hazardous chemicals) conventions have direct impact on solid and hazardous waste management in Armenia. Importantly, Armenia signed the Minamata Convention on Mercury. In 2014-2015, UNIDO had an initial assessment project for the Minamata Convention with funding from GEF. In October 2017, the RA President signed the law on ratifying the Minamata Convention on Mercury.

#### *viii. Climate change*

Climate change is a significant additional threat to the already at-risk mountain ecosystems and economic sectors of Armenia. Geographical peculiarities aggravated by climate change make Armenia one of the most prone countries to natural hazards in the Europe and Central Asia region with more than 80 percent of the population exposed. Due to exposure, sensitivity, or a lack of adaptive capacity, Armenia was ranked 4<sup>th</sup> among the most climate-vulnerable countries in the ECA region in 2009.<sup>370</sup> Over recent decades, the frequency and intensity of extreme weather events has increased.

Observable climate change impacts and vulnerability of economic sectors and population are expected to increase due to aging water and irrigation infrastructure, unattended waste issues, and unsustainable land and water management patterns. The First Biennial Report of Armenia 371

<sup>370</sup> World Bank (2009): Adapting to Climate Change in Europe and Central Asia

<sup>371</sup> Armenia's First Biennial Update Report to the UNFCCC

raised concerns about significant temperature increase recorded in the recent decades.<sup>372</sup> Climate change has already led to shrinking glaciers in Armenia and the Caucasus region where droughts and storms have become more common. The changing climate is likely to cause greater frequency and intensity of weather extreme events in the future, which can have significant impacts on water availability, energy, and transport. Climate change impacts will lead to expansion of arid ecosystems, reduction of the areas covered by forests and sub-alpine and alpine landscapes and increased vulnerability of forests and loss of biodiversity, intensification of erosion and mudflow processes, worsening of the qualitative and quantitative characteristics of the surface flow and disturbance of the water balance.<sup>373</sup>

The strongest direct influence of climate change on longer-term sustainable economic growth and poverty reduction is expected through the multidimensional “agriculture-water-energy-forestry” nexus and increased vulnerability to natural disasters. Drought has a significant impact on agricultural production and water availability in rural areas, as about 80 percent of crops cultivated in Armenia are irrigated, and almost all drinking water is sourced from groundwater. Yet water availability is predicted to decline further as a result of climate change and associated reductions in precipitation. This impact is expected to cause disruptions in agriculture, fishery industry, energy production, and other sectors. The Third National Communication on Climate Change showed that under some scenarios the water flow in Armenia’s rivers could reduce up to 40%.

Notwithstanding recent improvements made in Armenia in water quality and sanitation, removing lead in gasoline, strengthening the system of protected areas, and enhancing environmental monitoring, many issues remain unresolved: unsustainable land and water resources management, pollution legacies from industry, forest depletion, poor urban air quality, and waste management. The deleterious impact of environmental degradation, overuse of natural resources, and unhealthy environment is exacerbated by climate change impacts. It points to the underperformance of environmental policies and translates into economic loss.

## 7.4. International/donor interventions in sector

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In general Armenia has a good relationship with IFI's and the number of IFI's active in the country has increased. The WB even considered Armenia the best performing country in its IDA programme. In recent years, Armenia joined the ADB, and signed a memorandum with European Investment Bank (EIB), as well as a USD 236 million compact with Millennium Challenge Corporation. At the same time, some of the prominent bilateral programmes (i.e., United States Agency for International Development (USAID) and Department for International Development (DFID) have been scaled down or, in DFID's case, phased-out altogether.

### 7.4.1. Energy

Various donors/international development partners and private entities are active in the Energy sector including the EU, Germany, France, US, ADB, WB, EIB, European Bank for Reconstruction and Development (EBRD) and the UN. They are implementing or plan to implement credit facilities

<sup>372</sup> The annual average temperature in the periods of 1935-1996, 1935-2007, and 1935-2014 has increased by 0.400C, 0.850C, and 1.10C, respectively (Government of Armenia, 2016).

<sup>373</sup> World Bank. (2018). Armenia - Mobilizing Finance for Environmental Priorities (English). Washington, D.C. WBG

and/or direct lending programmes within Armenia’s energy sector. Their contributions, along with the contributions from the US and other UN agencies aim at:<sup>374</sup>

- Energy efficiency retrofits in houses
- Increase of the use of clean, efficient, safe and affordable heating technologies in multi-apartment buildings and schools of Armenia
- Development of enabling environment for effective and safe provision of heating services
- Provision of lending to beneficiaries for heating of residential apartments
- Capital grants to the poor for heating (gasification of apartments, installation of heaters or connection to the heating system of 8,000 households)
- Technical assistance to improve energy sector regulation, for instance distribution tariff review
- Identification and development of:
  - Wind and solar energy
  - Biogas, bio-ethanol, hydrogen energy
  - Other renewable energy resources.

The support by other donors and financial institutions is provided in different forms including Technical Assistance (TA), Grants (G), Loans (L) and other. The table below provides with a simplified map of the current donor engagement in the sector.

Table 47: Donor Engagement in the Energy Sector

Sub Sector	U	A	E	EIB	WB	UN
	S	D	B			
		B	R			
		D	D			
<b>Legislation and policy</b>	T A		T A			
<b>Renewable Energy</b>					G/ L	G
<b>Fossil &amp; Nuclear energy</b>			L	L		
<b>Energy Efficiency</b>	T A		L	L	G/ L	G

<sup>374</sup> Development and Strategic Studies project. Joint Analysis of the Situation in Armenia. 2018

Figure 36: Main Energy Sector Contributions 2010-2018 (IATI spend million USD)<sup>375</sup>

Source: IATI Data, Authors Calculations

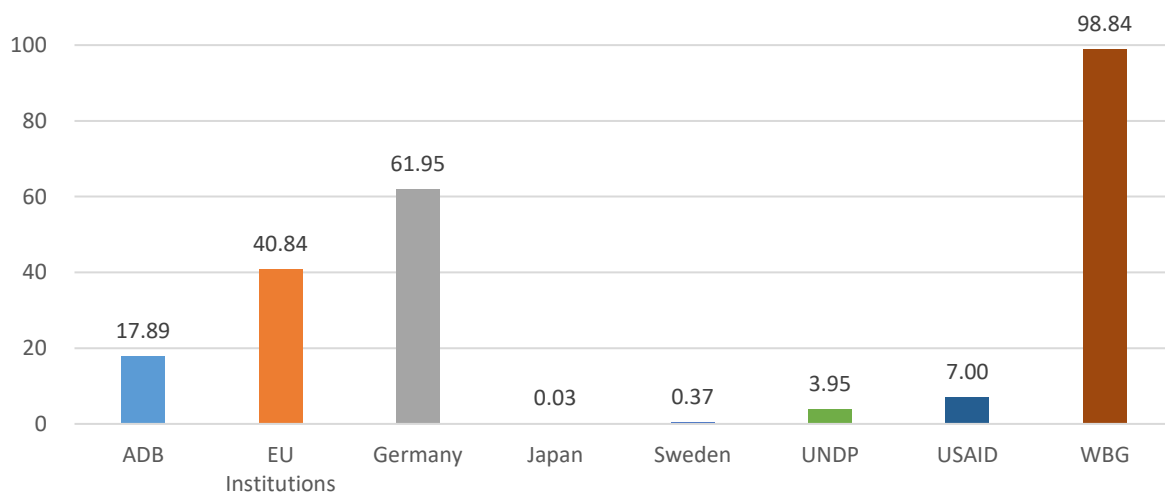
In addition to IFIs and international donors also local and international private investors have announced and or initiated various investment projects in the energy sector of which the most prominent ones are the following:

The Tashir Group announced that they would invest in the construction of the Shnogh HPP, a 76 MW power station which will provide 6% of the total electricity consumption in Armenia. An agreement on the design, construction, financing, construction, management and ownership of the project was approved by the government in August 2017 and signed by the government, with Debed Hydro as the developer and the Investors Club of Armenia as a sponsor (both belonging to Tashir Group). The project will cost about \$ 200 million. The program will also involve the Robbins Company and the International Finance Corporation. The construction is planned to be completed within four years. A memorandum of cooperation between The Robbins Company and the Debed Hydro's Charter Capital (Tashir Group) was signed in November 2017. According to the memorandum, The Robbins Company will invest in Debed Hydro's Charter Capital, providing a 22-km-long water tunnel drilling machine, as well as local training for machine operation and technical assistance throughout the tunnel drilling.

Assistance from the World Bank and the Global Environmental Facility Trust Fund (GEF) was used to create the "Fund for Renewable Energy and Energy Efficiency of Armenia". This organization examines the potential for creating a photovoltaic (PV) industry in Armenia and has prepared a Renewable Energy Investment Plan.

Italian construction firm Renco is planning to build a \$300 million worth thermal power plant unit for the existing Yerevan thermal power plant, which is planned to be completed in the next 25-28 months. According to the government, when built the unit will generate an additional 250 MW of electricity. The program will be implemented by Siemens in cooperation with international financial institutions.

"Electric Networks of Armenia" (belonging to Tashir Group) planned a \$900 million investment program. The Investment Program to be implemented by Electric Networks of Armenia JSC comprises two parts. The first part has been approved by the Public Services Regulating



<sup>375</sup> Sector Category: 230, 231, 233, 232, 236, 234, 235

Commission within the limits of USD 201 million. This project was launched in early 2016, and the sources of funds were EBRD, ADB and own assets of the Company.

**7.4.2. Transport**

The EU, as well as ADB, EBRD, EIB and WB, are actively involved in the Transport sector. Projects funded by these donors/IFIs in Armenia have been instrumental and contributed to:

- Selected lifeline roads improvement
- Improved service delivery in the road transport, results-based management systems implemented in the road transport
- Rehabilitation of major streets of city of Gyumri and modernisation of public lighting in the city.

The support was provided in different forms including technical assistance (TA), grants (G), loans (L) and other. The table below provides a simplified map of the current donor engagement in the sector.

Sub sector	Other donors/IFIs			
	ADB	EBRD	EIB	WB
Road transport	L/ TA	L/TA	L	L

Table 48: Donor Engagement in the Transport Sector

*Source: Joint Analysis of the Situation in Armenia*

In terms of financing amounts since 2010, ADB has been the most active IFI in Armenia’s transport sector followed by the WB and European financing institutions.



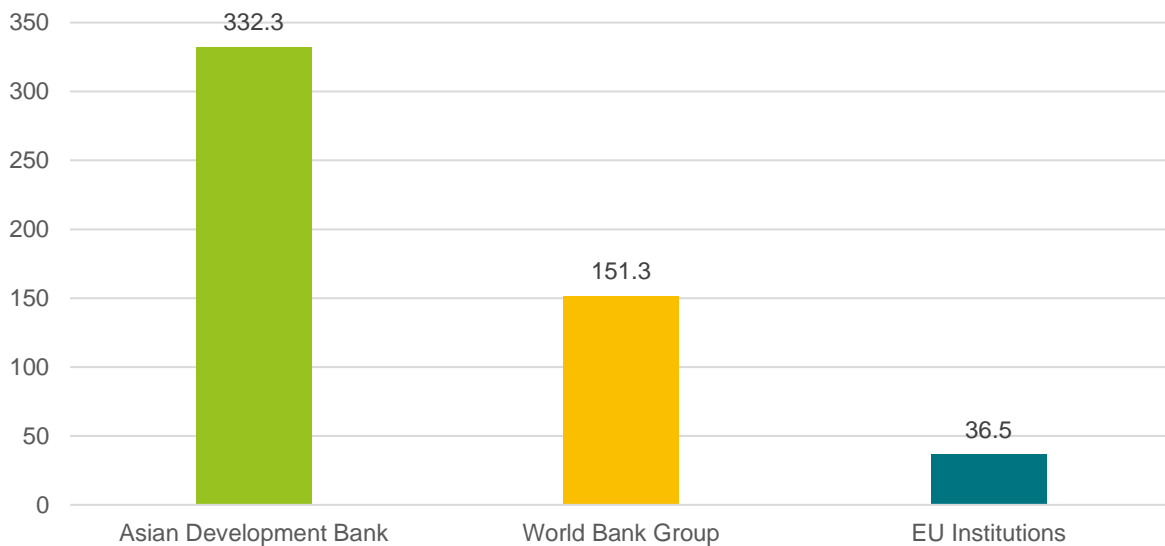
Figure 37: International Assistance to the Transport Sector (mIn USD)

Source: IATI Data, Author's Calculations

### 7.4.3. Environment

Several donors among them UN and OSCE have been active in the Environment sector. Their efforts have contributed to:

- Review and update of the National Implementation Plan (NIP) for the Stockholm Convention on POPs in Armenia
- Implementation of Best Available Techniques (BAT) and Best Environmental Practices (BEP) for reduction of POPs releases from open burning sources in Armenia
- Generation of global environmental benefits through environmental education and



awareness raising of stakeholders

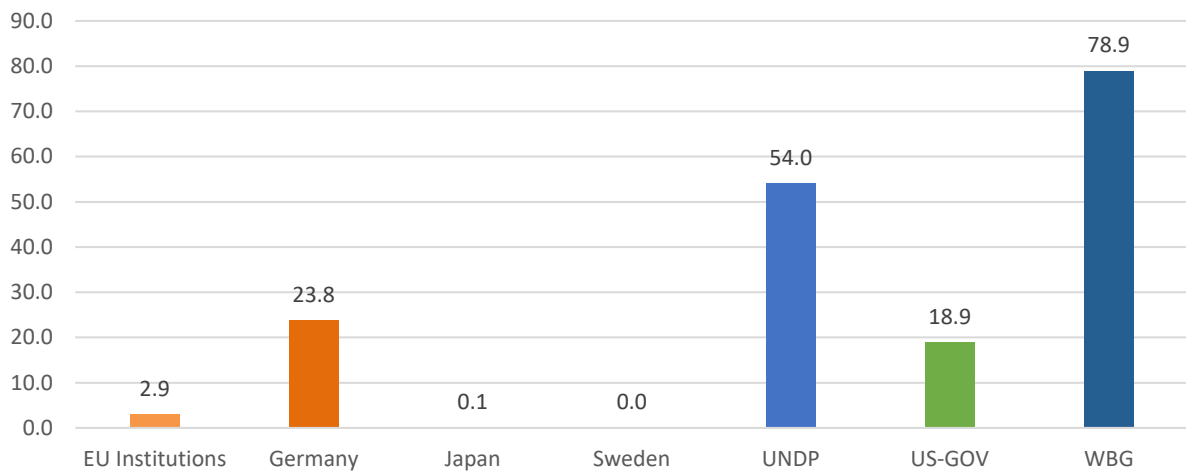
- Sustainable management of pastures and forest in Armenia and development of a Protected Area System of Armenia
- Raising public and political awareness on the linkages between environment and security
- Strengthening CSOs capacities in the field of environment.

Donor Support in the environment sector is provided through technical assistance (TA), and grants (G). The table below provides a simplified map of the current donor engagement.

Table 49: Donor Engagement in the Environment Sector

Sub sector	Other donors/IFIs			
	W U B N	Germany	EU	US
Regulatory Framework	T T A A	TA	TA/G	TA/G
Environment protection		G	TA/G	TA/G
Climate change mitigation		G		

Figure 38: International Assistance to the Environment Sector (100K USD)

Source: IATI Data, Authors Calculations<sup>376</sup>

#### 7.4.4. Reforestation

Various reforestation efforts were implemented during the evaluation period to restore forests in Armenia. From 2012-2017 Hayantar (RA Forest Service) has planted 1500 ha of which 647 ha were new forests and 853 ha were reforestation. Interventions of development partners included but were not limited to the following<sup>377</sup>:

- **UNDP:** Implementation of sustainable land management and landscaping in mountainous landscapes of north-eastern Armenia – Estimated planting 4,932 ha in 2018 and 2019
- **IFAD:** Sustainable Land Management for Increased Productivity in Armenia – planting trees in 800 ha of degraded lands
- **FAO/GCF:** Forest resilience of Armenia, enhancing adaptation and rural green growth via mitigation (at the proposal stage) – Planting to plant trees at 5,000 ha
- **Armenian Tree Project:** A Diaspora NGO that has planted approximately 5,500,000 trees since 1994

#### 7.4.5. Water

EBRD and EIB are among the international donors actively involved in the water sector through loans which are co-financed by the EU. Other key non-EU donors and lenders in Armenia active in the water sector are USAID, WB, ADB, KfW and AFD. Their efforts have contributed to:

- River basin management and assessment of Ararat valley groundwater crisis
- Infrastructure development, such as irrigation system modernisation, water supply system, etc.
- Improvement of the quality and availability of water supply in selected service areas (Masis town, Ashtarak town, Ejmiatsin town, and their surroundings) of the Armenian Water and Sewerage Company (AWSC)
- Sustainable water supply and sanitation services to improve public health and the environment

<sup>376</sup> Sector Category: General environmental protection

<sup>377</sup> RA Ministry of Environment 2018, available [here](#)

- Establishment of a reliable water supply through construction of new water reservoirs, which is in focus of KfW and AFD.

Support is provided in different forms including technical assistance (TA) and loans (L). The table below provides a simplified map of the current donor engagement in the sector.

Table 50: Donor Engagement in the Water Sector

Sub sectors (water)	Other donors/IFIs						
	US	ADB	EBRD	EIB	WB	AFD	KfW
Water resources management		L					L
Water supply and sanitation	TA	L	L	L	L	L	L

Source: Joint Analysis of the Situation in Armenia

#### 7.4.6. Waste

Other donors active in solid waste management include the EBRD, EIB, WB, ADB, UN, OSCE and to a lesser extent bilateral donor like USAID. Their efforts have contributed to:

- Identification of standards for MSW management
- Identification of obstacles to improve MSW management in Armenia
- Development of national strategy for solid waste management and submission for government's approval
- Identification of activities needed for closure of current landfills, choice of new landfill locations in accordance with EU norms and steps for their construction.

Table 51: Donor Engagement in the Waste Management Sector

Sub sector (waste)	Other donors/IFIs				
	ADB	EBRD	EIB	WB	UN
Waste management	L	L/ TA	L	L	
Pesticides management					G

Source: Joint analysis of the situation in Armenia

Figure 39: Donor contribution to water and sanitation sectors (million USD)



Source: IATI Data, Authors Calculations

### 7.5. Overview of EU interventions in sector

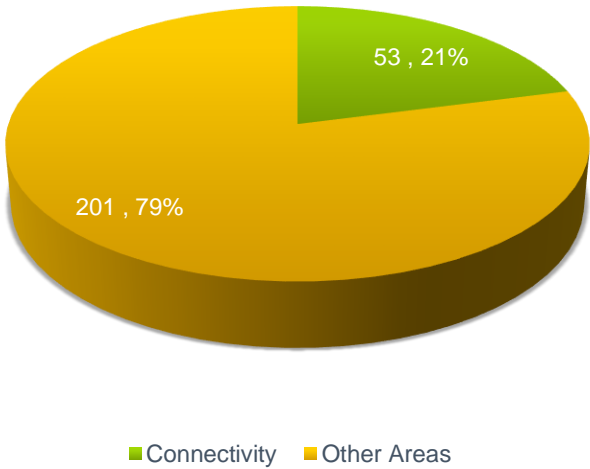
During the evaluation period, cooperation of Armenia with European Communities and its Member States was built on the Partnership and Cooperation Agreement (PCA) and involved a close and intensive cooperation within the framework of the European Neighbourhood Policy (ENP) and the Eastern Partnership. RA development strategies and the PCA, which regulated multiple aspects and sectors of bilateral relations between Armenia and the EU during the evaluation period, highlighted the necessity for targeted policies to address issues regarding connectivity and viewed it as policy priority. This was also highlighted in the joint EU-Armenia Action Plan, and National Indicative Programmes (NIPs). In line with the multiannual programming framework, the annual action programmes were developed and implemented.

In terms of strategic priorities, in the Eastern Neighbourhood, the EU focused mainly its efforts on sectors which are instrumental to democracy building and sustainable economic development such as justice, public finance reform and regional development. Connectivity projects were primarily prioritized in later stages of cooperation. This is also made evident by the primary inclusion of connectivity interventions particularly transportation in the annual action plans of 2017 and later. Previous action plans were very much focused on issues such as democratic development and good governance, support for regulatory reform and administrative capacity building and support for poverty reduction and economic growth.

The planned EU contribution to the connectivity sector during 2010-2017 was about 104.7 mln Euros of which about 53.3 mln or 50.1 percent was actually disbursed. Connectivity amounted for about 20 percent of the cooperation budget.<sup>378</sup>

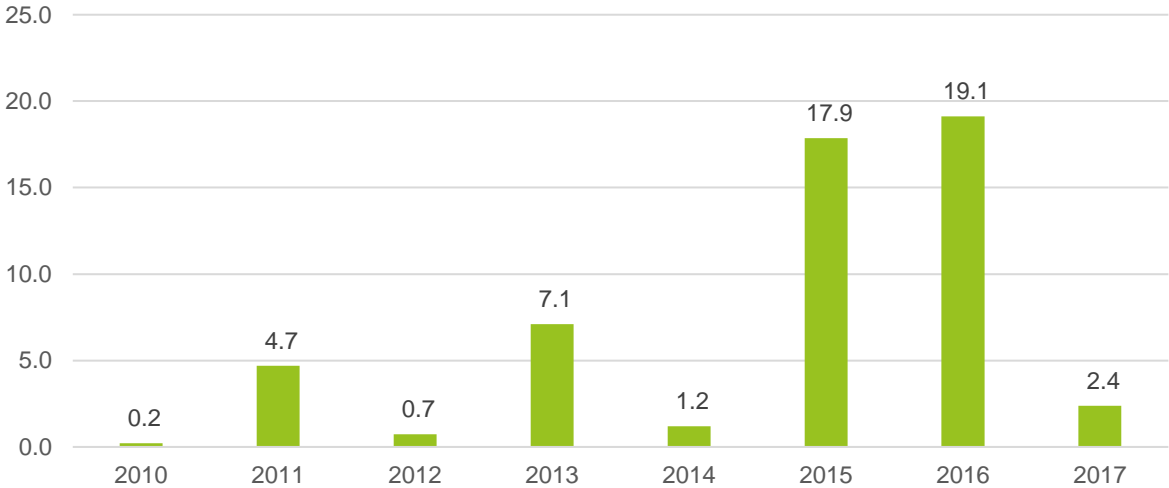
<sup>378</sup> Connectivity DAC codes 140-Water Supply & Sanitation, 210-Transport & Storage, 231-Energy Policy, 232-Energy Generation, 235-Nuclear Energy, 236-Energy Distribution, 410-General Environmental Protection

Figure 40: Distribution of resource allocation connectivity vs other areas (mln Euros)



Source: CRIS Data, Authors Calculations

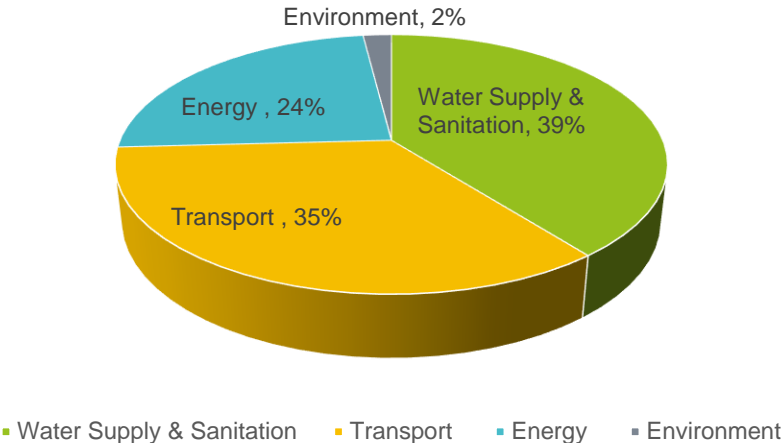
Figure 41: Distribution of resource allocation to connectivity in years (mln Euros)



Source: CRIS Data, Authors Calculations

With an allocation of 39 percent, the water sector absorbed the largest share of funding, followed by transport, energy and environment protection which had 35,24 and 2 percent of respective sectoral allocations.

Figure 42: Distribution of resource allocation to connectivity by area



Source: CRIS data, authors calculations

The key assistance instrument used by the EU to connectivity in the EaP countries is the European Neighbourhood Policy Instrument. In terms of modalities or methods of support Technical Assistance, Grants and Loans were the main methods of support provision. Blending was a very important modality used for infrastructure development projects. Availability of this type of financing was scarce for Armenia in existing market circumstances. The scope of TA/EX or Twinning activities was much smaller in the connectivity sector which somewhat mirrors the large need for resource intensive infrastructural investments.

The majority of the interventions in the connectivity sector (particularly budget wise) were bilateral interventions in the form of investment grants. Regional projects were matured in the later parts of the evaluation and were rather successful. These projects addressed issues that need a regional approach such as increased regional connection of transport and energy infrastructure.

**7.5.1. Energy**

Energy security is key to political and social stability in the Neighbourhood. Interconnectivity and energy efficiency is one of the four Riga Summit priorities. The EU was therefore particularly active in promoting in particular the use of renewable energy sources and Energy Efficiency.

EU support in the energy sector under the SSF 2014-2017 was phased in through the (NIF), leveraging large-scale investments by European banks and financial institutions. In Armenia the NIF finances key infrastructure projects in the transport, energy, social and environment sectors with a mixture of grants and loans. Overall, the EU support during the last years has contributed to:

- Adoption and implementation of a comprehensive energy strategy
- Energy sector development, modernisation, input of modern energy efficient technologies
- Acceleration of energy sector reform which includes providing support to Metsamor Nuclear Power plant to operate more safely
- Development of own resources, including hydropower, energy efficiency and the use of renewable energy sources
- Dram-denominated loans to low and middle-income households with 5-10% cash-back bonus for energy efficient renovation.



Based on the structure and types of involvement of EU assistance in different sectors, the impact on overall investment framework has been immense. There have been contributions to policy reforms but at a modest level considering the significant volume of loans and grants. It has been evident that the grant assistance by the EU has been extensively used to improve the concessionality of the sovereign loans.

The table below provides a simplified map of the EU engagement in the Energy sector. To measure the linkages between the EU and Armenia in terms of assistance to the connectivity sector, next the support delivered by the EU itself assistance delivered by EU institutions, also the aid delivered by Union Member States is considered.

Table 52: EU Engagement in the Energy Sector

Sub Sector	EU		
	EU	DE	FR
Legislation and policy	TA		
Renewable Energy	G/ TA	L	
Fossil & Nuclear energy	TA	G/L	
Energy Efficiency	G/ TA	L	L

Source: Joint Analysis of the Situation in Armenia

### 7.5.2. Transport

The EU was actively involved in the transport sector development. Support is provided in different forms including technical assistance (TA), grants (G) and loans. EU involvement in the transport sector is primarily by co-financing projects implemented by EBRD and EIB, also through NIF and TRACECA. Overall, the projects implemented by the EU in the sector have contributed to:

- Technical rehabilitation of Yerevan Metro and safe operation
- More efficient, safe and sustainable road sections in North-South road corridor
- Modernised border and customs infrastructure
- Improvement of air transport safety and security

Strengthened political and transport dialogue mechanisms between the European Commission, Eastern Partnership and TRACECA beneficiary countries, other project stakeholders and IFIs.

In road transport the Regional Eastern Partnership Transport Network developed slowly through infrastructure projects mainly funded by different European IFIs, such as EBRD and the EIB, supplemented with EU technical co-operation. The road transport absorbs the largest share of financial and technical support provided by international donors and IFIs. These included several important infrastructure projects aimed at improving the national road network, with most intensively used segments of the network as a priority. Key projects in this regard include the NIF supported North-South Road Corridor investment programme, and the Armenia-Georgia Border Regional Road (M6 Vanadzor-Bagrashen) Improvement Project. The North-South Road Corridor connects Central Asia to Europe, Iran, Turkey and Georgia (North) and Iran (South) along Meghri - Yerevan - Bavra. The corridor should ensure easier traffic from the southern border of Armenia to the Georgian border and up to Black Sea ports and will provide passenger and cargo transportation in accordance with the European standards.

### 7.5.3. Environment

The EU together with GIZ has been one of the key players in the regional efforts to protect the environment. EU Support is mainly provided through technical assistance, and grants. Overall, EU support to the sector has contributed to:

- Promotion of more sustainable production agricultural practices
- Introduction of Integrated Environmental Pollution Prevention and Control (IPPC) through developing legal, institutional, administrative and procedural frameworks for integrated permission, inspection and implementation of required capacity-building measures for authorities and stakeholders involved
- Improvement of climate change policies, strategies and market mechanisms more in line with the EU acquis in the partner countries by supporting regional cooperation and improving access to information regarding EU climate change policies/acquis
- Raise of environmental awareness through cooperation at national and regional levels among decision makers, industry and civil society
- Increase in local capacity and regional cooperation for the identification and mitigation of risks likely to be exacerbated by climate change, through the lens of Disaster Risk Reduction (DRR), Climate Change Adaptation (CCA) and biodiversity conservation
- Good forest governance, sustainable forest management and protection in the region
- Introduction of community-based conservation management and contractual nature conservation in order to simultaneously preserve biodiversity and improve rural livelihoods (KfW)

GIZ (financed by the German Government) in close cooperation with CARMAC, SDC and its Armenian partners have piloted methods for improving the pasture management system on community/municipality level as well as piloting the methodology for pasture quality monitoring.<sup>379</sup> GIZ also works on the methodology of pasture rehabilitation to be used by community leaders and community based pasture cooperatives. Testing of pasture rehabilitation started in 2017 and will be concluded in 2018 on pilot sites in Shirak, Aragatsotn and Syunik (Sisian region) Marzes.

With funds from the Austrian Development Agency (ADA), GIZ implemented erosion prevention measures on community pastureland on more than 200 ha. Pilot was conducted through involving 10 communities around Mount Aragats in the implementation of adapted afforestation techniques and bio-engineering measures, which will be replicated by other communities.

### 7.5.4. Waste/sanitation

The EU has been one of the key players in the region's attempt to reform its approach to waste management. EU support was important for legislative developments in the areas of waste management and included assistance in development of waste classification system through the EU Waste Governance project

The EU has also been a pioneer in terms of improved Disposal and landfilling infrastructure in Armenia. With the Kotayk and Gegharkunik Solid Waste Management Project the EU has supported bringing the country's waste management system closer to EU standards. The project will construct the first sanitary landfill in Armenia and have leachate and methane control as well as other measures to prevent the pollution of land, water, and air and is expected to have large

<sup>379</sup> See the methodology on the website of Ministry of Territorial Administration and Development <http://www.mtad.am/files/docs/1468.pdf>

demonstrative impact. Overall, the EU and its Member States' support to the sector has contributed to:

- Development of municipal solid waste policies and strategies;
- Preparation of investment packages;
- Creation of components of solid waste governance capacity;
- Construction of the first EU compliant regional landfill in Hrazdan;
- Construction of the EU compliant landfill in Yerevan;
- Strengthening of ANRA and NRSC capabilities in review, assessment and associated decision-making of safety of long-term management of historical solid radioactive waste generated at the NPP;
- Enhancement of the regulatory basis on disposal of radioactive waste;
- Reduction of risks to human health and the environment from obsolete pesticides.

### 7.5.5. Water supply and management

The EU and its Member States like Germany have been active in the sector, providing technical assistance and grants to Armenia through different projects and initiatives. France's involvement includes a loan provision through AFD for water reservoir construction. The EU support to the sector has contributed to:

- Transboundary river management, river basin management planning, and water monitoring and information management;
- Development of a common monitoring and information management system to improve transboundary cooperation in the Kura River basin;
- Preparation of Draft Aghstev and Debed River Basin Management Plans (RBMP) based on EU Water Framework Directive requirements;
- Construction of Vedi reservoir;
- Modernisation and simplification of the collection, exchange and use of the data and information required for designing and implementing environmental policy;
- Adoption of environmental monitoring indicators for Lake Sevan and development of an online platform for its delivery to wide range of users;
- Refurbishment of equipment for groundwater monitoring in Aknashen Village of Ararat valley;
- Rehabilitation of 10 groundwater monitoring springs in the Akhuryan river basin district;<sup>380</sup>
- Alignment with the EU Water Framework Directive, and EU Directives of Urban Wastewater or Floods;
- Improvement of water supply infrastructure under management of Yerevan Djur (Veolia);
- Municipal water supply improvements in Tavush, Lori, Shirak, Gegharkunik, Kotayk, Syunik, and Vayots Dzor marzes;
- Rehabilitation of the water treatment plants and sewerage collectors in Tavush (Dilijan city) and Vayots Dzor (Jermuk city) marzes.

The EU is implementing ENI-SEIS II (2016-2020), which continues to support the development of shared environmental information, with water as a key sector. EU review of experience with ENPI-SEIS suggests that the following is considered in ENI-SEIS II:<sup>381</sup>

<sup>380</sup> <http://blacksea-riverbasins.net/en/armenia>

<sup>381</sup> "Implementation of the Shared Environmental Information System principles and practices in the Eastern Partnership countries: ENI SEIS II East project" (Feb. 2016) available at <http://enpi-seis.pbe.eea.europa.eu/workplan/eni-seis-ii>, accessed May 25, 2016.

- Greater commitment and ownership of MoUs/Letters of Intent between the European Environment Agency and the GoA;
- More emphasis on practical implementation, hands-on training, and demonstrating examples of how improved environmental data can be used in policy-making;
- Better inter-institutional coordination with formal SEIS working group at national level or a dedicated coordinating institution;
- Better alignment to country needs through the national work plans, more regular expert visits, and dedicated national coordinators in each of the beneficiary countries;
- Active engagement of stakeholders, including civil society.

EU Support is provided in different forms including technical assistance (TA), grants (G), loans (L). The table below provides a simplified map of the current EU engagement in the water sector.

Table 53: EU Engagement in the Water Sector

Sub sectors	EU		
	EU	DE	FR
Water resources management	TA		
Water supply and sanitation	TA/G	G	L

Source: Joint Analysis of the Situation in Armenia

## 7.6. Response to EQs by judgement criteria

This section relates to evaluation question 10: “To what extent and how has EU assistance to Armenia contributed to improving infrastructure, energy and the environment?”

Evaluation question 10 covers a number of judgement criteria focussing on:

**Overall Impact:** The degree to which investments/interventions have resulted in actual improvements in infrastructure, energy and environment since 2010

**Relevance:** The extent to which EU interventions aligned with the actual needs of the Armenian economy

**EU Added Value/Contribution:** The extent EU-supported interventions contributed to relevant and sustainable changes in energy, environmental and transport infrastructure.

**Sustainability:** Extent to which sample infrastructure projects achieve return on investment and/or have sufficient income streams

**Efficiency:** the cost of sample projects is in line with industry norms and projects were delivered on time and on budget

**Effectiveness:** The sample projects were completed and delivered results according to planned objectives

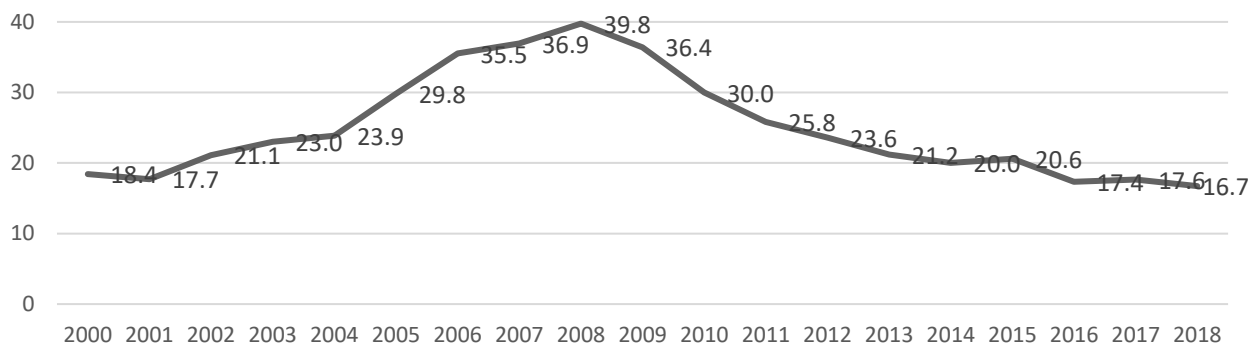
Out of the total of 28 connectivity projects, the main evaluation sample consisted of six projects in the areas of Energy, Transport and Environment. These were subject to desk-based review, and then visited from 17-30 March 2019. More details on the interventions selected are provided in the totalled planned budget allocation for the shortlisted projects amounted to 40.8 mln euros.

**JC. 10.1** Overall (i.e. not just EU) investments have resulted in actual improvements in infrastructure, energy and environment since 2010

Considering investment needs of lower-middle income countries, according to the WB, Armenia could indicatively require an investment volume in the range of USD 450-600 million annually in energy, transport, telecommunication, water, and sanitation (excluding investment in regional connectivity projects such as the North South Corridor Project), or the cost of replacing the generation capacity of the ageing nuclear plant.

Investment in infrastructure is not specifically tracked by national statistics. Yet, the Gross Fixed Capital Formation (GFCF) in Armenia, which includes investment in infrastructure, has fallen from 39.8 percent of GDP in 2008 to 16.7 percent of GDP in 2018 and its volume may have fallen in a similar proportion suggesting a possible underinvestment in energy, transport, telecommunication, water and sanitation.

Figure 43: Gross fixed capital formation (% of GDP)



Source: World Bank Open Data

### 7.6.1. Energy

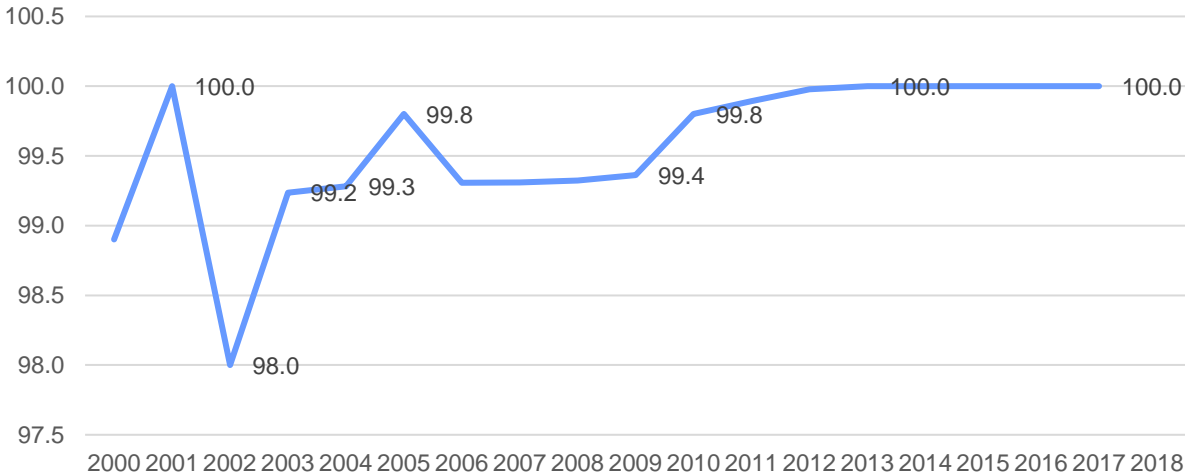
After becoming an independent state, Armenia's energy sector was deeply affected and was in need of urgent reorganisation and de-regulation.<sup>382</sup> The energy sector therefore has gone through a period of intensive reforms where a combination of policy, legal, regulatory, and institutional reforms contributed to stabilization of the sector. The stress of the reforms was on enhanced energy security through diversification of energy sources including renewable energy, development of nuclear energy, enhanced energy efficiency and regional integration.

The power sector of Armenia achieved significant results through reforms and restructuring. Energy and infrastructure reforms contributed to Armenia's economic growth through the 2000s, directly via investments, and indirectly through an increased reliability of energy supply and elimination of large quasi-fiscal deficit.<sup>383</sup> The country always had a very high rate of electricity access and this rate stabilized at 100%.

<sup>382</sup> Country Nuclear Power Profiles Armenia, IAEA 2015

<sup>383</sup> Project Information Document, Energy Efficiency Project, WB. 2012

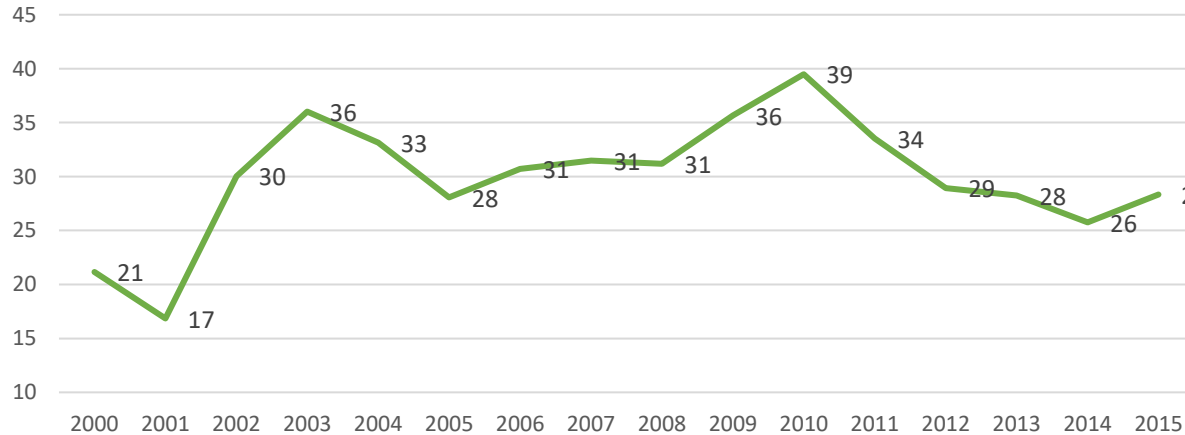
Figure 44: Access to Electricity (% of population)



Source: World Bank Open Data

In terms of energy diversification and consequent reliability as illustrated in the figures below, Armenia’s renewable energy resources already compete with conventional resources in generation of electricity, nevertheless, the share of renewable energy has fluctuated and not improved significantly and renewable energy potential is not fully utilized.

Figure 45: Renewable Electricity Output (% of total electricity output)



Source: World Bank Open Data

The most advanced renewable energy technology in Armenia is found in the hydropower sector, both in the use of large-scale power – for example the waters of Lake Sevan - and the more recent installation of small, run-of-the-river hydropower plants (SHPPs) throughout the country. Hydropower could provide an even greater percentage of Armenia’s electrical needs over the next decade, as about 23% of the annual generation potential of SHPPs is still unrealized and many of the installations are inefficient.<sup>384</sup>

Armenia also has significant wind and solar energy potential. According to the Wind Energy Resource Atlas of Armenia developed by the National Renewable Energy Laboratory in 2003,<sup>385</sup> the economically justified potential of wind energy is about 450 MW. The national target for wind

<sup>384</sup> Armenia Country Commercial Guide, [www.Export.gov](http://www.Export.gov)

<sup>385</sup> Available here: <https://pdfs.semanticscholar.org/0fce/12bf7839f52a166f179d31694f1d4070f5c5.pdf>



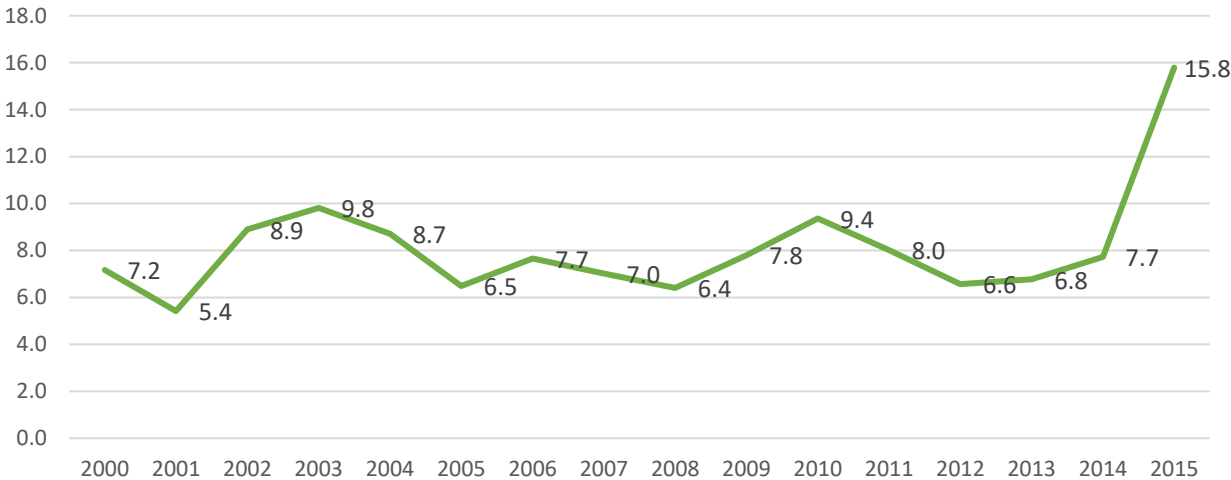
power is 500 MW of grid connected capacity by 2025. The average annual amount of solar energy per square meter of horizontal surface is about 1720 kWh (the average in Europe is-1000 kWh).

Armenia currently generates only 70 MW of electricity from solar energy facilities, when one fourth of the country’s territory has solar energy resources at a level of 1850 kWh/m2. The Ministry of Territorial Administration and Infrastructure (MoTAI) intends to increase the share of solar power to 150 megawatts based on the results of pilot projects. To foster solar power generation, in 2014, the GoA identified utility-scale solar photovoltaic as a priority under the Scaling-up Renewable Energy Program Investment Plan (SREP) and in 2018 gave green light for construction of the first large-scale solar power plant in the history of the country.

Solar water heaters and photovoltaic demonstration modules have also been installed on the roofs of many buildings, such as kindergartens, houses, and medical centres by international donors and charitable organizations. The GoA has also taken steps to develop the country’s geothermal resources, as they can become an affordable source of base-load electricity generated from indigenous resources, thus contributing to the country’s energy security. The total potential for geothermal power in Armenia is currently estimated to be at least 150 MW.

Yet, as illustrated in Figure 46, despite the increased support for RE, the share of renewables in primary energy consumption is still low, though increasing. This to some degree is also because of GoA concerns regarding a potential increase in electricity tariff and seasonal fluctuations.<sup>386</sup>

Figure 46: Renewable energy consumption (% of total final energy consumption)



Source: World Bank Open Data

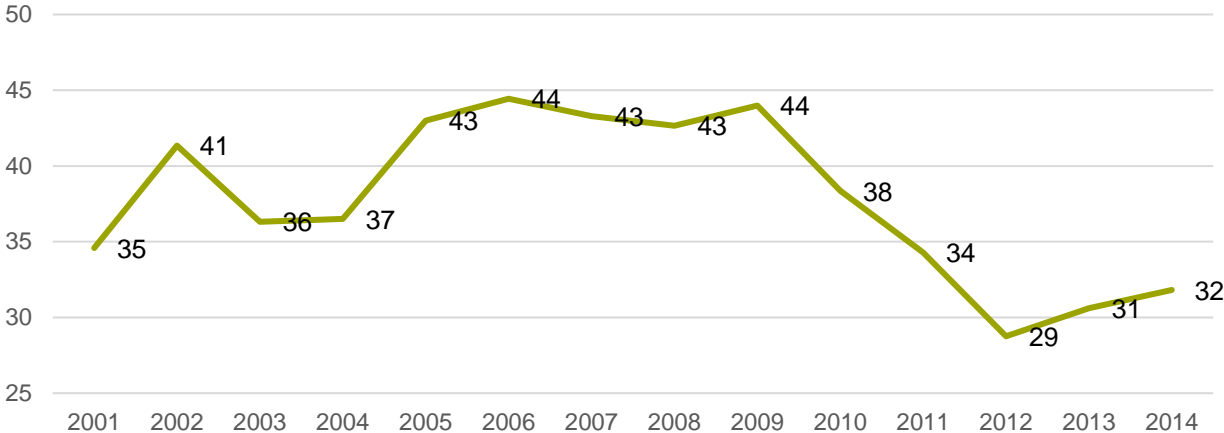
Regarding nuclear energy, electricity production from nuclear resources has reduced, nevertheless, the early closure and decommissioning of the MNPP did not happen despite the pressure from the EU to decommission the power plant. The GoA is hesitant to close this plant and the lifetime of the plant is to be extended to 2026. The expected costs of the extension are about USD 300 million which are to be financed through a Russian loan.<sup>387</sup> An important underlying factor for the extension is that building replacement capacity for the MNPP remains a serious challenge in terms of energy security and stability. Nevertheless, although the MNPP continues to operate, various important - partially EU funded – projects were launched to improve operations and safety

<sup>386</sup> RA Ministry of Territorial Administration and Infrastructure. [www.mtad.am](http://www.mtad.am), [www.minenergy.am](http://www.minenergy.am)

<sup>387</sup> In-Depth Review of the Energy Efficiency Policy of Armenia, International Energy Charter, [www.energycharter.org](http://www.energycharter.org)

by addressing issues such as emergency planning, staff training, development of inspection procedures, seismic safety analysis, quality management and a radioactive waste strategy.

Figure 47: Electricity production from nuclear sources (% of total)



Source: World Bank Open Data

The GoA is also planning construction of a new nuclear power plant and has shown interest in small modular reactors. “Electric Networks of Armenia” (ENA) is planning to make investments in this regard and is looking for partners to implement it. The investment program to be implemented by ENA comprises two parts. The first part has been approved by the Public Services Regulating Commission within the limits of USD 201 million. This project was launched in early 2016, and the sources of funds included EBRD, ADB. The cost of the second part has been estimated at USD 515m, and currently work on adjustments of cost estimates and volumes are in progress, upon the completion of which the ENA will submit the results to the Public Services Regulating Commission for approval.<sup>388</sup>

With regard to Energy Efficiency Armenia still has very low levels of energy efficiency compared to developed countries and the potential for further efficiency improvements is substantial.<sup>389</sup> While due to a lack of significant industrial activity Armenia is one of the less energy intensive economies in the region, nevertheless due to the inefficient energy use, the country consumes much more energy than for example the EU average.<sup>390</sup> This was confirmed by the outcomes of the High-Level Conference on Unlocking Energy Efficiency Potential organized in the framework of the EU4ENERGY in 2017.

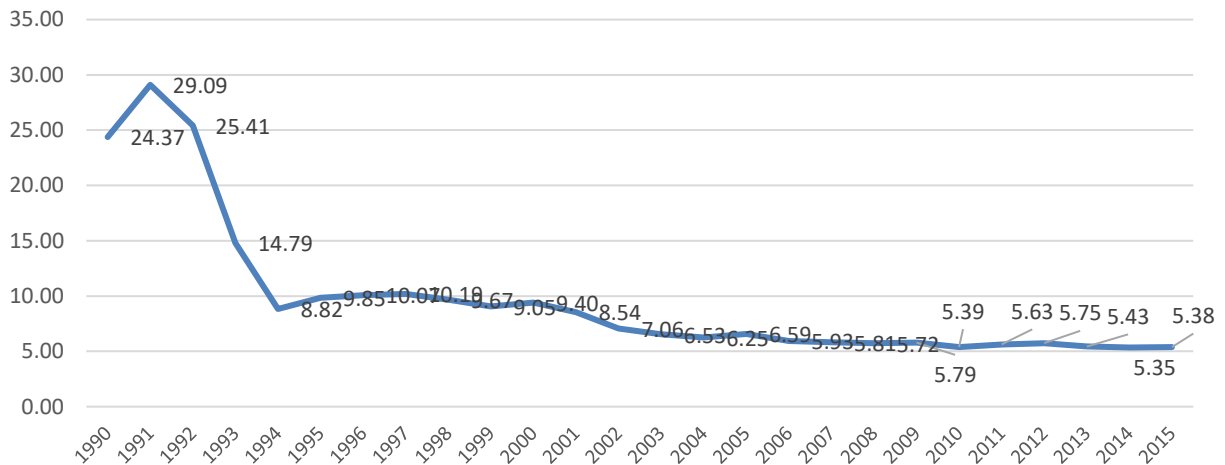
- The remaining regulatory and enforcement gaps in energy efficiency, building and housing management legislation;
- Lack of tailor-made financing instruments for serving the needs of mixed-income multi-apartment buildings and poorly maintained public buildings, while for the rural households the issue predominantly mean lack of access to modern energy services and energy efficiency solutions;
- Lack of incentives and targeted grant assistance necessary to ensure the economic viability of investments in energy efficiency, coupled with enhanced resilience and accessibility of buildings;
- Insufficient technical and institutional capacities for designing and implementing energy efficiency projects, policies, investments, adequate procurement processes, etc; and

<sup>388</sup> Armenia Country Commercial Guide, [www.Export.gov](http://www.Export.gov)  
<sup>389</sup> 2<sup>nd</sup> National Energy Efficiency Action Plan, GoA 2017  
<sup>390</sup> European Integration Index for Eastern Partnership Countries 2011

- Low level of awareness among all players in the field of energy efficiency from disparate government stakeholders, designers, contractors, developers to all groups of end-users

Nevertheless, certain achievements were realized in terms of energy efficiency. In this regard, it is important to note that Armenia's economy almost collapsed after independence. The slow recovery and shift of the economy from heavy industry to services has decoupled the energy from economic growth and reduced energy intensity. This points to reduced use of energy to produce one unit of economic output.

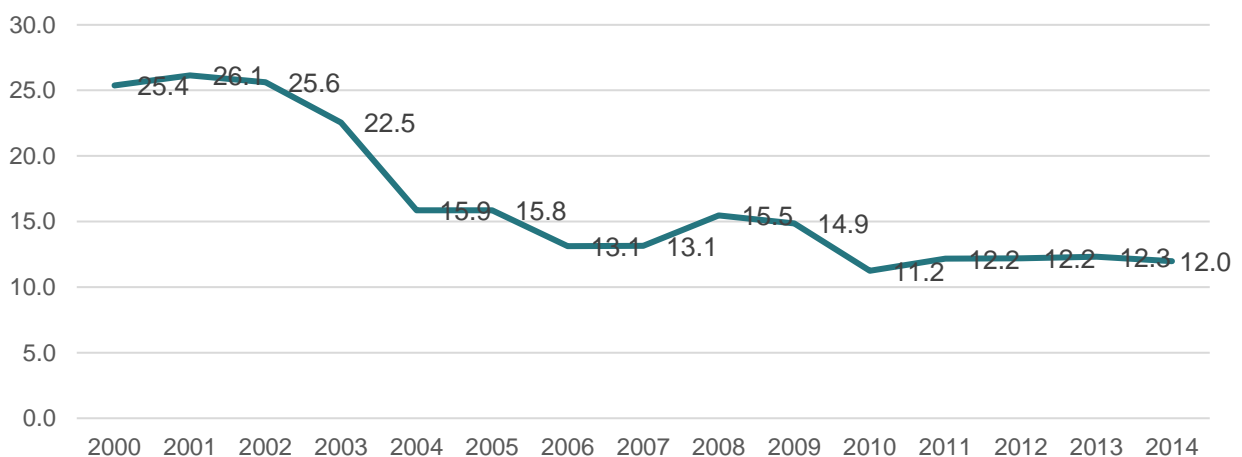
Figure 48: Energy Intensity Level of Primary Energy (MJ/\$2011 PPP GDP)



Source: World Development Indicators

Increased energy efficiency was also reflected in reduced distribution losses of electric power transmission. The development in terms of the latter is illustrated in Figure 49.

Figure 49 : Electric power transmission and distribution losses (% of output)



Source: World Bank Open Data

In terms of reliability, the large impact of the investments in terms of reductions of outages in the low voltage distribution system was not visible.<sup>391</sup>

<sup>391</sup> Distribution Investment Regulation: Principles and Practices in Power Sector of Armenia, IBRD, WB 2019

Table 54: Power Outages vs Investments for 2011-2015

Indicator	Unit	2011	2012
Average annual quantity of planned and unplanned outages per consumer	interruption of supply p. consumer	1.86	1.62
Average annual unplanned outages due to equipment failures	interruption of supply p. consumer	3.33	2.90
Investments targeting service quality	bln AMD	7.80	2.10
Total investments	bln AMD	17.20	8.20

## 7.6.2. Transportation

### Road

The road network is the primary mode of transport for freight and passenger transportation in Armenia. Yet, while there is a relatively expanded road network, investment in road rehabilitation and routine maintenance is inadequate and close to 40 percent of the network is in poor condition. Approximately one-third of Armenia's rural population does not have access to an all-weather road.<sup>392</sup> Degraded roads increase transport costs and journey times, and consequently restrict connectivity to agricultural markets and important services such as health and education.

The largest share of public spending in transportation is allocated to roads. After a large fall in public spending on road transportation, public allocation to road transportation recovered and increased slightly during the evaluation period reaching 60.2 milliard AMD in 2016.

Figure 50: Public spending on road transportation (Milliard AMD)



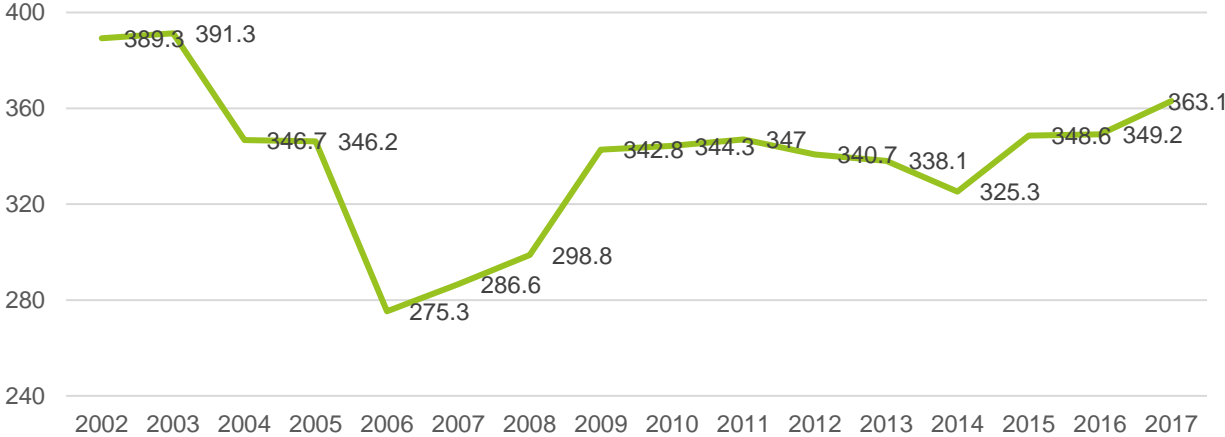
Source: RA Ministry of Finance, Budget Reports

The increased spending provided for a slow recovery of the road density, which experienced a sharp fall in 2000s. The Regional Eastern Partnership Transport Network developed slowly through

<sup>392</sup> Country Partnership Framework for the Republic of Armenia, World Bank Group 2019. [Available here](#)

infrastructure projects mainly funded by different European IFIs, such as EBRD and the EIB, supplemented with EU technical co-operation.

Figure 51: Road density (km of ways per 1 000 km2 of territory)

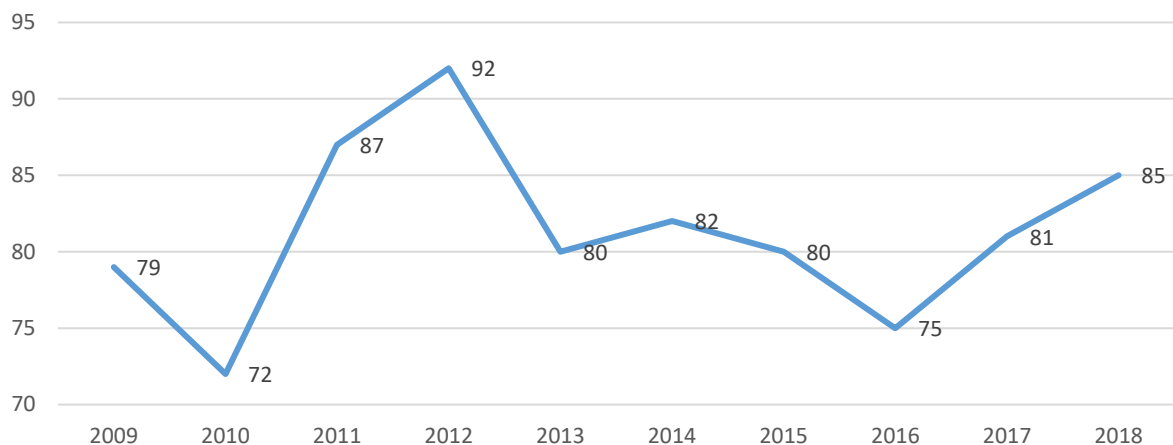


Source: RA Statistical Committee, Armstat

These IFI funded projects included several important infrastructure projects aimed at improving the national road network, with most intensively used segments of the network as a priority. Key projects in this regard include the NIF supported North-South Road Corridor investment programme, and the Armenia-Georgia Border Regional Road (M6 Vanadzor-Bagratashen) Improvement Project. The North-South Road Corridor connects Central Asia to Europe, Iran, Turkey and Georgia (North) and Iran (South) along Meghri - Yerevan - Bavra. The corridor should ensure easier traffic from the southern border of Armenia to the Georgian border and up to Black Sea ports and will provide passenger and cargo transportation in accordance with the European standards. Contracts have been signed with ADB and European Investment Bank (EIB) for the implementation of the project. Negotiations are conducted for involvement of other donors/IFIs for the construction of northern and southern parts of the corridor. Other projects aim at de-loading road traffic in Yerevan city.

Nevertheless, despite the slight recovery of the road density, the ranking of Armenia in terms of road quality published by the World Economic Forum slightly worsened during the last decade and increased from 79<sup>th</sup> in 2008 to 85<sup>th</sup> in 2017.

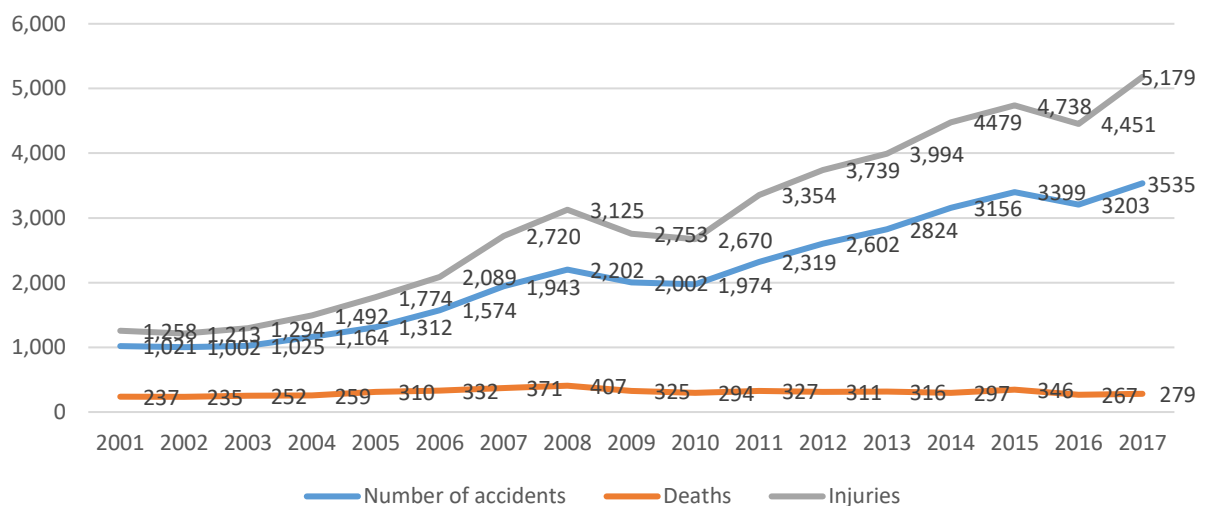
Figure 52: Road quality index ranking<sup>393</sup>



Source: WEF Global Competitiveness Index

In terms of road safety, Armenia has signed three important international conventions: 1968 Vienna Convention on Road Traffic, 1970 European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport, and 1975 European Agreement on Main International Traffic Arteries. In line with these agreements the GoA adopted the Road Safety Strategy in 2009; yet, little progress has been achieved in implementation and increased measures are needed to address this issue. As illustrated in Figure 53, the number of road accidents along with consequent injuries increased drastically.

Figure 53: Number of road traffic accidents, deaths and Injuries



Source: RA Statistical Committee, Armstat

Regarding border crossing, with EU support, Armenia was able to enhance the efficiency of border crossing procedures by reducing administrative, technical and other barriers. This was broadly recognised as Under the 2017 European Border and Coast Guard Agency (Frontex) survey of Eastern Partnership BCPs, Bagratashen BCP (together with Zvartnots International Airport) scored highest in terms of traveller satisfaction of border crossing experience.

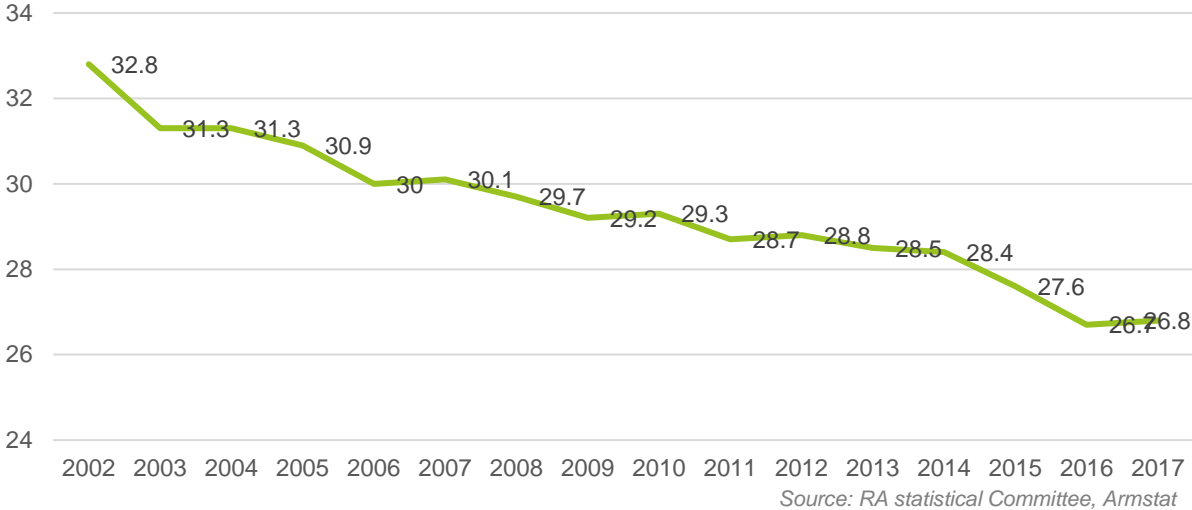
<sup>393</sup> The road quality index combines different measures of quality and connectivity of the domestic road network



### Railways

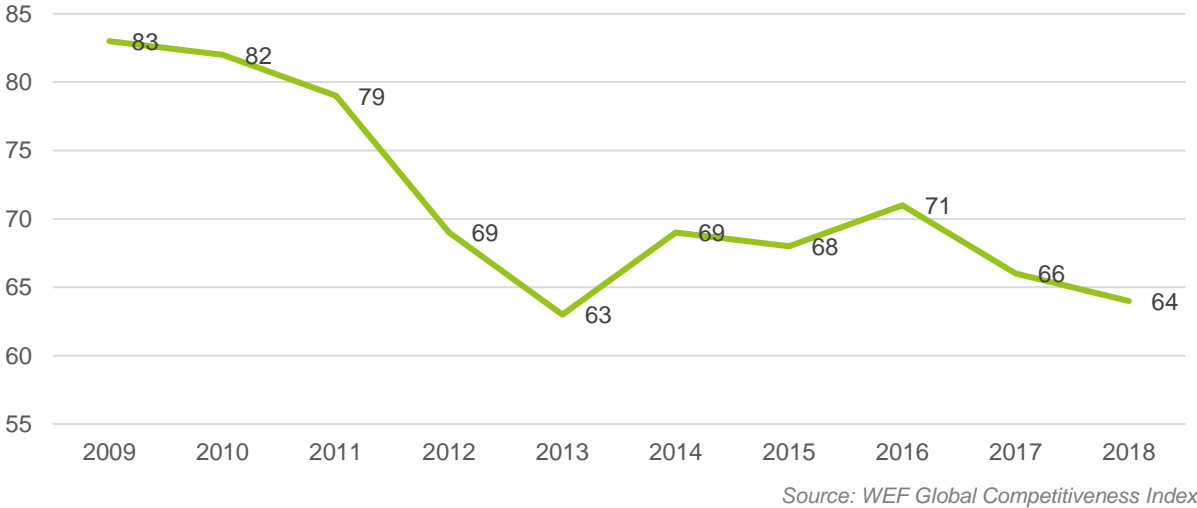
The railroad needs expansion and upgrade to connect to international trade routes. Yet, during the evaluation period the railways network has shrunk along with the operations of the general railway system. As illustrated in the figure below the density of railways gradually reduced from 32.8 km to 26.8 kms in 2017.

Figure 54: Railways Density



Yet, despite reduced density of the railroad network in the country, the quality of the general railroad infrastructure including the Yerevan Metro improved during the previous decade. The ranking of Armenia in terms of railway quality published by the World Economic Forum improved by about 20 during the last decade and ranked Armenia 64th among the evaluated countries.

Figure 55: Ranking of Armenia in terms of quality of railroad infrastructure (GCI)



To expand the railway network, the GoA initiated two important projects in 2013, namely, the “Armenian South Railway” and the “Armenian Southern High-Speed Road” which however have not been implemented yet. These projects seek to build the missing link in the international North-South Transport Corridor with the aim of opening landlocked Armenia to international trade and to increase trade with countries including those in the Gulf region. The GoA pays particular attention to these projects, which should be implemented in the frame of Public-Private Partnerships (PPPs).

To realize these projects, Armenia intends to collaborate with China and Russia.<sup>394</sup> Iran has announced its readiness to finance its own section of the railroad. Successful implementation of these projects is one of the strategic priorities of the country. Yet, realization of these projects which are highly prioritized by the GoA still requires financing.

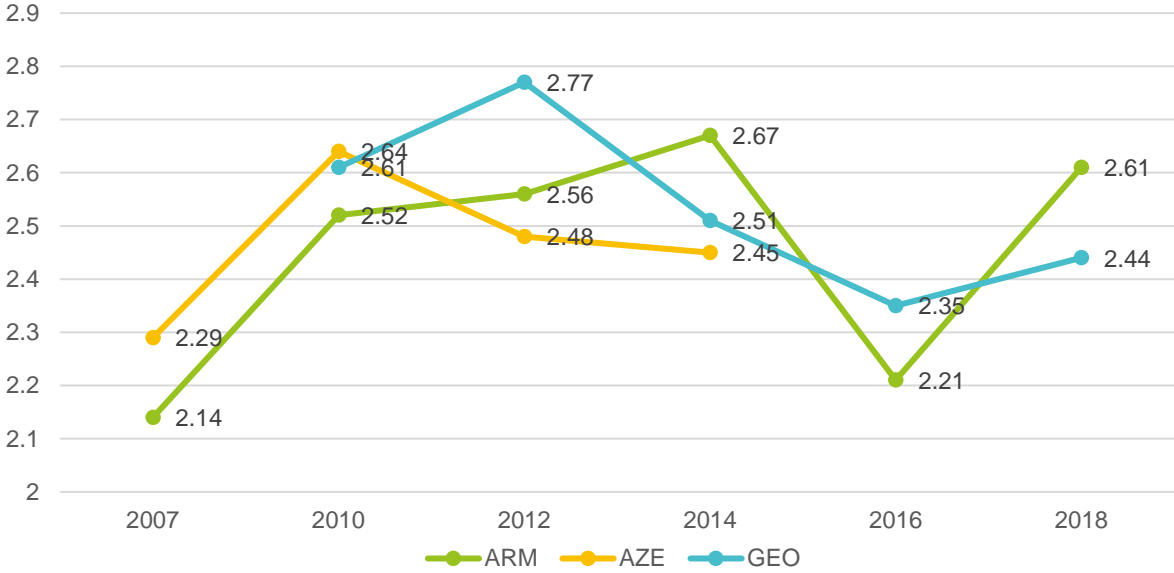
**Aviation**

In **Aviation**, development has been rather problematic. In the last 25 years Armenia has seen 14 defunct airlines.<sup>395</sup> The country embarked on the liberalisation of the air transport sector in 2013 through adoption of Open Skies Policy leading to lower airfares and 30% increase in passenger traffic in 2014.

The main issue regarding liberalisation has been the tendering process for allocation of the routes to Armenian and foreign carriers, which has resulted in restricting competition between Armenian and foreign companies.<sup>396</sup> Competition issues involve "exclusive rights" in different areas of civil aviation (e.g. flight destinations, technology, commercial and ground services), high rates of services of Zvartnots International Airport and the monopolistic nature of the jet fuel supply market. These factors reduce the attractiveness of the Armenian air market. The Exclusive rights to certain flight destinations and high services rates and jet fuel prices (monopoly of jet fuel imports to Armenia), have contributed to making the airfares in Armenia the highest in the region.<sup>397</sup>

Overall Armenia’s position on the logistics performance Index - which identifies challenges and opportunities countries face with regard to trade logistics - improved during the reporting period. Although the score of Armenia experiences a fall in 2016 nevertheless the score in 2018 once again improved.

Figure 56: Logistics performance index score 2007-2017



Source: World Bank Domestic LPI, Performance

To this end, since independence, Armenia made noticeable efforts regarding approximation in the transport sector, improvement of the quality of transport infrastructure and customs procedures.

<sup>394</sup> RA MoTAI previously Ministry of Transport and Communications. [www.mtcit.am](http://www.mtcit.am) , [www.mtad.am](http://www.mtad.am)  
<sup>395</sup> EU-Armenian Relations: Charting a fresh course – CEPS, H Kostanyan 2017. [Available here](#)  
<sup>396</sup> Studies carried out in 2010-2012 showed that inbound and outbound fares p km in Armenia (excl. taxes, and fees) were 33%-50% more compared to Georgia – a country with a fully liberalised aviation regime.  
<sup>397</sup> Development and Strategic Studies project. Joint Analysis of the Situation in Armenia. 2018

Driven by the scarcity of financial means to invest in transport infrastructure, the country-initiated reforms aimed at reducing the state's power in transportation and at attracting private investments. Armenia liberalised almost all transport markets, increased the quality of transport services and ensured greater participation of private companies in their provision.

Yet, enhanced links and removing bottlenecks in the logistic chain including enhancing efficiency of the existing transport networks is necessary to facilitate easier transport, thereby supporting economic exchanges. The underdeveloped infrastructure remains a serious bottleneck for the country's continuous development. This is crucial also in light of regional transport sector developments projects involving Georgia and Azerbaijan that tend to deepen the isolation of Armenia as a state. In the absence of high growth rates, Armenia's available fiscal space cannot fully accommodate the country's crucial infrastructure needs. This highlights the importance of finding new ways for financing connectivity including transport development projects through commercialisation and increased private participation in public service provision, while a significant grant element for all sovereign and sovereign guaranteed project financing will be needed during the medium term for debt sustainability.

## Environment

The objectives of the environmental component of European Neighbourhood National Policy (2006) included harmonization of the national environmental legislation, especially in terms of developing secondary legislation, regulations, technical requirements, standards and methodologies and instituting appropriate institutional reforms. In line with this, during the last 15 years, Armenia advanced its environmental policy and legislation in the framework of international environmental protection instruments and European regional processes. The GoA ratified various MEAs including the UNFCCC as a non-Annex I country in 1993, the Kyoto Protocol in 2012 and the Paris Agreement in 2017. The country established the "Inter-agency Coordinating Council for Implementation of Requirements and Provision of the UN Framework Convention on Climate Change" in 2012, with mandate to support the implementation of commitments under the UNFCCC.

Armenia progressed in environmental policy reform required by the bilateral agreements with the EU and MEAs, including planning, adoption, implementation and reporting of environmental policy and its sectors. Relevant recent cross-cutting policy and strategic documents adopted by the GoA include: Energy Security Concept of the RA (2013) and Energy Security Action Plan for 2014-2020, Scaling Up Renewable Energy Program Investment Plan for Armenia (2013), Strategy of Sustainable Agricultural Development for 2010-2020, the law on Assessing the Impact on the Environment and Expertise (2014), and the law to ratify the Minamata convention on Mercury (2017).

Starting from 1998, the GoA adopted a 5-year action plan on UNFCCC implementation and the latest one is for the 2017-2022 period. The Ministry of Nature Protection drafted the National Strategy and Action Plan for environmental protection and use of natural resources. With EU support, the Ministry also introduced a new policy and legislation on Integrated Pollution Prevention and Control, which includes the prohibition of some single-use plastics by 2020. Armenia also adopted a national waste management strategy and a law on Environment Impact Assessment (EIA). The EU also provided support for the development of a national adaptation and mitigation strategy.

Armenia was the frontrunner among EaP countries in developing the horizontal instruments and procedures of environmental policy, namely access to environmental information, public participation in decision-making, EIA of projects and Strategic Environmental Assessment (SEA) of policies, programmes and plans. This also involved policy and Environmental Policy Integration

(EPI), as demanded by the EU. Armenia was also the first EaP country to have ratified the Protocol on Strategic Environmental Assessment, one of the main EPI instruments. These instruments are essential for good environmental governance and management according to EU standards.

Institutional changes which have taken place include the creation of Environmental Protection and Mining Inspection Body and the State Committee for Forests within the Ministry of Nature Protection, and Environmental Monitoring and Information Centre SNCO which was created by merging four SNCOs.

Regarding Sustainable Development policy Armenia adopted the National Programme on Sustainable Development, although it was not very successful in setting measurable goals and objectives which makes it not or only partially measurable. This was developed with the active participation of civil society. Armenia also established a National Council on Sustainable Development (NCSD) under the President, where NGOs have a seat which was effective in earlier stages. It also set in place institutional provisions for the Sustainable Development planning at the national level, though preparations for the Rio+20 Global Conference on Sustainable Development revitalised some activities on SD.

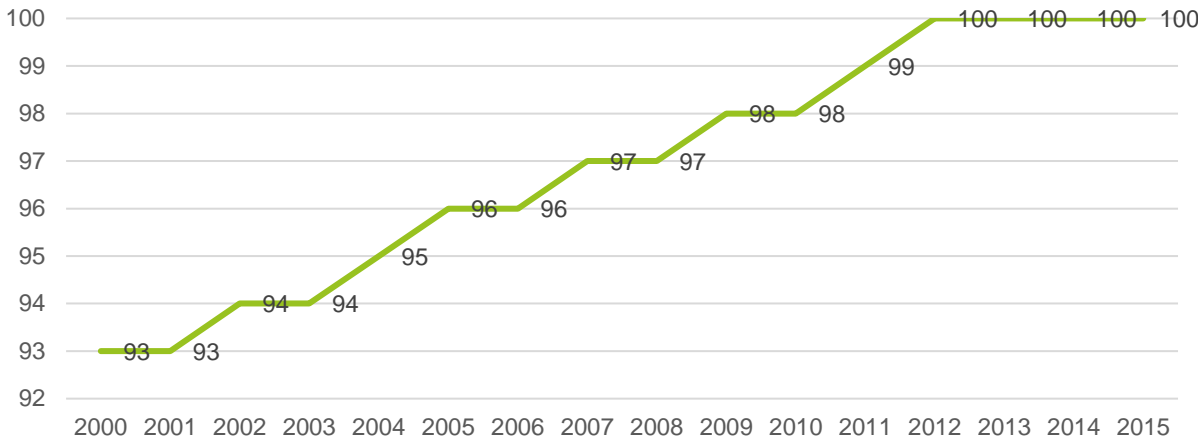
Although Armenia ratified various international environmental conventions, it still often failed in their implementation. Authorities in Armenia have been slow to adopt the necessary laws and acts, and to change practices to comply with internationally accepted practices in environmental decision-making. The country regularly failed to fulfil its obligations under the Aarhus Convention, particularly in respect to ensuring public participation in environmental decision-making processes, and exercising citizens' right to access to justice.

Despite the dire need for legislative improvements, the main problem remained the failing legal practice. The developed strategic documents contain fully or partially the planned institutional reforms and divisions of competence for environmental administration at national, regional, and municipal levels, but procedures for decision making and implementation, promotion of integration of environmental policy into other policy areas, and the identification of necessary human and financial resources, are less clear. The environmental decision-making process has continued to be non-transparent and unaccountable. Public participation in decision-making was either limited or done only on a very formal level, usually with no impact on the actual decision. This was due to the fact that participation was often initiated at a stage when the decisions are already made. Moreover, environmental NGOs experience challenges to address disagreements regarding decisions through the courts

### **Aquatic environment and water supply**

Armenia always enjoyed a high percentage of access to improved drinking water and this has further improved during the previous decade. Since 2012 Armenia enjoys 100 percent access to improved water.

Figure 57: Proportion of the population using improved drinking water resources, total



Source: UN MDG Database

Yet, in terms of water exploitation, Armenia used to have one of the worst Water Exploitation Indexes (WEI) among EaP countries.<sup>398</sup> For many years the country had a double WEI compared to the EU-27 average. Although this reduced in 2014 and Armenia’s WEI became comparable with the EU-27 average, nevertheless, Armenia’s score again significantly worsened since.

With regard to water management, Armenia made significant strides in adopting legislation and establishing institutions for advancing Integrated Water Resource Management (IWRM). Although Armenia has a relatively extensive water monitoring system, measuring both quantity and quality, enhancing the data acquisition and strengthening laboratory and monitoring capacities will help Armenia to progress towards a systematic use of international best practices, notably the EU Water Framework Directive.

GoA’s approach to improving supply has focused on PPPs. This contributed to improved water supply and reduction of water cuts and also enhanced energy efficiencies during water supply. Yet, further international support is necessary to expand the current partnerships for additional investments in expanding and upgrading the drinking water supply system.

Although access to drinking water improved, nevertheless, the progress has been less evident in case of wastewater. Only two-thirds of the country’s population (mostly urban) is connected to sewerage-collection systems. About 20% of these networks are connected to sewer treatment facilities, all built during the Soviet era. Most of these treatment facilities are not functional and need upgrading. This is however changing as new plants have been approved to be constructed and other are planned to be renovated.

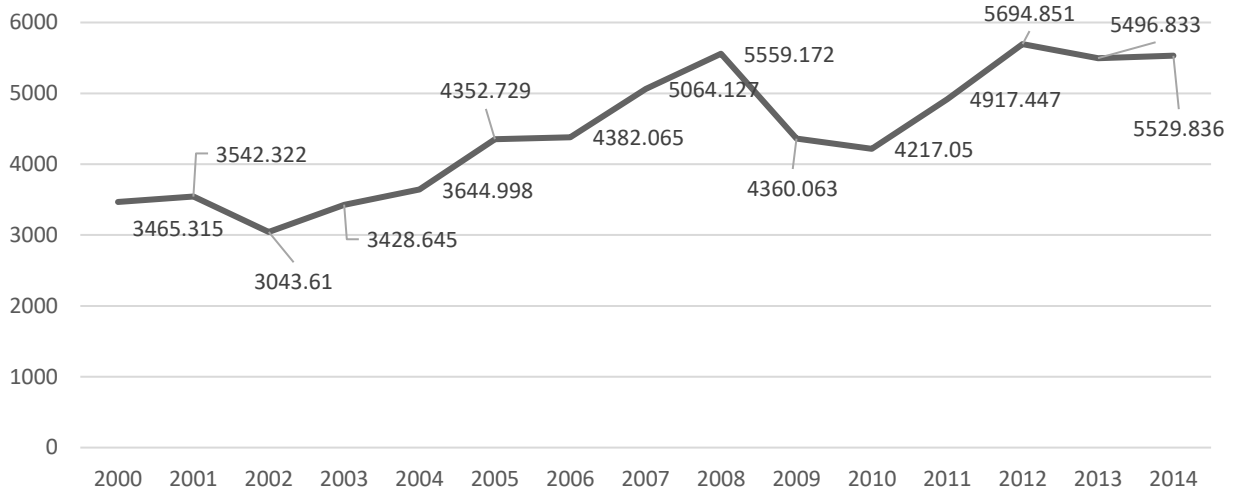
In terms of water pollution, Armenia’s rivers are threatened by mine tailing ponds (wastewater and contaminants from mining operations), metal processing industries, agricultural run-off (fertilizers and pesticides) and laissez-faire sewage disposal practices. The situation of pollution in Armenia’s watercourses has resulted in measurable decreases in biodiversity.

<sup>398</sup> The water exploitation index (WEI), or withdrawal ratio, in a country is defined as the mean annual total abstraction of fresh water divided by the long-term average freshwater resources. It describes how the total water abstraction puts pressure on water resources. European Environment Agency Indicator Fact Sheet. [available here](#)

## CO2 emissions

The emission levels increased during the evaluation period. In the period of 2000 to 2014 CO2 emissions in Armenia experienced a 37 percent increase.

Figure 58: CO2 emissions (kt)

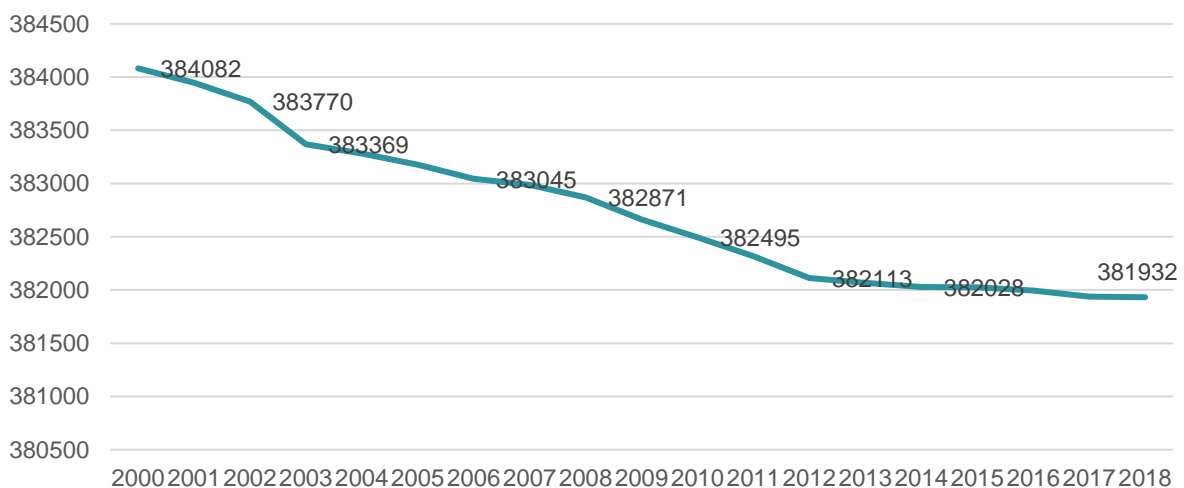


Source: World Bank Open Data

## Deforestation

Although there is much controversy on forest statistics, all publicly available sources seem to agree on the downward trend of the forest coverage in Armenia. As reported in the Millennium Development Goals: Armenia's National Report 2015, in a mere eight years, from 2005 to 2013, Armenia's forest cover dropped from 11.2% to 9.7% of the country's land area. This is a loss of 450 square kilometres of forest cover, equivalent in area to two cities of Yerevan.

Figure 59: Forest covered area ha (GFW)

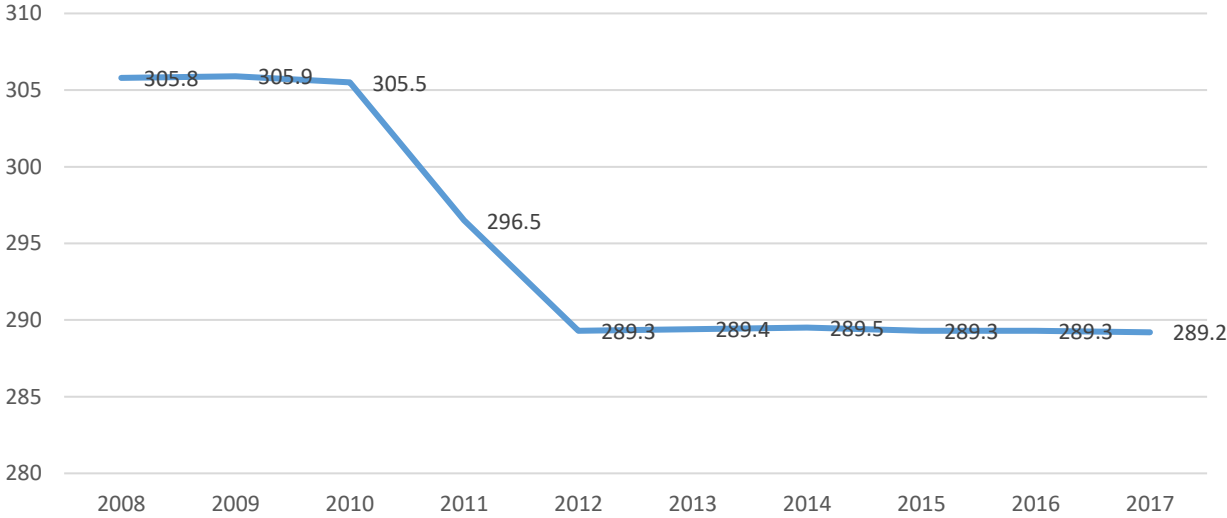


Source: Global Forest Watch (GFW) Database

In accordance with the Global Forest Watch database the forest-covered area of Armenia shrank from 384082 ha in 2000 to 381932 ha in 2018 which is a reduction of 0.6 percent. As illustrated below, in accordance with data provided by the national Statistical Committee the forest covered area during the same period reduced by more than 6 percent.



Figure 60: Forest Covered Area (1000 ha)

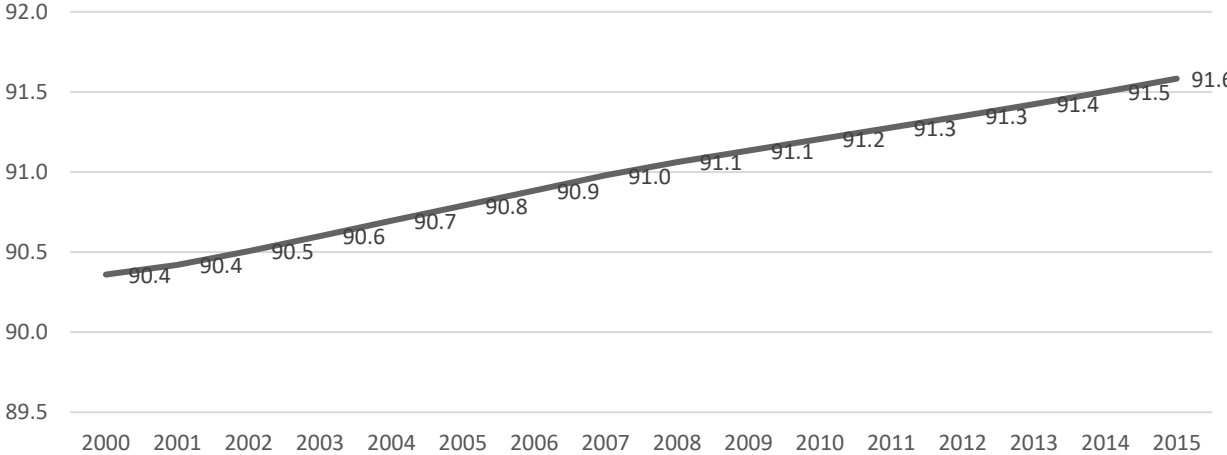


Source: RA Statistical Committee, Armstat

**Sanitation**

Armenia’s sanitation services were inadequate. In rural areas over half of the population used unimproved facilities, causing direct damage to the environment and exposing inhabitants to health risks. In urban areas the situation was substantially better with 96 percent of the population having access to improved facilities through the sewage system.<sup>399</sup> According to WB data in 2015, on average sanitation services were available to 91.6% of the Armenian population. Access to sanitation services improved by 1.7 percent since the year 2000.

Figure 61: People using at least basic sanitation services (% of population)



Source: World Bank Open Data

Yet, the above-mentioned figures hide the poor condition of the network which posed health hazards due to potential cross contamination between sewage and drinking water. It is noteworthy that out of the 20 existing wastewater treatments plants only four were functioning.

<sup>399</sup> OECD (2017), Reforming Sanitation in Armenia: Towards a National Strategy, OECD Studies on Water, OECD Publishing, Paris, <https://doi.org/10.1787/9789264268982-en>.

## Waste management

Solid waste projects were developed in Yerevan and small municipalities. Since 2000s with the assistance of WB and EU, Armenia has been considering solutions to Municipal Solid Waste (MSW) by engaging the private sector. In Yerevan an affiliate of an international MSW company, collected waste since the end of 2014. Although the quality of MSW collection in Yerevan improved for a period, nevertheless, the performance of the company fell afterwards, and Yerevan municipality was struggling with the company to reorganize waste collection. According to the company issues such as lack of pre-sorting of waste that included construction waste, lack of education in this regard and other management issues resulted in financial losses of the company.

Other Similar solutions were initiated for other municipalities and regions in Armenia, particularly for Kotayk, Gegharkunik and Lori marzes. In addition, various efforts were implemented aimed at improved handling, transportation and storage of hazardous waste nevertheless important gaps also existed in this regard such as the capacity of licenced companies to process and remove hazardous waste. This also involved waste elimination, incineration, and secure storage as there was no incineration facility in Armenia that would match international standards. The EU is recognised as one of the main partners in this area as the most visible MSW sorting and recovery and waste-to-energy efforts are initiated with EU support.

Nevertheless, municipal solid waste collection and transportation through public private partnership still had to be extended to other regions in Armenia. There were very few special facilities for MSW sorting and recovery and there was slowly growth (although still very limited) recycling of household or construction/demolition waste in Armenia. There were also very limited waste-to-energy solutions operating.

<b>JC. 10.2</b> Extent to which EU interventions aligned with the actual needs of the Armenian economy
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Since 2003, several overarching strategies of the GoA, the Poverty Reduction Strategy Paper (PRSP), its successor, the Sustainable Development Programme (SDP) and the latest Armenia Development Strategy (ADS), all placed priority on development of the connectivity sector. The sector was crucial for minimizing the negative impact of Armenia's unfavourable geopolitical location through regional integration of the Armenian economy into the global economy and support implementation of a policy aimed at facilitation of external trade and reduction of transport costs.

Connectivity was also covered by the PCA, nevertheless, during the evaluation period, the focus of the EU cooperation was mainly put on sectors which are instrumental to democracy building and sustainable economic development such as justice, public finance reform and regional development. This was also reflected in the main priorities' areas of the Country Strategy Paper 2007-2013 and the Multiannual Indicative Programme for the period 2007-2010<sup>2</sup> that also focused on democratic development and good governance, regulatory reform and administrative capacity building, support for poverty reduction and economic growth.

Consequently, although cooperation priorities specified in the EU strategic planning documents were consistent with the GOA priorities in terms of coverage of connectivity nevertheless they were less targeted on actually addressing the large infrastructural challenges in the sector. The sector received only 53.3 mln which equals to about 20 percent of the total budget allocations in case where the need for investments in this sector is very large (indicatively amounts to an investment volume in the range of USD 450-600 million annually). Also, there were cases of program design where national policy and planning framework were not matured. The relevance of the EU

cooperation strategy and objectives, design and implementation of interventions in the connectivity sector is therefore rated as moderate.

Regarding energy specifically, after becoming an independent state, Armenia's energy sector was deeply affected and was in need of urgent reorganisation and de-regulation. Energy sector specific cooperation objectives of the EU took into account national needs and priorities of the GoA and focused on improved governance and regulation of the sector in line with a market economy, improved technical and managerial aspects of supply, transfer (also regional integration) and distribution of energy and promotion of renewable energy along with support to decommissioning of Armenia's nuclear power plant. Although change of the political environment in the country - at least temporarily - seemed to have resulted in altering perceptions on the relevance of the Caucasus Transmission Network (CTN), of which implementation has not started, nevertheless the relevance of the interventions in the energy sector was high. The change of the political and economic priorities in terms of the CTN was primarily determined by the narrowing of the fiscal space which required the government to apply a tight fiscal management and prioritization of loan financed projects. In 2019, the RA Government communicated its intention to resume implementation of the CTN project.

In transport, support continued to road rehabilitation at local and regional level and for priority measures in line with the recommendations of the High Level Group on the extension of the major trans-European transport axes towards neighbouring countries and regions as well as in line with the priorities identified, within the framework of the Baku Working Groups and adopted during the Ministerial Transport Conference of May 2006. In 2019 the EaP Transport Ministerial took place bringing together EU and EaP ministers with high-level representatives of the IFIs, The meeting celebrated the extension of the TEN-T core network to the EaP and the publishing of the Indicative TEN-T Investment Action Plan and took stock of recent developments in road safety cooperation. All partner countries welcomed the TEN-T extension and made reference to ongoing implementation of projects. At the end of the Ministerial meeting, EU and EaP delegates endorsed a joint declaration "Eastern Partnership- Taking the Transport Cooperation Agenda Forward"

The GoA also planned to increase resource allocation to operation and maintenance of motorways, enhance the effectiveness of allocated resources and development of international corridors (PRSP, SDP). This was in line with EU cooperation goals aimed at restructuring and modernising transport systems and networks, developing and ensuring - and where appropriate - compatibility of transportation systems in the context of achieving a more global transport system.<sup>400</sup>

The EU financed interventions in the transport sector primarily involving the Yerevan Metro Rehabilitation, Modernisation of Bagratashen, Bavra, and Gogavan Border Crossing Points and Support to the North-South Road Corridor Investment Programme, Section Yerevan to Bavra. The policy and planning framework for urban transport was incomplete when the Yerevan Metro Rehabilitation project was developed,<sup>401</sup> which raised questions about the relevancy of the project at the time of design, nevertheless mentioned programmes were anchored in and contributed to the Armenian Transport Sector Development Strategy 2020.

Regarding Environmental protection, GoA goals involved (i) Prevention or limiting detrimental impact on human health and environment; (ii) Protection of the biodiversity; (iii) ensuring adequate rate of recovery of renewable natural resources; and ensuring rational and efficient use of non-

<sup>400</sup> PCA, NIPs of 2007-2010 and 2011-2013, ENPI-CSP 2007-2013 and SSF 2014-2017

<sup>401</sup> Evaluation of Blending ADE, 2016

renewable natural resources. Armenia and the EU accordingly cooperated to create conditions for good environmental governance, prevention of deterioration of the environment, protection of human health, and achievement of rational use of natural resources.

Financial resources allocated to environmental programmes alone was smaller compared to other connectivity areas (transport and energy) and primarily involved construction of Solid Waste Project and Technical Assistance to the Ministry of Nature Protection and Ministry of Energy Infrastructures and Natural Resources. In general, the relevance of environmental interventions was high nevertheless in case of the Kotayk Solid Waste project the project was developed in advance of a consensus on the strategy for solid waste management and without full stakeholder involvement (e.g. of the regional administration and environment ministries).<sup>401</sup> Consequently, the political and enabling environment was not fully mature. Nevertheless, the CEPA roadmap provides a much clearer direction of waste management.

Environment was indirectly also covered by interventions that promoted renewable energy and energy efficiency. Stakeholders recognised the relevance of these interventions in terms of environmental protection, as for example real alternatives to fuelwood were promoted.<sup>402</sup>

The cooperation primarily evolved by building upon the achieved results of cooperation during the evaluation period. This was relevant in all sectors, particularly energy, where in the initial stages interventions primarily related to technical assistance to government in areas such as energy policy development and evolved further towards larger interventions such as the E5P that were relevant and promising for promoting energy efficiency investments. Nevertheless, there were cases of post approval discussions on possible alteration of the intervention logic and scope of project such as the CTN. In case of the latter, there were various disagreements among experts regarding the technical design of the project which could also have massive implications for the project budget. Although the GoA has restressed its interest in the project nevertheless, discussions regarding this project continue between stakeholders.<sup>403</sup>

With regard to the environment, particular attention was given to support to implementation of multilateral environmental agreements (ENPI-CSP 2007-2013). Activities linked to water quality improvement, waste management and nature protection as well as promoting civil society development and better awareness on environmental issues were supported.

**JC. 10.3** EU-supported interventions contributed to relevant and sustainable changes in energy, environmental and transport infrastructure

The effectiveness of EU cooperation towards tangible improvements across connectivity sector was moderate. The primary sectorial targets set in the ENPI NIP 2007-2010 and 2011-2013 which involved regulatory reform (particularly regulatory convergence with the EU) in connectivity sectors, improved energy efficiency, increased mitigation and reduced effects of climate change through measures in the transport and energy sectors (including energy efficiency and renewable energy sources) were met.<sup>404</sup>

EU support in the connectivity sector helped boost economic performance beyond what Armenia's debt carrying capacity could sustain.<sup>401</sup> Yet, Among EaP countries, Armenia remained the most remote trade partner for the EU in the energy sector and the energy infrastructure in Armenia still needed sizeable investments. Armenia also remained poorly integrated with the common transport

<sup>402</sup> Final evaluation of the "Green Energy for Green Socioeconomic Progress in Armenia" project. AM 2017

<sup>403</sup> High Voltage Electric Networks CJSC, 2018 available at [www.hven.am](http://www.hven.am)

<sup>404</sup> ENPI Armenia Progress Reports 2007-2017

corridors of the EU. Similar to the energy sector, links with the EU in the transport sector were limited and were the lowest among the EaP countries. Armenia also had limited success in pursuing the goal of deeper integration with the common transport spaces of the EU both in terms of infrastructure and regulatory environment. In this regard projects that would help address further integration of Armenia in (pan-) European energy and transport structures - such as the North South Road Corridor and CTN - faced major challenges. There was a need for more infrastructural connections that would support the goals of the GoA regarding regional integration of the Armenian economy. In this regard, it is worth mentioning that at the Eastern Partnership Ministerial Meeting of June 2019 the EU and its six Eastern Partners agreed to develop better transport links.

With regard to energy, legislation previously largely failed to meet the requirements of the EU and Energy Community. The EU provided technical assistance towards development of an Energy Policy through projects such as Innogate which delivered technical assistance and policy advice on energy policy and statistics. EU technical assistance and financing to the energy sector consequently contributed to policy level advancements, particularly renewable energy. This materialized in adoption of the new energy strategy in 2017 and increased legal and regulatory convergence towards the principles of the EU internal energy markets.

Armenia was long one of the best performers among the EaP countries with regard to legislative and regulatory approximation in the energy sector. The European legislation in the area of energy remains commonly recognised international best practice. Initiatives such as participation in the INOGATE programme, the observer status to the Energy Community and "EU4Energy" programme made a tangible contribution towards this convergence. Under the EU4Energy Programme by the EU supported implementation of the existing legislative and regulatory framework in energy performance of buildings. Some elements of the Energy Efficiency Directive (EED), Energy-labelling Directive as well as the Energy Performance in Buildings Directive have already been transposed, including mandatory energy performance requirements for public buildings and new construction. Currently Armenia has one of the most advanced legislative frameworks in the region and streamlined energy efficiency standards in sectoral legislation.<sup>404</sup>

The development and adoption of the 2nd National Energy Efficiency Action Plan (NEEAP) in 2017, was also an important step to follow the EU best practices, in compliance with the EED and previously the Energy Services Directive. Similarly, Armenia's Scaling-up Renewable Energy Investment Plan adopted in 2014 is largely in line with the requirements of the Renewables Directive and the National RE Plans that EU Member States and Energy Community Contracting Parties develop and adopt.

EU contribution towards improvement of the energy infrastructure and regional energy integration was less effective in generating the envisaged impact. The CTN, which was one of the two largest EU funded energy network improvement related projects has still not entered implementation phase.

Furthermore, cooperation towards early closure of the MNPP did not materialise as planned. Armenia failed to develop alternatives whether in the form of gas or renewable energy sources that could justify closure of the MNPP in terms of energy security. Consequently, the GoA will continue using the MNPP. Nevertheless, the MNPP did undergo safety upgrading and the nuclear regulatory authority was effectively strengthened due to EU cooperation.

In terms of transportation, EU cooperation contributed to road, rail and air transport. The Yerevan Metro Rehabilitation project resulted in energy savings and introduced greater elements of

consumer orientation and commercialisation in public utilities.<sup>405</sup> Progress was realized in the area closer cooperation between the EU and Armenia regarding aviation through signature of agreements such as the Horizontal Air Services Agreement and the Comprehensive Air Transport Agreement.

Through the Transport Corridor Europe-Caucasus-Asia (TRACECA) the EU supported extensive and long-term cooperation programme in the field of transport. Armenia made progress on the planned North-South road corridor, which was partially supported by the EU through the NIF. Armenia also progressed towards integrated border management through harmonisation of procedures at border crossing points. Modernised border-crossing points at the border with Georgia, first in Bagratashen and Gogavan (2016) and then in Bavra (2017), helped improve efficiency of border controls and enhanced security.<sup>406</sup>

Successes in terms of deeper integration with the common transport spaces of the EU were the agreement on a Common Aviation Area between the EU and Armenia in 2017 and approximation with the EU aviation safety legislation and strengthening administrative capacities of transport bodies mainly due to joint projects with the EU. Promising was also that Transport Council has authorised the European Commission to open negotiations with Armenia on a comprehensive EU-Armenia Air Transport Agreement.

Regarding environment, the EU is recognized as the main champion of environmental protection initiatives. The EU provided assistance to various programmes that addressed environmental issues such as biodiversity, climate change adaptation and agricultural land resources. This included support to introduction of new environmental policy and legislation such as the Integrated Pollution Prevention and Control and implementation of solid waste and water projects were successful. Promotion of low-carbon development and introduction of energy-efficient technologies, including renewables are recognized as crucial part of economic reforms. Armenia advanced in biodiversity management notably regarding legislative and institutional framework, especially related to management and establishment of new Specially Protected Natural Areas, development of management plans for national parks and reserves, and the development and implementation of species conservation programmes for rare or endangered species.<sup>407</sup>

**JC. 10.4** Sample infrastructure projects achieve return on investment and/or have sufficient income streams to continue operation and adequate maintenance

Similar to connectivity sector interventions in general, the sample projects involved relatively large, complex and multi-stakeholder projects that include loan financing. This often resulted in lengthy procedures of project design and approval from both in country institutions and IFIs which caused delays and implementation challenges.

With regard to the Kotayk and Gegharkunik Solid Waste Management, the loan agreement covenants tariff increases within affordability limits. Should affordability constraints limit the required tariff increases, a targeted subsidy mechanism in the Public Service Contracts between the Company and the Municipalities will protect vulnerable groups from possible economic hardships. Yet issues existed with the project as it did not involve full stakeholder involvement in the design stage and so failed to take into account that the enabling environment in terms of strategy and stakeholder consensus was not in place.<sup>408</sup> As a result, the project was advanced

<sup>405</sup> Evaluation of Blending ADE, 2016

<sup>406</sup> UNDP, [www.undp.am](http://www.undp.am)

<sup>407</sup> ENPI Armenia Progress Reports 2007-2017

<sup>408</sup> Evaluation of Blending ADE, 2016



before the enabling environment was mature. After a three-year hiatus, in 2014, with strong assistance from the EU, EBRD was able to move forward the project, allowing the GoA to develop a National Solid Waste Strategy in the interim with the assistance of the ADB, while building consensus among participating mayors for service-boosting reforms and a gradual increase in tariffs to full cost recovery. Nevertheless, the GoA was burdened with the costs of repaying back the loan despite the fact the project still was in its early implementation stages and consequently there were no income streams from the project that would support the repayment process.

There was a similar situation with regard to the CTN. The project implementation was heavily delayed, and negotiations were ongoing. In case the project is implemented, costs recovery would only be possible through tariffs increase. Similar to the Kotayk and Gegharkunik Solid Waste Management project, due to the long project implementation delays, the loan repayment period of the project started prior to project initiation, let alone operation. This created an extra burden on the liquidity of the GoA and further tightened the already limited fiscal space.

In case of road construction and rehabilitation projects, the GoA generally faced challenges with increasing or maintaining the service level. Despite significant progress through public-private partnerships one of the main constraints to an improved road network remained the limited budget allocation and poor asset management of roads. Insufficient maintenance resulted in a vicious cycle of quick deterioration and costly rehabilitation.<sup>409</sup> Regarding the NSRC project it was not completely clear how the project would receive return on investment and have sufficient income streams to continue operation and adequate maintenance. Although a 25% annual increase in budgetary allocations for rehabilitation, repairs and winter maintenance was planned, the challenge will be to maintain this level of funding. The cost of overlay programs alone ranges from \$20 million to \$46 million. The application of "user-pays" approaches, PPPs (for some stretches of the NSRC Project involving the construction of a tunnel and a bridge) and the introduction of an autonomous road fund were being considered as additional measures to reinforce maintenance.

In terms of maintaining the service level, although the Yerevan Metro Rehabilitation project resulted in energy savings and introduced greater elements of consumer orientation and commercialisation in public utilities, nevertheless, the metropolitan infrastructure still needed government subsidies to maintain operation. In this regard, there was a need for GoA to adopt sector reform strategies with a view to implementing cost recovery tariffs and fees.

In general, the private sector actively participated in infrastructure investments in Armenia, notably by way of divestiture, concessions, lease, and management contracts.<sup>410</sup> Although not directly a sample project for this particular evaluation, nevertheless a successful example of a new project that includes such a PPP is the Masrik 55 MW Solar Power Plant (SPP). The Masrik SPP was constructed by a private entity with integration of solar energy into the grid. Yet, the current pipeline of such projects falls short of Armenia's investment needs and potential for commercial financing and needs to be expanded and nurtured.

Smaller scale connectivity projects implemented in the framework of the Pilot Regional Development Programme (PRDP) Grant Scheme seem to be much more successful with regard to return on investment and sufficient income streams to independently sustain operations after project end. This include projects such as the "Turning environmental challenges into opportunities: Introducing building materials from plastic waste" project which through value chain development measures create economic opportunities and diversify economies in the ten regions of Armenia and create employment opportunities in the regions.

<sup>409</sup> IBRD. RA First Development Policy Operation. 2013

<sup>410</sup> Infrastructure Financing Trends: What are the Current Trends in Emerging Market Infrastructure Spending? WB 2016.

**JC. 10.5:** Cost of sample projects is in line with industry norms and projects were delivered on time and on budget

Although directly using investment grants made available by the EU, led to more robust projects that also addressed technical capacity gaps, nevertheless, there were cases of long delays among the sample projects which is not unexpected given the scale and complexity of the projects in this area. In case of some of the examined interventions, the implementation of projects suffered setbacks that delayed the achievement of project milestones. Implementation delays often occurred due to the quality of project design and monitoring, professional competencies of the beneficiaries, administrative issues and political stability. In most cases the projects (particularly smaller interventions), through close monitoring, projects have been delivered to specification and avoided excessive cost overruns and in some cases, savings were realized. In other cases, realisation of direct project outputs with investments grants did create long term impact issues in terms of replication and scalability. An issue regarding efficiency of provided resources related to competition between IFIs in terms of financing of large investment programmes. Whilst this can be healthy there is also evidence that it has led to problems such as using EU grants and loan concessions to gain business volume by the IFIs – although this is more a problem of earlier periods of blending in Armenia.

As indicated above, EU support to the connectivity sector often aimed to address capacity gaps of beneficiaries. TA was provided to address such capacity gaps by for example the introduction of advanced landfill techniques in Armenia required in-depth studies on a topic that was comparatively new for the country for TA grant was provided to carry out feasibility, technical or institutional studies. Yet, implementation arrangements did not always take into account the capacity of the partners, and project design was not always fully supported by beneficiary organisations.

There were cases where project/programme designs underestimated the human resource limitations, absorption capacities and/or institutional constraints that had to be overcome to implement complex projects, resulting in slower than planned execution rates. The implementation of some projects (such as the Strengthening the Ministry of Nature Protection of the Republic of Armenia in introduction of the system of Integrated Pollution Prevention and the Kotayk waste treatment project) suffered setbacks that delayed the achievement of project milestones. In case of the Kotayk waste treatment project the difficulty in engaging national partners that were weak and fragmented led to development of contradictory approaches to waste management.<sup>411</sup>

In the connectivity sector blending played an important role in terms of aid delivery and cooperation with other donors to leverage funds. All the projects in the blending portfolio followed the principle of co-financing under a lead IFI – which has brought considerable coordination advantages and reduction in transaction costs. Co-financing under a lead IFI replaced the more cumbersome parallel financing where each financing institution administers their own part of the project. Although aggregate level evaluations showed that there have been cooperation benefits and reduction of transaction costs, the transaction costs in particular remain high. Underlying factors beyond high transaction costs could be identified as: the use of procurement procedures unfamiliar to the national implementing partners, separate financing agreements with different end dates and EU approval procedures.

There were cases of delays and timely progress finalisation of projects. Factors that negatively influenced project implementation were the length of reform processes, administrative bottlenecks and political volatility. Regarding the latter, this can be attributed to political will and general policy environment (and changed in this regard due to change of government and policy priorities) to

<sup>411</sup> Evaluation of Blending ADE, 2016

implement certain projects. Large investment projects with regional importance such as CTN are geopolitically sensitive and the political and economic environment negatively influenced implementation of the project. The Kotayk waste treatment project did not take into account that the lack of an enabling environment in terms of strategy and stakeholder consensus and has hence not yet started. Other issues involved effectiveness of the involvement of all partners and their contribution to the project. In case of projects such as the Kotayk waste treatment project and the CTN long delays due to technical (design) issues added to increased costs associated with the projects in terms of payback of loans.

<b>JC. 10.6:</b> The sample projects were completed and delivered results according to planned objectives
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The sample projects partially delivered results in accordance to planned objectives. The EU provided technical assistance towards development of an Energy Policy, highlighting development of renewable energy and gradual legal and regulatory convergence towards the principles of the EU internal energy markets. In 2007, Armenia adopted a new energy strategy document and an action plan. Armenia's participation in the INOGATE programme and the observer status to the Energy Community was an effective means to get closer to EU legislation adaptation. The "EU4Energy" programme supported reform of Armenia's energy efficiency policy. Currently Armenia has one of the most advanced legislative frameworks in the region and streamlined energy efficiency standards in sectoral legislation.

In terms of improved energy networks, and regional integration, the EU supported the planned electrical interconnection between Georgia and Armenia through the Neighbourhood Investment Facility (NIF). Nevertheless, the EU co-financed Caucasus Transmission Network, has still not entered implementation phase. Cooperation towards early closure MNPP by 2016 was not successful, nevertheless supported by the EU Armenia pursued safety upgrading of MNPP and strengthened the nuclear regulatory authority.

Through the Transport Corridor Europe-Caucasus-Asia (TRACECA) the EU supported extensive and long-term cooperation programme in the field of transport. Yet, Armenia made limited progress regarding the planned North-South road corridor project

Armenia also progressed towards integrated border management through harmonisation of procedures at border crossing points. The EU co-financed modernised border-crossing points at the border with Georgia, first in Bagratashen and Gogavan (2016) and then in Bavra (2017), helped improve efficiency of border controls and enhanced security and are planned to be replicated at the Armenia-Iran border.

Metro rehabilitation works have been successfully completed and are operating as intended, which through conditionality, led to significant tariff and labour productivity increases. The Metro Rehabilitation project contributed to energy savings and introduced greater elements of consumer orientation and commercialisation in public utilities. Important steps towards closer cooperation between the EU and Armenia was signature of the High-Level Understanding defining the indicative maps of the extension of the EU's Trans-European Transport core rail and road network and agreements such as the horizontal air services agreement, the working arrangement between Armenian authorities and the European Aviation Safety Agency and the Comprehensive Air Transport Agreement.

The EU assistance for introduction of new policy and legislation on Integrated Pollution Prevention and Control and implementation of solid waste and water projects was successful. Armenia advanced in biodiversity management notably regarding legislative and institutional framework,

especially related to management and establishment of new Specially Protected Natural Areas, development of management plans for national parks and reserves, and the development and implementation of species conservation programmes for rare or endangered species.

## 7.7. Concluding remarks

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In terms of EU Armenia cooperation inputs, the support of the EU for reinforcing administrative capacity to elaborate and implement sectoral strategies including energy and waste/water management strategies was highly effective. As a result, various sector-specific regulatory reforms were developed to align legislation and procedures with EU norms and standards in all areas of the connectivity sector.

EU support in the connectivity sector particularly through blending helped boost economic performance and address infrastructural challenges beyond what Armenia's debt carrying capacity could sustain. EU support increased investment in selected connectivity infrastructure projects (including road security, border management energy diversification and efficiency etc.) Nevertheless, such support to the development of infrastructure through interest rate subsidies and other types of grants were limited compared to the vast need. Sustainable development of Armenia is closely linked to improved regional integration of the country through regional infrastructural systems in both energy and transport sectors. In its current form, the project pipeline during the evaluation period failed short of the Armenia's investment needs. Consequently, due to budgetary constraints Armenia stays behind with regard to regional infrastructural projects and is faced with increased risk of further isolation in a polarizing environment. In this regard, early closure of the MNPP was also not realized primarily due to the lack of necessary replacement capacity whether fossil or renewable that could enhance energy supply and independence of Armenia and justify closure of the MNPP for the GoA.

Support to of improving energy efficiency, and energy savings was more successful, and the EU is currently widely accepted as one of the main partners of Armenia in the Area of energy efficiency and environmental protection. EU support strengthened the administrative and institutional capacity in the transport (road, railway, aviation), energy and environment sectors.

## 7.8. Areas for recommendations

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In order to produce sustainable results in reforming the connectivity sector the EU should increase its financial and technical support to the connectivity sector. Regulatory approximation should be followed by effective infrastructure development projects.

In terms of energy, approximation should support and go along with optimising the energy mix and developing infrastructure, including cross-border connections. To address the need for infrastructure, the EU should expand and diversify its sustainable energy funding portfolio. This should enhance Armenia's energy security and energy independence. The EU can play a crucial role in supporting Armenia to originate a pipeline of viable greenfield infrastructure projects suitable for commercial investment and financing, communicated these projects to relevant investors and financiers, and brought to market once the projects are mature. This can include SHPP and other RE projects in line with international (environmental) guidelines; expanding pilot projects through attracting international donor support to provide grant and soft lending for feasibility studies for

solar, wind and geothermal power. The EU should further prioritize implementation of regional integration projects such as the Caucasus Transmission Network in support of cross border trade with Georgia. This can lead to further integration which could be expanded in the future to electricity deficient regions of Turkey and Iran. Also, further legislative harmonization will support further integration of Armenia in the European energy market.

Regarding the transport sector, Armenia is in need of a fully competitive aviation industry which will allow further growth of tourism in the country. Finalisation of the Common Aviation Area Agreement with the EU will be a positive first step in this direction. The use of particular modalities such as budget support which currently is not used to target issues in the connectivity sector could be helpful in addressing legislative and regulatory concerns that would contribute to increased competition and subsequent reduction of ticket prices. Armenia currently lags beyond neighbouring countries in terms of regional transport integration infrastructure. The regional integration projects that are currently planned by the GoA in the road and rail transport have no or limited funding and face various issues that slow down the integration process. In this regard enhanced road and rail links with the Georgian and Iranian ports are of critical importance for reduced isolation and vulnerability of Armenia and its integration and independence. As with the energy sector, the EU can support Armenia with development of suitable transport projects suitable for commercial investment and financing, communication of these projects to relevant investors and financiers, and bringing these projects to market once they are mature. This will also allow addressing the lack of financial capacity for infrastructure maintenance that has caused degradation of the transport infrastructure and enhance sustainability of EU support to the sector. Improved infrastructure should also be paralleled with efforts aimed at increasing road safety in the country. The latter has not progressed very much during the evaluation period.

With regard to environmental protection Armenia is underperforming concerning its international environmental commitments as needs support to comply with these requirements. Also, there is a need for further institutional capacity building and strengthening that will cause a change of mentality and result in improved enforcement of environmental legislation, particularly in the mining sector. Improving forest management and reduction of the Alarming levels of deforestation is of critical importance. This will need to be accompanied with measures that will enhance EE and RE sources, particularly in rural areas where deforestation is often considered as means of survival. Also, efforts aimed at building the GoA capacity and general (culture of) reforestation which has deteriorated after independence will be beneficial.

Regarding water management, the country needs further support with regard to reduction of inefficiencies and increased sustainable use of water for irrigation, aquaculture, mining, and small hydropower generation.

## 8. EQ 11: People to people

**EQ11:** To what extent, and how, has EU assistance to Armenia contributed to achieving objectives in the areas of orderly migration and education?

### 8.1. Introduction

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This paper provides evidence from desk and field research in response to the above question.

The people to people sector encompasses migration and education, and also employment. For the purpose of this paper, education and employment are generally dealt with together. EU actions in education were mostly, though not exclusively, in the field of vocational education and training (VET). Other educational actions related to reform of higher education (through Tempus and Erasmus +), as well as some specific projects supporting higher education.

In migration, EU support was based on the Mobility Partnership from 2011 and involved both extensive dialogue and financial assistance.

The evaluation matrix for this question is in Annex 1.

### 8.2. Sector background

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#### 8.2.1. Overview

The People to People sector primarily covers the issues of education, employment and migration. “In 2009, the EU launched its Eastern Partnership (EaP) initiative with the ambition to promote closer cooperation with six of its eastern neighbours: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Support for people-to-people contacts is a key element of the EU's EaP strategy and is extended through programmes in the areas of movement of persons, education and peace-building.”<sup>412</sup>

For the purposes of this evaluation, the sector also encompasses actions related to education for employment that are not already covered by the economic development sector. Regional aspects of people to people contacts are addressed by the sector for civil society.

The following table summarises the contracts awarded within this sector during the evaluation period.

<sup>412</sup> [http://www.europarl.europa.eu/RegData/etudes/ATAG/2019/635604/EPRS\\_ATA\(2019\)635604\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/ATAG/2019/635604/EPRS_ATA(2019)635604_EN.pdf)



Table 55: EC contracts ‘people to people’ 2010-2017

Contracts awarded in sector 2010 – 2017, status as of CRIS/MIS export Jan 2019				
DAC code	Description	No. contracts	Total plan (EUR, CRIS)	Total paid 2010-2017 (EUR, MIS)
111	Education, Level Unspecified	3	1,272,153	1,224,989
113	Secondary Education	18	20,251,418	19,913,060
114	Post-Secondary Education	1	103,491	103,491
130	Population Policies/Programmes & Reproductive Health	6	5,547,479	4,734,805
16010	Social Protection	3	3,297,557	3,297,557
16020	Employment creation	3	13,235,965	222,837
16061	Culture and recreation	1	149,965	145,907
15110	Public sector policy and administrative management (specific migration project)	1	3,997,246	1,156,433
15160	Human rights (specific migration projects)	2	1,604,547	1,532,308
15210	Security system management and reform (border management project)	1	3,582,500	3,526,329
	<b>TOTALS</b>	<b>39</b>	<b>53,042,321</b>	<b>35,857,716</b>

### 8.2.2. Education and employment

Education has been clearly defined as a political priority of the Republic of Armenia for some years. The 2008 government programme has a “knowledge-based economy and society” as one of the five pillars of its programme.

There are approximately 525,000 primary and secondary school age children in Armenia (ages 5 – 18)<sup>413</sup>, and approximately 560,300 students enrolled in the entire education system (including tertiary)<sup>414</sup>. Primary school enrolment rates have been slowly falling since 2010, from 99% in 2010 to 94% in 2017<sup>415</sup>. However, according to the 2011 census, 44% of the Armenian population aged 34 years and younger has a tertiary education degree, which is impressively high by international standards<sup>416</sup>.

Before 2000, vocational secondary education had been seen as widely unpopular and intended only for the least able children; parents and children favoured the more academic general education. The poor quality of the vocational schools also meant that there was a big gap in the labour market between the skills that employers wanted in their potential workforce, and the skills produced by the education system. The gradual reform of the system has been directed at making the schools more attractive for students and more responsive to the labour market. The number of

<sup>413</sup> 2011 census data, de facto population, Armstat, author’s calculation

<sup>414</sup> World Bank, Project information Document, Education Quality Project <http://documents.worldbank.org/curated/en/509551467994644132/pdf/PID-Print-P130182-02-21-2013-1361447475177.pdf>

<sup>415</sup> World Bank/UNESCO data, extracted 22/8/2019 from <https://data.worldbank.org/indicator/SE.PRM.ENRR?contextual=aggregate&locations=AM>

<sup>416</sup> Anti-Corruption Reforms in Armenia, Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan, Anti-Corruption Network for Eastern Europe and Central Asia, OECD 2018

students in upper secondary VET as a percentage of total upper secondary students increased from 15.1% in 2010 to 25.7% in 2014. The rate for males is somewhat higher than females: in 2014 the share was 29.2% for males and 22.2% for females<sup>417</sup>.

Corruption was (and remains) an issue in education, especially in higher education<sup>418</sup>. In primary and secondary education, for example, there are concerns that teachers request money in order for pupils to pass exams<sup>419</sup>.

In USD terms, total government expenditure on education has remained relatively low, but stable. As a percentage of the government budget, however, education expenditure is falling. Falling populations, high rates of emigration, and the depreciation of the Dram are all factors that affect the education expenditures, but education is consistently under-funded. The Government of Armenia recognises that education expenditures per pupil are well below European standards<sup>420</sup>.

At secondary level, expenditures per pupil for vocational courses are roughly double those for more academic courses. Vocational courses are generally more expensive, have smaller class sizes<sup>421</sup> and require specialised equipment, so this is well recognised.

In 2008, the Government of Armenia in its development programme recognised vocational education as one of the key priorities in its programme:

*“The fifth priority is the social security of RA citizens. In that respect it is necessary to:...”*“Match the skills and specialization of people to workplace requirements- implementing programs to uncover structural unemployment and implement targeted training to form an efficient job market. The development of vocational education to meet current and future needs of the economy is a necessity.” Republic of Armenia, Government Program, 2008, p15.

A later strategic document, Armenia’s development strategy (2015-2025), however, reduces the emphasis on vocational education and highlights the challenges within the general secondary education system. The strategy recognises the wide gap in expenditure per pupil between general secondary and vocational courses and sets as a **primary objective the improvement of the quality of general secondary education**. This objective includes reducing the gap in expenditure per pupil between general and vocational education, and to improve conditions and equipment in general secondary schools<sup>422</sup>.

Armenia’s **employment situation** suggests that schools are not preparing pupils well for the labour market. The country has the highest rate of ‘NEETS’ (young people not in education, employment or training) in Europe and Central Asia, and overall employment rates, especially for women, are well below the regional average. The proportion of NEETs has been reducing slowly over the decade, but the slow – or zero – growth in employment suggests this may have more to do with emigration than with an improving employment situation.

Regional factors have also most likely affected the employment situation. While there was an increase in employment and participation in the labour market until 2013, this trend was subsequently reversed at the time of Armenia’s accession to the Eurasian Economic Union and

<sup>417</sup> ETF, Torino Process 2016-17 Armenia Executive Summary p4

<sup>418</sup> <https://www.oecd.org/corruption/acn/OECD-ACN-Armenia-4th-Round-Monitoring-Report-July-2018-ENG.pdf>

<sup>419</sup> <https://borgenproject.org/education-in-armenia/>

<sup>420</sup> Armenia Development Strategy for 2014-2025 p109

<sup>421</sup> In general secondary schools 2011/12 the pupil:teacher ratio is 9.3, while in vocational secondary schools it is 5.3. (“Social Panorama of Armenia 2011”, NSS 2012, “Regions and Yerevan in figures 2011”, NSS 2011, quoted in Armenia Development Strategy for 2014-2025 p112)

<sup>422</sup> “At this level [upper secondary] of general education, annual public expenditures per pupil should significantly increase, and the difference in this indicator compared to preliminary and secondary vocational educational institutions should diminish” Armenia Development Strategy for 2014-2025 p115

has not since recovered. Women in particular are much less likely to participate in the labour force and are less likely to be employed; this situation has notably worsened since 2013, with only a slight recovery in 2017 and 2018.

Other major employment issues are related to the informality of employment and the mismatch between education and training and the needs of the labour market<sup>423</sup>.

### 8.2.3. Government actions

With EU assistance, the Government of Armenia has moved the tertiary education system towards alignment with Bologna Process, which it joined in 2005. Enrolment in higher education increased as a result from 19.6% in 2001 to 28.6% in 2008<sup>424</sup>.

Efforts have been made to upgrade vocational secondary education “in terms of standards development, revision of qualifications and professions, teacher training, rehabilitation of 17 VET colleges and their transformation into Regional Centres of Excellence.”<sup>425</sup>

The Government has developed a National Curriculum Framework, with standards and syllabuses, and extended the general education system from 10 to 12 years. An Assessment and Training Centre has enhanced the capacity to assess student performance<sup>426</sup>. The National Centre for Professional Education Quality Assurance Foundation was established in 2008, and “implements quality assurance processes through institutional and programme accreditation in preliminary, vocational and higher educational institutions” ([www.anqa.am](http://www.anqa.am)).

In order to improve teacher performance, the government has introduced a mandatory certification scheme, and as well as complementary policies for professional development of teachers. Government is also investing in pre-service teacher training. Performance of education in maths and science was shown to have improved between 2003 and 2007.<sup>427</sup>

Government employment services have historically provided passive measures to support the unemployed, such as financial benefits. Reform efforts have been directed towards shifting employment policy towards more active measures – such as training and subsidies for work experience – and equipping the employment agency with the skills and resources to be able to support and deliver active measures. The government employment agency, however, is highly dependent on annual budgets to be able to offer active measures. In 2016, the agency claims to have met all its programme goals. In 2017, however, the government drastically cut its funding for ALMMs so it was able only to offer only a minimal level of service<sup>428</sup>.

A 2014 World Bank report highlighted the gap between the education system and employers: “In general, the linkages in Armenia between the education and training systems and the labour market are weak. There is a clear mismatch between the type and level of skills needed by the labour market and what is being supplied by education and training.”<sup>429</sup>

<sup>423</sup> Source: EU Sector Fiche 2016, Labour, Employment and Higher Education

<sup>424</sup> World Bank, Project information Document, Education Quality Project  
<http://documents.worldbank.org/curated/en/509551467994644132/pdf/PID-Print-P130182-02-21-2013-1361447475177.pdf>

<sup>425</sup> Progress report 2018 (Brussels, 4.6.2018, SWD(2018) 330 final, JOINT STAFF WORKING DOCUMENT, Report on EU-Armenia relations in the framework of the revised ENP) p16

<sup>426</sup> World Bank, Project information Document, Education Quality Project  
<http://documents.worldbank.org/curated/en/509551467994644132/pdf/PID-Print-P130182-02-21-2013-1361447475177.pdf>

<sup>427</sup> *ibid*

<sup>428</sup> Interview with State Employment Agency, May 2019

<sup>429</sup> Armenia Workforce Development, SABER country report 2014, World Bank,  
<http://documents.worldbank.org/curated/en/345441468218375478/pdf/955640WP00PUBL0menia0CR0Final020140.pdf>

Despite efforts at reforms to both education system and employment services, unemployment remains high, particularly with regard to young people.

Figure 62: Labour force participation rate ages 15-64

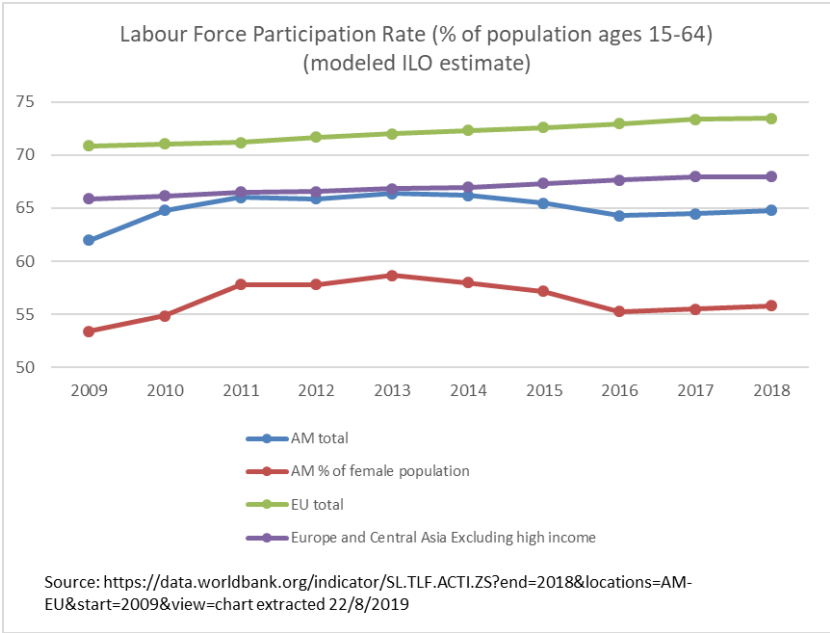


Figure 63: Employment to population ratio, 15+



Figure 64: Share of youth not in employment, education or training (NEET), 2011-2017

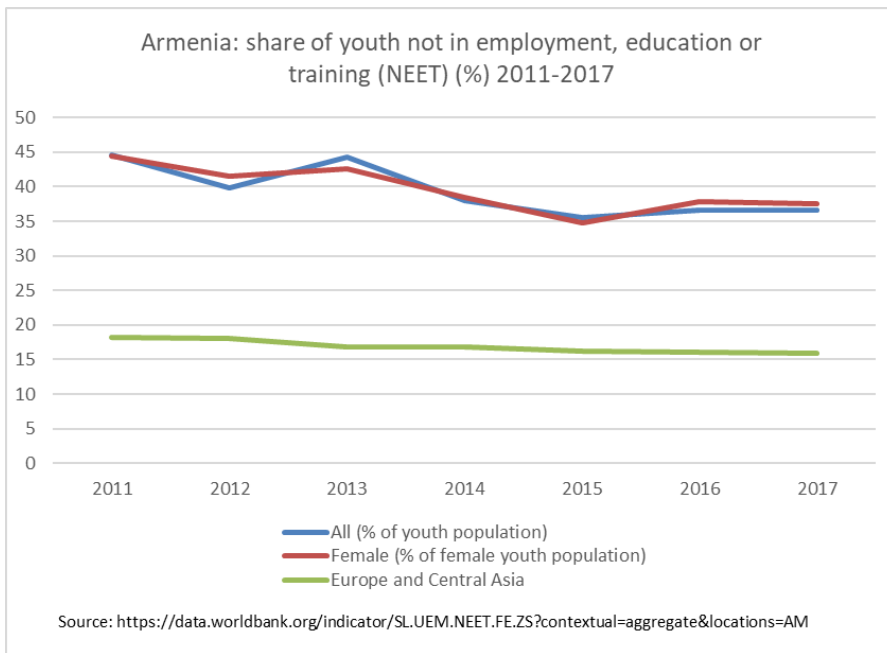
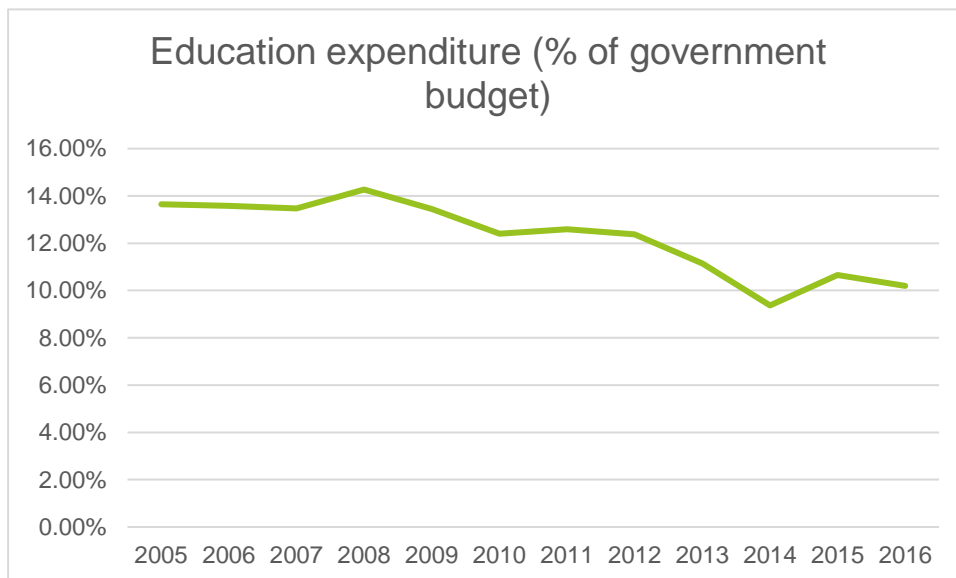
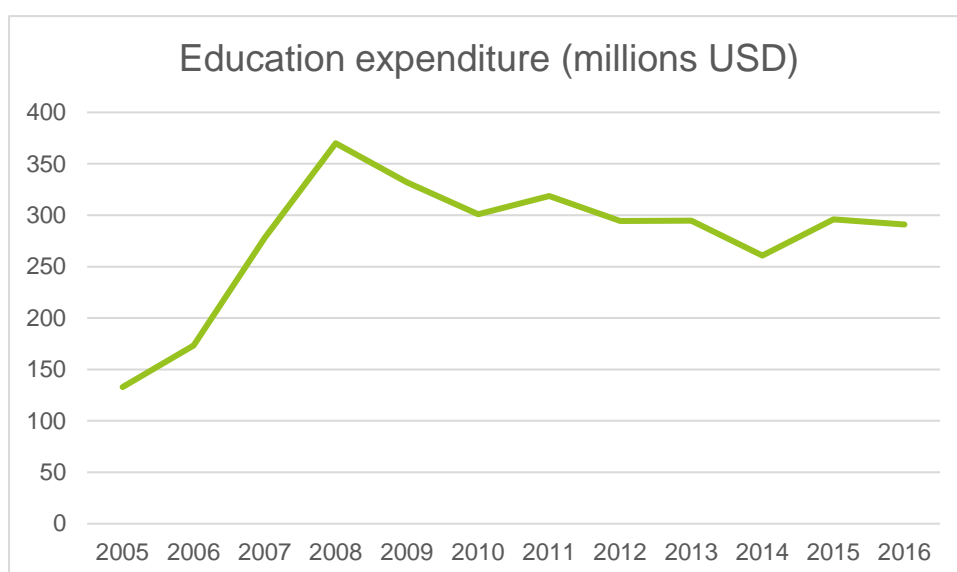


Figure 65: Education expenditure (% of government budget)



Source: <https://countryeconomy.com> extracted 22 April 2019

Figure 66: Education expenditure (millions, USD)



Source: <https://countryeconomy.com> extracted 22 April 2019

#### 8.2.4. Migration and freedom of movement

Armenia's biggest migration challenge is that of labour emigration. An estimated 2.5% of the population migrates annually, mainly driven by unemployment at home and the prospect of working abroad. Around 30% of the population lives outside the country<sup>430</sup>, the majority in Russia. Only 5% of the migrant stock is in EU countries. The labour migration is predominantly temporary, with (mostly male) migrants leaving to find work, leaving their families behind, and returning periodically. An estimated 5% of migrants leave with the intention of residing permanently abroad or to study.

Table 56: Emigration from Armenia

	2000	2015
Total population (in thousands)	3 076	3 018
Stock of emigrants	865 553	937 299
% of emigrants to total population	28.10%	31.10%
<b>Destination countries (%)</b>		
Russia	55%	56%
Azerbaijan	22%	16%
United States of America	8%	9%
Ukraine	6%	5%
France	1%	2%
Greece	1%	2%

<sup>430</sup> OECD Development Pathways, Interrelations between Public Policies, Migration and Development in Armenia, OECD and Caucasus Research Resource Center – Armenia, May 2017 <https://www.oecd-ilibrary.org/sites/9789264273603-6-en/index.html?itemId=/content/component/9789264273603-6-en>



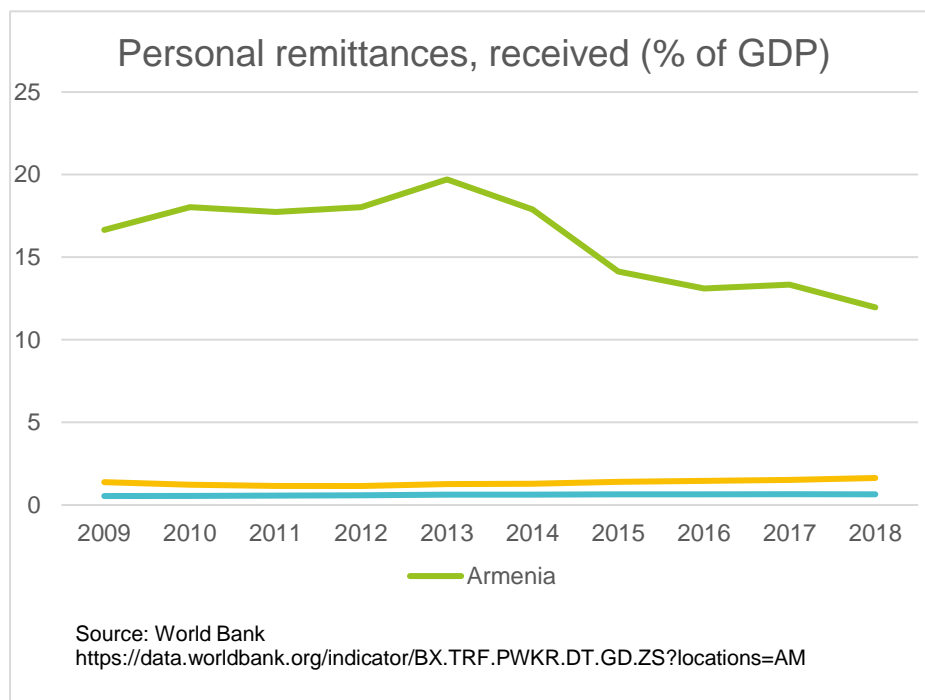
Source: UN DESA (2015) quoted in OECD 2017

As a direct result of the high rates of labour migration, remittances to Armenia are also large compared to other countries. However, there has been a marked decline since 2013.

According to the OECD study, there are both positive and negative effects of this high level of remittances. Among the positive, families are kept above the poverty line, consumption and short-term investment are increased, human development is strengthened by driving up education and healthcare spending, and remittances also help with the expense of purchasing land and other real estate. On the negative side, remittances can adversely impact GDP in the long run; reduce competitiveness within the Armenian economy; depress the labour market; increase inflation and discourage government's social expenditures and implementation of macro-economic policies.

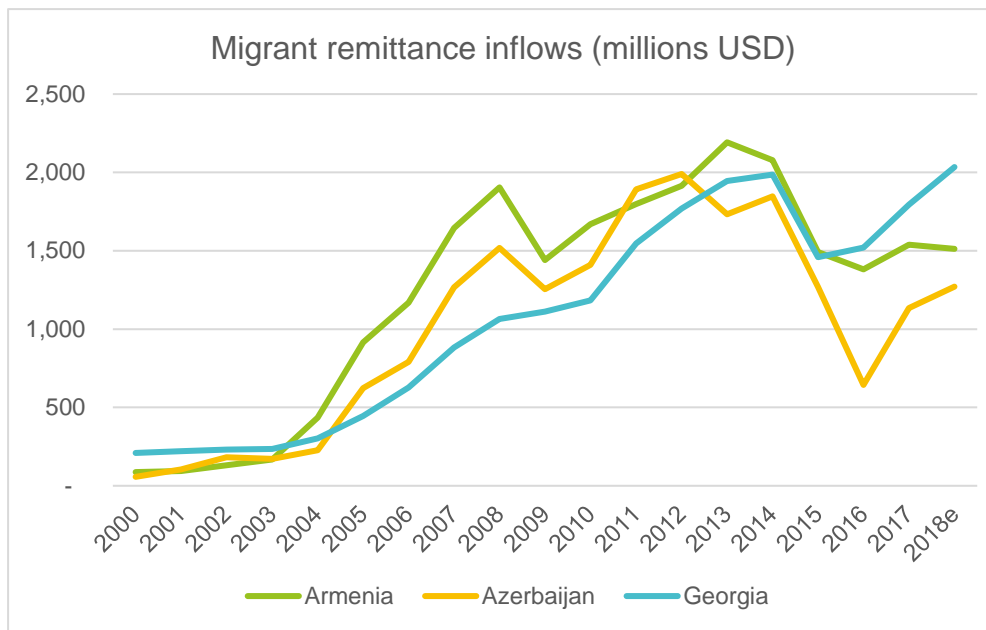
The USD value of remittances fell dramatically from 2014 (for Armenia as well as Georgia and Azerbaijan); this is most likely because of the fall in the value of the Russian Rouble following the annexation of Crimea and economic sanctions imposed on the Russian Federation.

Figure 67: Personal remittances, received (% of GDP)



There are no clear conclusions about the effects of this level of emigration and remittances on the economy and society of Armenia itself. Effects on families of remittances can be contradictory – both improving the financial situation but discouraging the incentive to find work, increasing consumption but reducing long term investment and so on. The recent decline in remittances since 2013 is likely to have a profound effect on the families left behind.

Figure 68: Migrant remittance inflows (millions USD)



Source: <http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data> extracted 29 April 2019

### 8.2.5. Immigration and asylum

Immigration has historically been modest and related to returning diaspora. In recent years, the conflict in Syria has led to an influx of an estimated 22,000 ethnic Armenian refugees from that country. They were quickly awarded Armenian citizenship, so no longer qualify for assistance as refugees, nor are counted in the refugee statistics. From interviews and news reports<sup>431</sup>, it appears that many of these former refugees are facing difficulties with integration and employment.

The numbers of other non-ethnic Armenian asylum seekers and refugees are very low; in the four years 2010-2013 a total of 1040 people applied for asylum, and 729 were granted refugee status. These numbers have remained modest: in 2018 just 218 people applied for asylum, and 72 were awarded refugee status<sup>432</sup>.

### 8.2.6. Visa liberalisation and readmission

The key driving process for reform of migration management in Armenia is the goal of visa liberalisation for citizens' travel to the EU. Following several rounds of EU-Armenia dialogue and the signature of a Mobility Partnership in 2011, a visa liberalisation agreement was signed in 2012. In the following year, a readmission agreement was signed, and both came into force on 1 January 2014<sup>433</sup>.

<sup>431</sup> E.g. <http://www.panarmenian.net/eng/news/251190>

<sup>432</sup> State Migration Service official statistics, available at [http://smsmta.am/?menu\\_id=144](http://smsmta.am/?menu_id=144)

<sup>433</sup> [https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/eastern-partnership/mobility-partnerships-visa-facilitation-and-readmission-agreements\\_en](https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/eastern-partnership/mobility-partnerships-visa-facilitation-and-readmission-agreements_en)

Following the agreement on visa liberalisation, the number of Schengen visas applications from Armenian citizens has increased by a half over five years from 39,000 in 2012 to 61,000 in 2016<sup>434</sup>. The proportion of rejected applications remains constant at around 10%.

By contrast, the number of readmissions to Armenia has grown 100 times, from 17 in 2012 to 1,704 in 2018 (see table below<sup>435</sup>). This has had significant consequences on the administrative burden for readmission.

Table 57: Annual statistics on received readmission cases

Annual Statistics on Received Readmission Cases.					
	Number of cases	Number of persons	Number of persons, whose citizenship is disapproved	Number of persons, whose citizenship is approved	Percentage of positive responses
<b>2012</b>	9	17		17	100.00%
<b>2013</b>	29	35	3	32	91.43%
<b>2014</b>	100	208	58	150	72.12%
<b>2015</b>	146	281	56	224	80.00%
<b>2016</b>	254	469	54	414	88.46%
<b>2017</b>	906	1753	306	1441	82.48%
<b>2018</b>	1030	2045	344	1704	83.20%

\*Percent of positive responses is calculated based on the total sum of the number of person, whose citizenship is approved and number of person, whose citizenship is disapproved during the year.

### 8.2.7. Institutional arrangements

As part of the efforts to strengthen migration management in Armenia, in 2009 the Government of Armenia established the State Migration Service as an executive agency within the Ministry of Territorial Administration (now Ministry of Territorial Administration and Development). In 2010, the Government produced a Concept Paper on the State Regulation of Migration, with the aim to clarify and harmonise responsibilities for migration, which are dispersed across various government bodies, including the Ministry of Foreign Affairs, Ministry of Interior and the Armenian Border Guard.

The Action Plan for the Implementation of the Policy Concept for the State Regulation of Migration in the Republic of Armenia 2012-2016 was adopted by the government in November 2011.

Until 2013, efforts to reform migration management and work towards visa liberalisation – with the ultimate aim of visa-free travel to the EU – took place in parallel with the preparation for the Association Agreement (AA) and the Deep and Comprehensive Free Trade Agreement (DCFTA). Following the withdrawal of Armenia from these latter negotiations and the accession of the country to the Eurasian Economic Union in late 2013, the EU and Armenia nevertheless continued their work on migration and freedom of movement issues.

<sup>434</sup> European Neighbourhood Council, Monitoring Report: Agreement between the European Union and the Republic of Armenia on the Facilitation of the Issuance of Visas (4th monitoring), July 2018 <http://www.enccouncil.org/wp-content/uploads/2018/07/Analysis-of-the-Facilitation-of-the-Issuance-of-Visas-as-part-of-EU-Armenia-Relations.pdf>

<sup>435</sup> State Migration Service, [http://www.smsmta.am/?menu\\_id=3](http://www.smsmta.am/?menu_id=3)

## 8.3. International/donor interventions in sector

### 8.3.1. Education

The EU is the largest provider of grant funds for Armenia in the area of education. Approximately USD 250 million of donor funds have been spent during the period 2010-2017, but not all of which were grants. For example, the World Bank funds includes a USD 30 million loan for the Education Improvement Project<sup>436</sup>.

Breaking these figures down we can see that there is a sub-sector specialisation for the major donors. The EU largely focused on secondary education, while France and Germany dedicated their energies to post-secondary education. The World Bank invested across the spectrum, although also had a large component for post-secondary education. USAID was the primary donor for supporting basic (i.e. primary) education and ignored secondary education completely.

Of EU member states, France, Germany and Denmark made a significant bilateral financial contribution to education.

Table 58: Top five donors for education, disbursements by DAC sector code (USD millions) 2010-2017

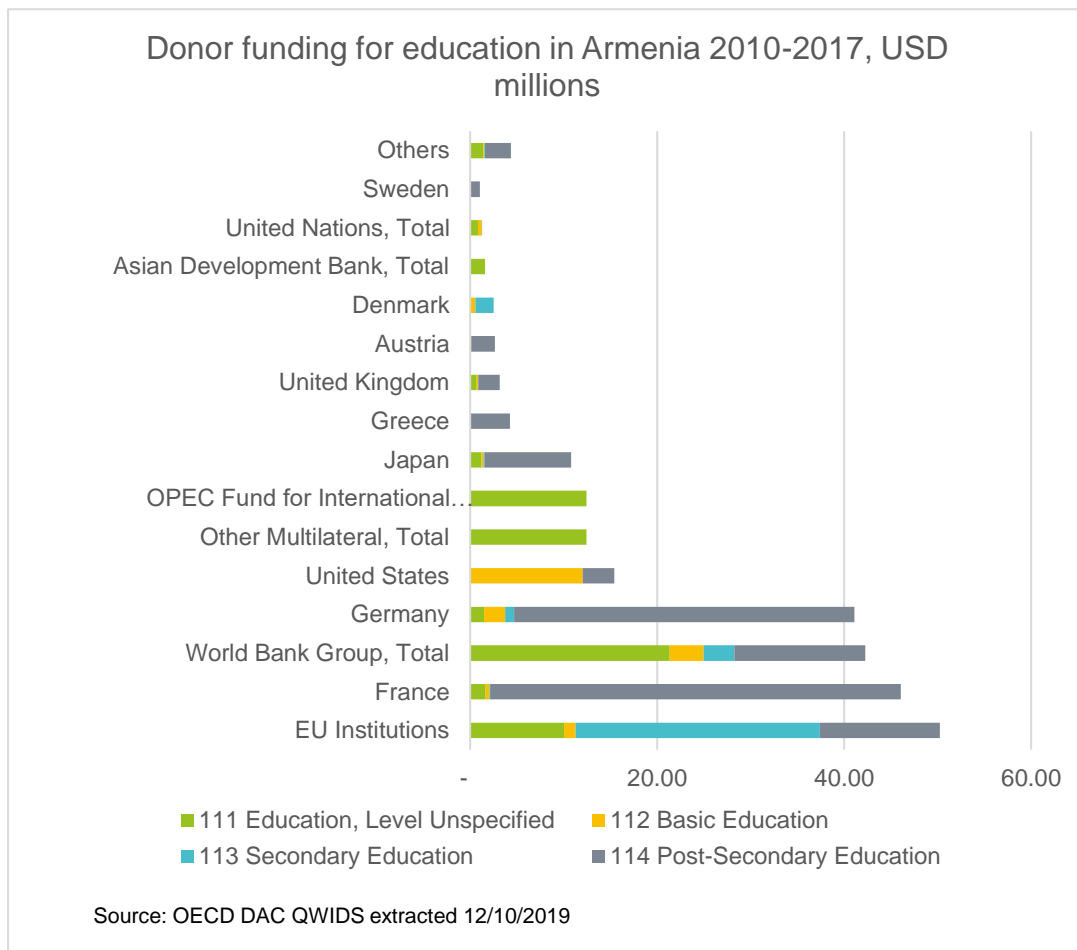
Selected donors by USD	TOTAL 2010-2017	111 Level Unspecified	112 Basic	113 Secondary	114 Post-secondary
<b>EU Institutions</b>	50.22	10.05	1.21	26.13	12.83
% of total EU spend	100%	20%	2%	52%	26%
EU spend as % of total sector donor contribution	20%	15%	6%	80%	10%
<b>France</b>	46.05	1.66	0.40	0.09	43.91
% of total France spend	100%	4%	1%	0%	95%
France spend as % of total sector donor contribution	18%	3%	2%	0%	33%
<b>World Bank Group</b>	42.26	21.35	3.61	3.30	13.98
% of total WBG spend	100%	51%	9%	8%	33%
WBG spend as % of total sector donor contribution	17%	33%	17%	10%	11%
<b>US and USAID</b>	15.43	12.01	-	3.42	12.01
% of total US spend	100%	0%	78%	0%	22%
US spend as % of total sector donor contribution	6%	0%	57%	0%	3%
<b>Germany</b>	41.10	1.50	2.26	0.95	36.39

<sup>436</sup> <http://projects.worldbank.org/P130182/education-quality-project?lang=en>

% of total DE spend	100%	4%	6%	2%	89%
DE spend as % of total	1%	2%	11%	3%	27%
<b>SECTOR TOTAL</b>	<b>251.55<sup>437</sup></b>	<b>65.27</b>	<b>21.03</b>	<b>32.64</b>	<b>132.60</b>

The donor contribution to education has been relatively steady over the period 2010-2017, at more or less USD 14 million per year; the only exception being 2014, when donor funding for education dipped to just under USD 11 million. This represents approximately 5% of the government's total expenditure on education over the period – a significant but not major addition to the budget. The EU's contribution was 1.9% of the total budget.

Figure 69: Education Funding by Donors



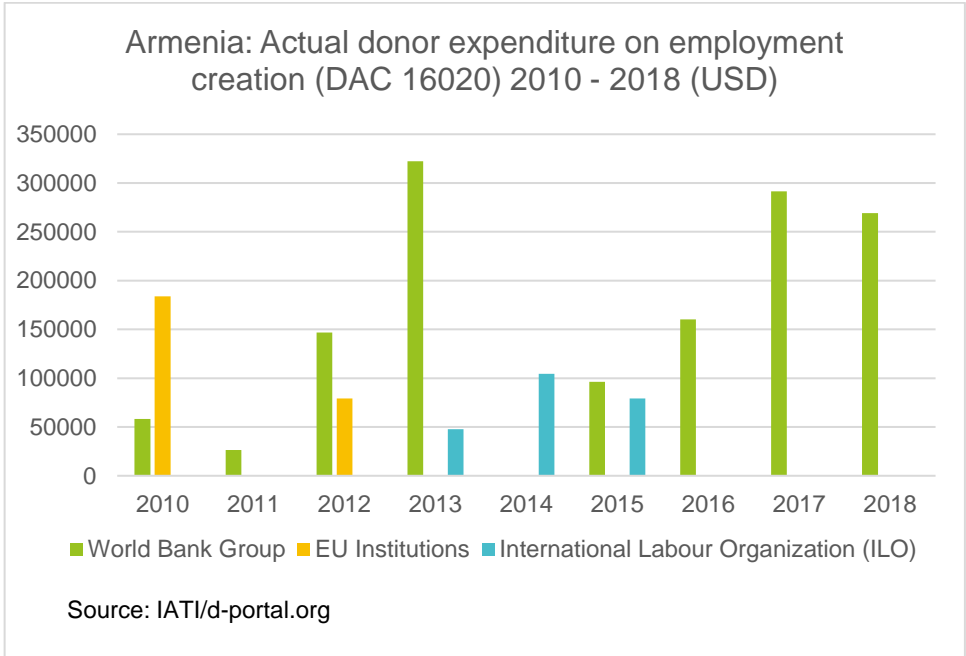
The significance of the EU's contribution to the government budget is much greater, however, when looking only at secondary vocational education. In 2012 government expenditure on secondary vocational education was around AMD 5.4 billion (around EUR 10.5 million at 2012 exchange rates). The average annual contribution of the EU over the period since 2012 was around EUR 5 million per year. This represents around half of the Government budget for vocational education and is therefore much more significant.

<sup>437</sup> Note that the table includes only selected donors; the totals row represents all donor funds, not just those presented in the table.

### 8.3.2. Employment

There are only three active international organisations which have funded activities focused on employment in recent years, the World Bank group, International Labour Organisation and the EU.

Figure 70: Actual Donor Expenditure on Employment



The World Bank has focused on social security and unemployment insurance with the Armenia Social Protection Administration project (USD 9.9 million credit) implemented by the Ministry of Labour and Social Issues from 2004 to 2013. The World Bank followed this up with a second phase of the project, 2014-2020, also a credit, worth USD 21.2 million<sup>438</sup>. ILO has had small projects in support of public sector pay reform and improving wages systems and policies. Sida is the only EU member state that has been active in the sector, with a partnership between the Swedish employment agency and its Armenian counterpart, from 2005 -2010, worth USD 1.7 million.

The low value of the EU contribution shown in the chart is because of the low disbursement rate of the major sector budget support programme, Better Qualifications for Better Jobs (EUR 15 million), which is discussed in more depth below. The EU is a much more significant donor in the sector if we look at commitments rather than actual disbursements.

GIZ has been active in the field of vocational education and training, mainly from a private sector perspective with the regional project 'Private sector development, South Caucasus (2013–2017)'. The value of the project is not known. This project focuses mainly on the content of the curricula and training, rather than on reforming the system<sup>439</sup>.

The Ministry of Education reported that assistance is coordinated through a donor conference at the end of each year. Before 2016, there were not many donors in the sector. Since then, however, there are now 5 or 6 major donors and up to 10 projects<sup>440</sup>.

<sup>438</sup> Data from d-portal.org extracted 26/8/2019  
<sup>439</sup> As reported in interview with Ministry of Education and Science, May 2019  
<sup>440</sup> As reported in interview with Ministry of Education and Science, May 2019



### 8.3.3. Migration

Defining the migration area of activities is a little challenging, because the OECD DAC code specifically for migration activities is new. The DAC purpose code 15190 (Facilitation of orderly, safe, regular and responsible migration and mobility) was introduced in 2018 for reporting on 2017 aid flows. Prior to 2018, the main codes for reporting migration management were:

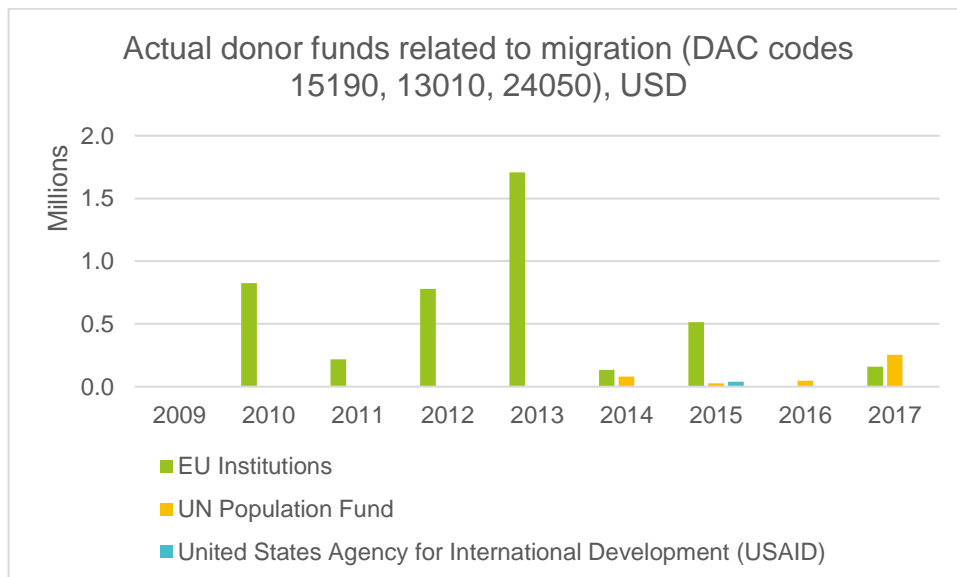
- 13010 Population policy and administrative management
- 15130 Legal and judicial development
- 15160 Human Rights
- 24050 Remittance facilitation, promotion and optimisation.

Also used were:

- 15110 Public sector policy and administrative management
- 15210 Security system management and reform (border management project)

For the purpose of analysing and understanding donor activities on migration management in the period prior to 2018, this analysis has included all projects coded 13010 and 24050. Additional selected projects coded 15160, 15110, 15210 have also been included in this sector<sup>441</sup> based on the evaluation team’s judgement that they are more properly described as migration projects. This means that it is possible that other migration-related activities have been left out of this analysis, particularly with regard to the activities of other donors and international organisations.

Figure 71: Actual Donor Funds for Migration



Source: IATI/d-portal.org

This analysis shows that the EU is the largest donor by far in this sector. The EU contribution is mainly driven by the EUR 3 million cooperation project with the French Office for Immigration and Integration<sup>442</sup>, the EUR 1 million twinning project with the Swedish Migration Service<sup>443</sup>, and the EUR 1.9 million DG DEVCO grant award to the Armenian NGO, the International Centre for Human

<sup>441</sup> Mitigating social consequences of labour migration and maximizing migrants involvement in local development (310122) , and Maximising the social and economic impact of Migration for a better future in Armenia (283401)

<sup>442</sup> Project title “Strengthening Armenia’s migration management capacities, with special focus on reintegration activities, in the framework of the EU-Armenia Mobility Partnership”, CRIS 309112

<sup>443</sup> “Support the State Migration Service for strengthening of Migration Management in Armenia”, CRIS 297246

Development<sup>444</sup>. The EUR 4 million project “Support to migration and border management in Armenia” managed by ICMPD is DAC-coded as a 15110 (‘Public sector policy and administrative management’), so does not show up in this analysis. The EU has also financed additional activities related to border management (contract 326621 2013, EUR 3.58 million) which are also not shown in this chart.

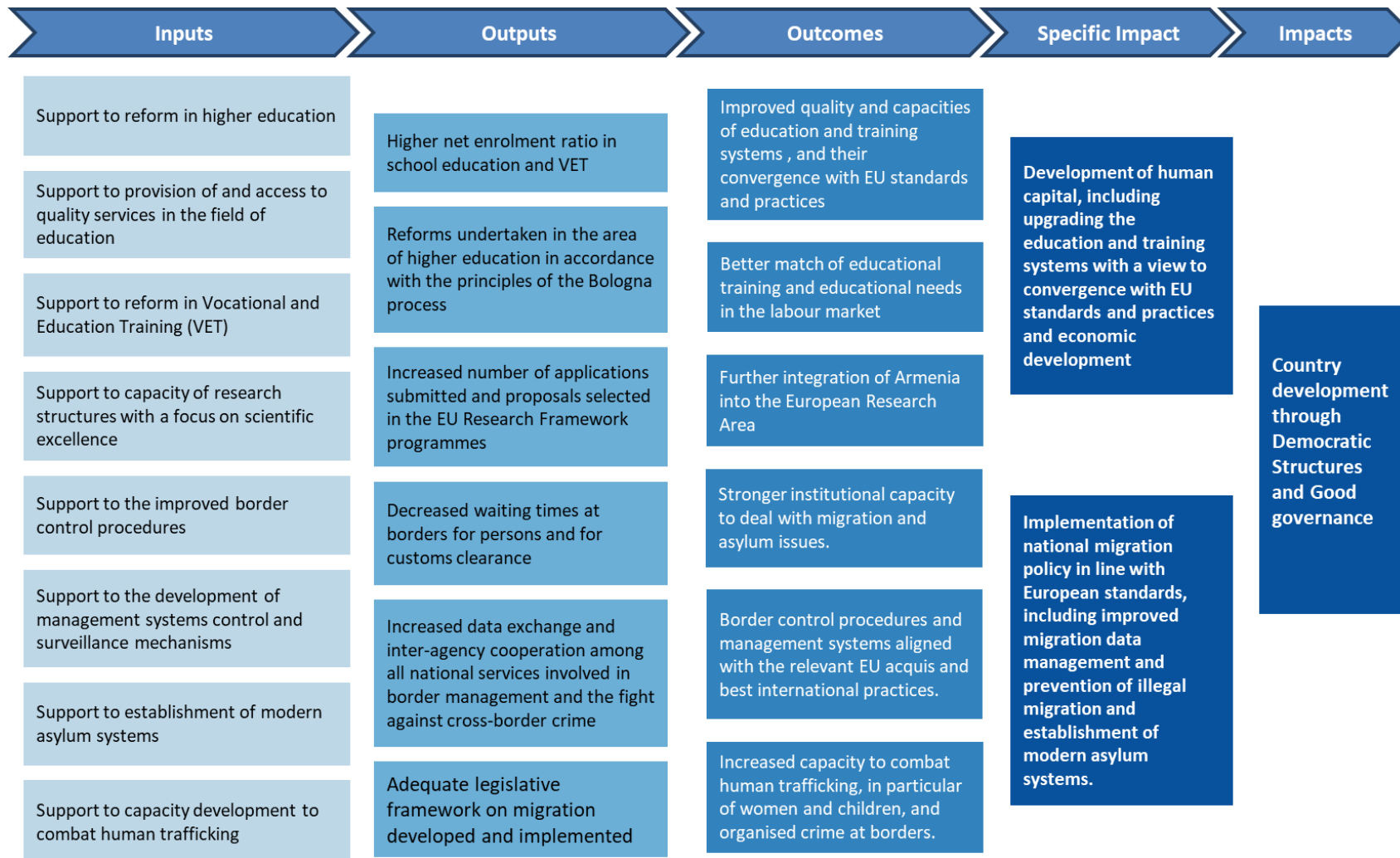
The difficulties of using a DAC code for analysing migration are evident here, so this analysis should be seen as only indicative of the donor contributions in the field. However, based on the 2018 Joint Analysis, it can be seen that the main donor efforts are focused on reintegration of returnees (supported by those countries sending most returnees, such as Germany). By 2018, according to the Joint Analysis, the biggest challenges remain the high rate of emigration, the ineffective utilisation of remittance funds for stimulating economic development.<sup>445</sup>

<sup>444</sup> Strengthening Evidence-Based Management of Labour Migration in Armenia, CRIS 229596

<sup>445</sup> Development Partners' Joint Analysis of the Situation in Armenia, endorsed Armenia development coordination thematic groups, draft - May 2018

## 8.4. Overview of EU interventions in sector

Figure 72: EU Interventions by sectors



## 8.5. EU strategy for education and employment

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### 8.5.1. Country level strategy

The EU support for education at country level has changed in its justification somewhat over the period from 2007 but retains a consistency of purpose. In the NIP 2007-2010, education featured as a major component and was linked primarily to the implementation of the Poverty Reduction Strategy and sought to improve education as a means to bring people out of poverty. By the second half of this decade, education support was linked more clearly to economic objectives, strengthening the economy and the labour market, focusing on vocational education and seeking to ensure that skills developed through the educational system are more appropriate for employers' needs.

Despite the change in justification, the EU at country level has been remarkably consistent in supporting a series of coherent reforms related to vocational education and training over more than a decade, and as we have seen above, the EU is more or less the only international donor in this field.

### 8.5.2. Regional strategy

The regional strategic directions for education policy have varied more over the evaluation period. The ENPI Regional East Programme – Strategy Paper 2010-2013 and Indicative programme 2010-2013 – had no big emphasis on education. It referred to environment education and human rights education, but not education per se.

At the Riga summit of May 2015, the EU and the partner countries of the Eastern Partnership signed up to the Riga priorities, which included **“mobility and people-to-people contacts: to target entrepreneurship and skills development key for adjustment and modernisation process, employability and development; foster, in particular, youth employability, facilitate exchanges between people, and promote research and innovation collaboration”**

The Neighbourhood Review of November 2015<sup>446</sup> places much more emphasis on education:

- in the context of gender and the aim of the EU Gender Action Plan 2016-2020 to improve women's access to education (p6).
- for skills development and education as a contributor to economic modernisation and entrepreneurship (p8/9),
- as a driver of the digital economy, and to create jobs and opportunities for education and employment p9,
- a strong focus on youth, non-formal education, and facilitating access to primary and secondary education, access to Erasmus +, mobility in vocational education and training, mobility of European and neighbouring countries' trainees seeking to have a work experience abroad (p9-10).

From 2016, the document, “Eastern Partnership - Focusing on key priorities and deliverables”<sup>447</sup>, provided some tangible implementation plans for the four areas of ‘people to people’ contacts, which were subsequently endorsed in the ‘20 deliverables for 2020’ initiative at the Eastern Partnership Summit in Brussels, November 2017<sup>448</sup>:

- Progress on Visa Liberalisation Dialogues and Mobility Partnerships

<sup>446</sup> High Representative of the Union for Foreign Affairs and Security Policy, Review of the European Neighbourhood Policy (SWD(2015) 500 final), 2015

<sup>447</sup> Brussels, 15.12.2016, SWD(2016) 467 final [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas\\_joint\\_sw\\_d\\_2016467\\_0.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_sw_d_2016467_0.pdf)

<sup>448</sup> [https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership\\_en](https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership_en)

- Strengthen investment in young people’s skills, entrepreneurship and employability
- Establish an Eastern Partnership European school
- Integrate Eastern Partnership and EU research and innovation systems and programmes.

### 8.5.3. Actions funded – employment and education

The core of EU financial assistance in the area of education and employment during the evaluation period has been a series of budget support programmes supporting reforms in vocational education and training (VET). These followed on from earlier programmes during the 2000s.

The three main budget support programmes are:

Table 59: Vocational education budget support programmes 2010-2018

Contract year	CRIS contract	DAC code	Name	Planned amount (EUR)	Paid (EUR)
2010	258731	11330	Continuation of Vocational Education and Training (VET) reform and Development of an Employment strategy	13,600,000	13,600,000
2014	337992	11330	Continuation of VET Reform and Development of an Employment Strategy Armenia, EaPIC 2012	3,750,000	3,750,000
2016	383251	16020	Better Qualifications for Better Jobs	13,000,000	-

Each of these programmes was supported with additional contracts for technical support and monitoring and evaluation. Alongside the programmes, the EU carried out a series of policy dialogues on the theme of vocational education and training. A complete list of education and employment projects is given in Appendix 4.

The EUD worked closely with the European Training Foundation (ETF), a cooperation which added necessary skills and knowledge to the EU’s support capacity, and which was valued by government agencies<sup>449</sup>.

### 8.5.4. Conclusion

For the period under review, country level strategy has remained focused on the vocational education and training sectors as a means to promote poverty reduction and economic development. Regional strategy has embraced mobility, research and innovation and investment in young people as a means for supporting the development of the region as a whole.

## 8.6. EU strategy and interventions on migration

### 8.6.1. Strategy and agreements with Republic of Armenia

EU migration policy is driven by the requirements and challenges of managing regular travel and migration into the EU. Following the December 2008 EU Migration Mission, the EU and the Republic of

<sup>449</sup> E.g. State Migration Agency, interview May 2019

Armenia signed a mobility partnership in 2011<sup>450</sup>, which aimed to “develop further their dialogue and cooperation on migration issues”, with particular emphasis on:

- Mobility, legal migration and integration
- Migration and development
- Fight against irregular immigration and trafficking in human beings, readmission, security of identity and travel documents, border management
- Asylum and international protection.
- Implementation of the strategy was foreseen in the partnership agreement, and the signatory countries with Armenia proposed some key actions, including
- establishment and regular updating of a detailed migration profile
- strengthen the administrative capacity of Armenia for the management of the migration processes
- promote circular mobility of young professionals and students and share information on possibilities of migration through legal channels
- support measures aiming at fully using migrants' skills and professional qualifications acquired abroad for the benefit of Armenia's development
- promote well informed and cost-effective remittances' channels
- sharing the practical aspects of return policies, including exchanging best practices on readmission processes
- share knowledge and best practices on enhancing administrative competences and structures in combating trafficking in human beings
- support the reinforcement of Armenia's border surveillance and border management capacities
- building the capacity of Armenia's government to implement an asylum policy, including international protection.

These commitments in the Mobility Partnership led to the initiation of a number of projects supported by EU and member states, in 2012 and 2013. The Mobility Partnership also initiated a permanent cooperation platform between Armenia, the EU and its Member States for implementation of the Mobility Partnership<sup>451</sup>.

The dialogue initiated by the EU led to the signing of a visa liberalisation agreement in 2012 and a readmission agreement in 2013; both came into force on 1 January 2014<sup>452</sup>. These two agreements were part of a standard package of measures in advance of an Association Agreement, foreseen for all Eastern Partnership countries at the time, and for which preparations in Armenia were well under way.

The Government of Armenia's change of heart in 2013, leading to the country's accession to the Eurasian Economic Union, likely led to the stalling of further progress regarding visa-free travel to the Schengen area. Talks on further visa liberalisation began again only in early 2019. Policy dialogue on migration nevertheless continued.

In 2014, the EUD reported that “policy dialogue on migration contributed to a new perception of migration not only as a challenge but also as an opportunity for development, especially in conjunction with regional and private sector development, where the EU is also a leading donor”.

<sup>450</sup> Joint Declaration on a Mobility Partnership between the European Union and Armenia, Brussels, 6 October 2011 [https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/international-affairs/global-approach-to-migration/specific-tools/docs/mobility\\_partnership\\_armenia\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/international-affairs/global-approach-to-migration/specific-tools/docs/mobility_partnership_armenia_en.pdf)

<sup>451</sup> Armenia EU Delegation, External Assistance Management Report (extracts provided to the evaluation team), 2013

<sup>452</sup> [https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/eastern-partnership/mobility-partnerships-visa-facilitation-and-readmission-agreements\\_en](https://ec.europa.eu/home-affairs/what-we-do/policies/international-affairs/eastern-partnership/mobility-partnerships-visa-facilitation-and-readmission-agreements_en)



## 8.6.2. All projects in CRIS database relating to migration.

Note – a DAC code specifically for migration related activities was introduced in 2018 for reporting on 2017 activities. This list was derived from searching for term 'migra' in the evaluation team's CRIS database and adding in the border management projects, so it may not be comprehensive.

Table 60: Projects for Migration – CRIS database

Year	CRIS	Project Title	Implementing Agency	EUR Plan	EUR Paid
2010	229596	Strengthening Evidence-Based Management of Labour Migration in Armenia	International Center for Human Development Public Organization	1,485,504	1,485,504
2010	248902	Support to the State Migration Service for the elaboration of a Twinning Project Fiche for strengthening of Migration Management in Armenia	SOFRECO-SOCIETE FRANCAISE DE REALISATION D'ETUDES ET DE CONSEIL SA	71,810	71,810
2012	297246	Support the State Migration Service for Strengthening of Migration Management in Armenia	MIGRATIONSVERKET (Sweden)	911,111	976,285
2012	282525	Support of circular migration and re-integration process in Armenia	CLOVEK V TISNI OPS	784,036	683,866
2012	309112	Strengthening Armenia's migration management capacities, with special focus on reintegration activities, in the framework of the EU-Armenia Mobility Partnership	REPUBLIQUE FRANCAISE	3,000,000	5,432,918
2012	310122	Mitigating social consequences of labour migration and maximizing migrants involvement in local development	UNITED NATIONS CHILDREN'S FUND	882,160	1,676,164
2013	283401	Maximising the social and economic impact of Migration for a better future in Armenia	COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI ASSOCIAZIONE	722,387	384,281
2015	352074	Support to migration and border management in Armenia	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	3,997,246	1,156,433
2016	379806	Financial Verification of the Targeted Initiative for	MOORE STEPHENS LLP	15,697	15,697

		Armenia project implemented by the French Office for Immigration and Integration (OFII) 309-122			
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Two additional projects need to be considered when looking at migration – the work done by the EU to support integrated border management. The infrastructure construction work for the three main Armenia/Georgia crossing points is covered in the Connectivity section of this report (Section 7). However, given their importance for mobility of people, there is some consideration given to the supporting projects in this section.

## 8.7. Desk and field sample projects

The following is the full list of projects designated as the sample for this study. These are referenced in the findings against the judgment criteria below. Field sample projects are highlighted in blue.

Table 61: Desk and Field Sample Projects

No	Area	Title of the project	Contract Year	Contract number	Implementing agency	EU contribution budget (EUR)
1	Education	Reform of Education Thru International Knowledge exchange (RETHINK)	2013	544178-TEMPUS-1-2013-1-PT-TEMPUS-JPCR	Lisbon Technical University – Portugal	1,388 653
2	Education	Curricula Reformation and Harmonisation in the Field of Biomedical Engineering (CRH-BME)	2009	144537-TEMPUS-1-2008-1-EU-TEMPUS-JPCR	University of Patras – Greece	1,489,310
3	Education	Development of approaches to harmonization of a comprehensive internationalization strategies in higher education, research and innovation at EU and Partner Countries (HARMONY)	2015	561561-EPP- 1-2015-1-ESEPPKA2-CBHESP	Universidad de Sevilla – Spain	927,046
4	Education	Continuation of Vocational Education and Training (VET) reform and Development of an Employment strategy	2010	258731	Hayastani Hanrapetut Yun/ Ministry of Economic Development and Investments	13,600,000
5	Migration	Maximising the social and economic impact of Migration for a better future in Armenia	2013	283401	Comitato Internazionale Per Lo Sviluppo Dei Popoli Associazione	722,387

6	Migration	Support the State Migration Service for Strengthening of Migration Management in Armenia	2012	297246	MIGRATIONSVERKET (Swedish Migration Agency)	911,111
7	Migration	Mitigating social consequences of labour migration and maximizing migrants involvement in local development	2012	310122	United Nations Children's Fund	882,160
8	Migration	Eastern Partnership Integrated Border Management – Armenia/Georgia Bagratashen-Sadakhlo crossing point	2013	326621	UNDP	3,582,500
9	Education	Continuation of VET reform and development of an employment strategy, Armenia', EaPIC 2012	2014	337992	Hayastani Hanrapetut Yun/ Ministry of Economic Development and Investments	3,750,000
10	Migration	Support to migration and border management in Armenia	2015	352074	The International Centre for Migration Policy Development	3,997,246
11	Education	Better qualifications for better jobs	2016	383251	Hayastani Hanrapetut Yun / Ministry of Economic Development and Investments	13,000,000

## 8.8. Response to EQs by judgement criteria

**JC 11.1** Extent to which EU interventions (planned and achieved) align with the actual needs of the situation in Armenia

*Indicator 11.1.1 Mapping of objectives of EU-funded interventions aligns with nationally defined priorities, taking into account investments from other sources*

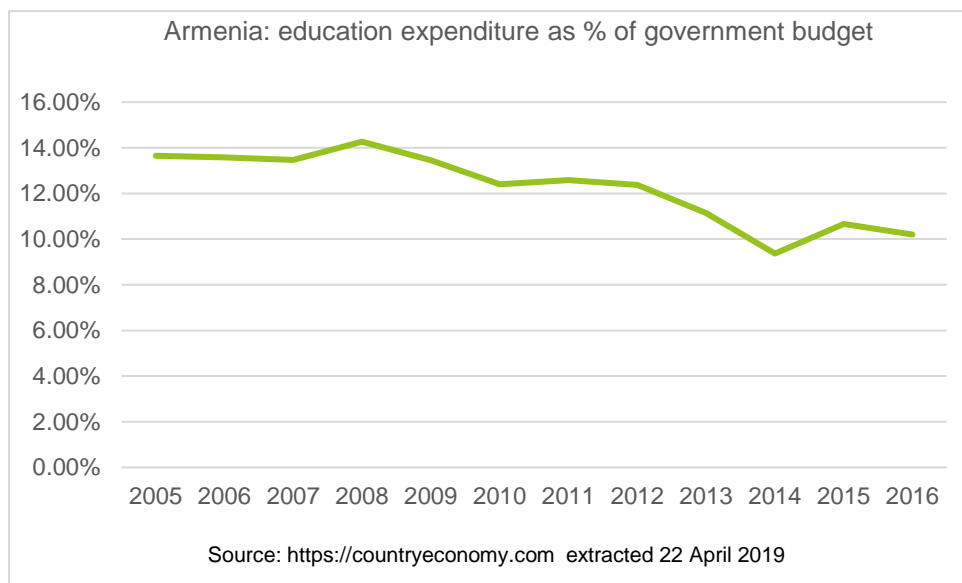
### 8.8.1. Education/employment

Education was a stated priority of the Government of Armenia, and it clearly recognised that in a land-locked country with few natural resources, its workforce is the primary driver of the economy. Government policy emphasis has been on the general education and particularly tertiary education. Vocational education was a neglected area.

Falling government expenditure on education (both in USD terms and as a share of the total government budget), and drastic cuts to budgets for active labour market measures (ALMMs)<sup>453</sup> suggest that the government had other priorities.

<sup>453</sup> The 2017 ALMM budget was cut almost to zero – State Employment Agency source.

Figure 73: Armenia: education expenditure as % of government budget



The EU was driven partly by the EU's own concern with youth unemployment, its experience with vocational training in countries like Germany, the clear link between quality of vocational education and economic development. These external factors nevertheless found a home in Armenia. As a neglected niche area, with no other donor interest, it was an obvious area for EU support. Through its support, it could both raise the quality and the attractiveness of vocational education for young people, and in turn improve the fit between skills and the needs of the labour market.

### 8.8.2. Migration

The Armenian government's key migration concern at the start of the evaluation period was the high rate of emigration, and particularly labour emigration. This was seen as both a cause and a consequence of a weak economy at home, and there were few available policy solutions<sup>454</sup>. At the same time, management of migration at the borders was also a concern for the interior ministry<sup>455</sup>.

The EU has had a key role in shaping the migration programming, not always in line with the priority concerns of the Government of Armenia. The EU's overriding concern is to ensure regular migration, reduce irregular migration and promote the economic and social benefits of mobility. The Government of Armenia was likely not prepared for the scale of the increase in readmissions, nor the necessary resources required to assist returning migrants to reintegrate.

In the two years following the signing of the mobility partnership, the flurry of activities supporting the national authorities in migration management was hard to manage and coordinate. The EUD annual management report from 2012 said, "[i]n the field of Migration there is an obvious problem of overlaps between ongoing and planned assistance provided through different EU instruments. Better coordination with HQ is needed to avoid "assistance overcrowding" in the field."

There was also an evident high risk of duplication, with, for example, two twinning projects, one with the French and one with the Swedish migration services, working with the Armenian State Migration Service at the same time. One highly placed Government interlocutor said that "twinning is burdensome; it takes time and effort for local actors to explain what we are doing, and the end results are a bit suspicious". What is needed, the interlocutor suggested, is "less blah blah and more real-life assistance"<sup>456</sup>.

<sup>454</sup> Government of Armenia, Sustainable Development Program 2018 pp133-134

<sup>455</sup> Ibid p200

<sup>456</sup> Interview held May 2019

Projects linked to border management were considered to be highly relevant and responsive to local needs. Armenia is heavily restricted in its border options; only the northern border with Georgia and the southern border with Iran are open to traffic. The eastern border with Azerbaijan, and the western border with the Azeri exclave of Naxcivan and Turkey are both closed. The country's transport and logistics therefore operate on a north-south axis, with little east-west movement. Efficient management of the few open border crossings is therefore vital.

An issue that was discussed, was of whether the EU should or could be investing in building people to people contacts and relations between Armenia and Turkey, and Armenia and Azerbaijan. Noting the complexities, many interlocutors believed that it would be highly beneficial for the economic development of the country to have open borders with all its neighbours and that there could be a role for the EU. Whether this would be possible was inconclusive.

*Indicator 11.1.2 Interviewees in government, local governments and international organisations involved report their involvement in design and the extent to which the programmes respond to identified priorities and EU competences.*

### **8.8.3. Education and employment**

In the area of vocational education and training, the EU had been active for many years prior to the evaluation period. This meant that the government and the EUD were familiar with each other, and had had strong cooperation. The European Training Foundation (ETF) had also been active for many years in the country, in close cooperation with the EUD.

There are examples of elements of the VET budget support programmes that were clearly designed externally, and where ownership was not strong. For example, one interlocutor argued that conditionality in the “Continuation of Vocational Education and Training (VET) Reform and Development of an Employment strategy” budget support programme required the development of a labour strategy; the government assumed that the TA to the programme would write the strategy, and this is what eventually happened. The strategy was written by ETF, formally fulfilling the conditionality, but without real ownership by the Ministry of Labour. This illustrates the tension in a budget support programme when governments accept ‘what should be done’ as a means to receiving budget support funds, rather than properly assessing what a) it wants to do and b) what it actually can do.

Other examples of such components in the VET budget support programmes include the adoption of the National Qualifications Framework for vocational education, which has been formally adopted, but is not functioning in practice.

The EU was highly competent in this area; its relatively standardised approaches with the support of the ETF have been introduced and replicated in many enlargement and neighbourhood countries.

### **8.8.4. Migration**

There was a clear difference in the perception of interlocutors about the extent to which migration interventions were designed with the involvement of local stakeholders in the first half and second half of the evaluation period.

As a consequence of the Mobility Partnership (2011) in which the EU and Member States made proposals which would help Armenia manage migration, there were several projects from 2012 onwards that could have been better conceived. Interviewees<sup>457</sup> suggested that the projects proposed at that time were ‘parachuted’ and ‘dumped’ onto Armenia, having been designed elsewhere.

<sup>457</sup> Interviews with EUD and State Migration Service, May 2019

Later projects, particularly the project managed by the International Centre for Migration Policy Development (ICMPD 2015)<sup>458</sup> was considered to be much more appropriate and responsive to needs, partly because it was designed in Armenia and was managed by people familiar with the context<sup>459</sup>.

The relevance of the type of support from the earlier projects was also questioned. One highly placed government interlocutor suggested that “we don’t need high level advisors; it is just a retirement plan for EU officials”. Whereas later projects provided more concrete and tangible assistance, which was needed.

The unique soft power that the EU has in relation to migration, driven by the desire for non-EU countries’ easier access to mobility within the bloc, may act as a block to a more sensitive understanding of the realities, capacities and constraints in a partner country.

*Indicator 11.1.3 independent analyses (i.e. non-EU) of skills needs, migration needs, etc. identify similar priorities to those to which EU programmes respond.*

### **8.8.5. Education and employment**

World Bank analysis of the education system identifies very similar issues to those identified by the EU programme designs. The Armenia Workforce Development: SABER Country Report from 2014 identifies four key issues:

- Weak coherence and coordination between the domestic champions for workforce development
- Disconnect between the long-term vision for workforce development and the perceived requirements of industry
- Limited opportunities and mechanisms for employers to get involved in the strategy-making process to address skills constraints
- Current funding principles do not promote efficiency in resource use, and private sector involvement in providing resources for training is very limited.

ETF analysis is similar. In the 2016/7 report on the Torino Process<sup>460</sup> issues identified include the continuing concern of employers in the appropriateness of skills, the internal efficiency of the education and employment systems, and the falling levels of funding for education.

The EU VET programmes have aimed to respond to internal issues, focusing on rehabilitation of schools, strengthening teachers’ skills, updating the curricula, and establishing better mechanisms for forecasting and responding to skills needs.

The programmes have not ostensibly aimed to deal with the falling levels of education funding. The programme funding itself is aimed at investment and reform, not current expenditure. Interviews with the Ministry of Education describe the difficulties it has as an institution to get adequate funding from the Ministry of Finance, including access to the committed funds for the budget support programme activities.

Other than the funding gap, EU-funded interventions in education have aimed to tackle the issues identified in both EU and independent analyses.

### **8.8.6. Migration**

Independent studies undertaken at the beginning of the evaluation period focus on the challenge of labour migration, and in particular the difficulty with which labour migrants find work and reintegrate when they return home<sup>461</sup>. The ETF report suggests that “future policies should be aimed at achieving better

<sup>458</sup> CRIS contract 352074, Support to migration and border management in Armenia

<sup>459</sup> Interview held May 2019

<sup>460</sup> ETF 2017, Torino Process 2016-17 Armenia Executive Summary

<sup>461</sup> Migration and Skills in Armenia: Results of the 2011/12 Migration Survey on the Relationship Between Skills, Migration And Development, European Training Foundation and Caucasus Research Resource Centers, November 2012



management and coordination of temporary migration, supporting Armenian citizens going abroad to work and improving the conditions for migrants returning to their home country and helping them to apply their skills and experience in Armenia” (ETF 2012 p70). This is broadly the approach taken by the EU’s country level strategy, focusing on improving VET education, getting international recognition for Armenian qualifications, and strengthening the information available for prospective migrants. Recommendations for returning migrants are somewhat vague, reflecting the general difficulties inherent in stimulating the economy and boosting employment: “[t]o improve the employment prospects of returned migrants, it will be important to address the overall weak labour market in Armenia in the long-term” (ibid p70).

The paper did not identify or address the potential for higher numbers of readmissions, and their more specific needs for support in reintegration.

**JC 11.2** Extent to which sample EU projects achieved their planned goals

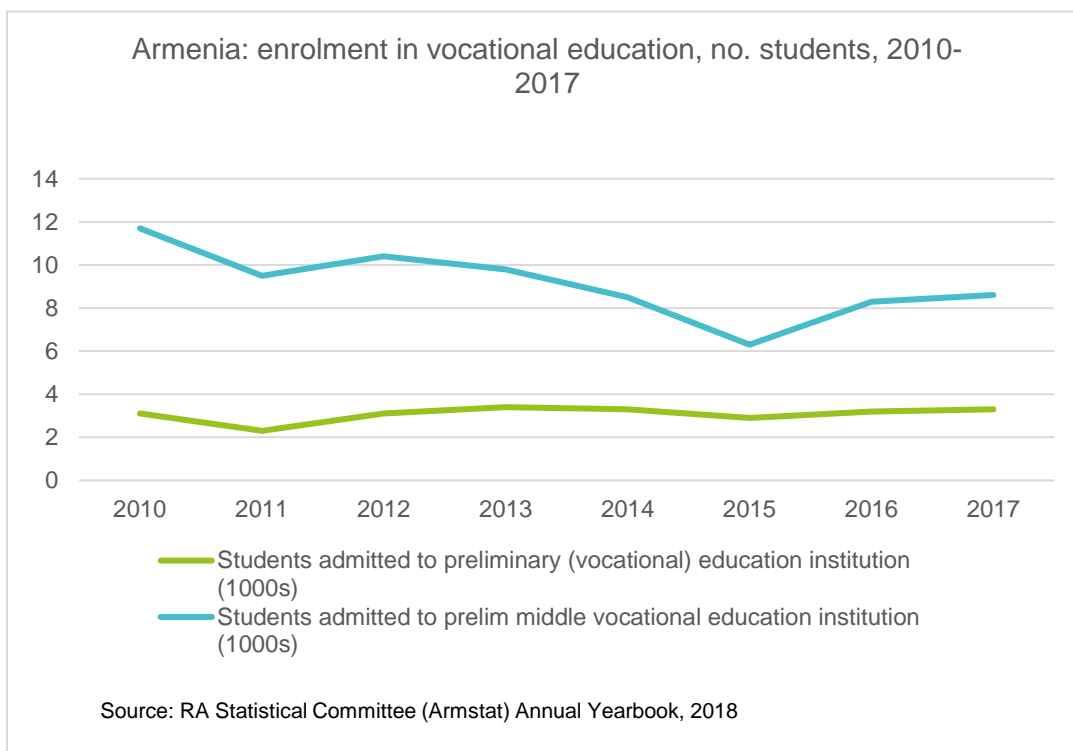
*Indicator 11.2.1 Number of people who have benefited from VET/skills development and other active labour market programmes with EU support*

This indicator is from the EU Results Framework. In practice, it is almost impossible to disaggregate people who have benefited from skills development and ALMPs *with* EU support from those who have benefited *without* EU support. Since the support from the EU is for the whole vocational education system, we can reasonably assume that *all* vocational students have experienced some influence from reforms supported by the EU.

Relevant indicators available for the whole vocational education are presented here.

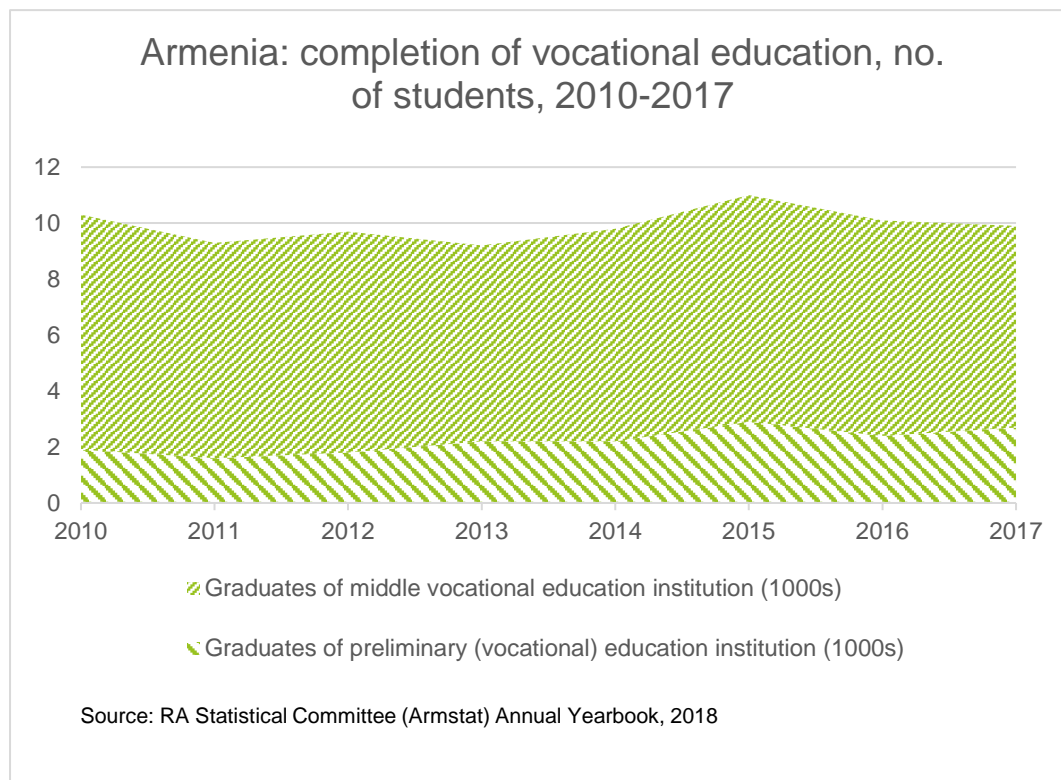
The numbers enrolling in vocational education overall had been falling until 2015 but experienced a bounce afterwards. More time is needed to see whether this positive trend will continue.

Figure 74: Enrolment of students in vocational education, 2010-2017



The number of graduates from vocational education has remained steady. Since graduation lags enrolment by the duration of the educational course, we would expect to see a recovery in the graduation statistics only by 2020.

Figure 75: Completion of vocational education by students, 2010-2017



Another factor affecting enrolment is the considerable decline in the youth population overall. Taking this into consideration, there is also a positive trend in the *proportion* of students enrolling in vocational education. The number of students in upper secondary VET as a percentage of total upper secondary students increased from 15.1% in 2010 to 25.7% in 2014. The rate for males is somewhat higher than females: in 2014 the share was 29.2% for males and 22.2% for females<sup>462</sup>.

These are tentatively positive indicators, showing that more students are taking the vocational education route, and it appears to be more attractive in comparison with more general secondary education.

*Indicator 11.2.2 interviewees report positive contributions and provide examples of how sample EU projects have contributed to improved TVET situation*

Interviewees confirmed a number of the major outcomes of the EU support for VET education. The establishment and continued operation of the National Council for VET Development; the National Qualifications Framework (despite not being operational for VET); the establishment of the twelve hub VET schools. Operation of the National Training Fund remained under question and required reform.

At a visit to a VET school, site inspection showed that EU assistance had greatly improved the physical facilities at the school. Despite the building being of historic significance, works were carried out reasonably sensitively to improve energy efficiency and access. Some issues were identified. Equipment specified and installed, such as a lift, was not operational. Wheelchair access ramps were blocked with flowerpots, because “there are no disabled students”. No new equipment had been provided for classrooms, because “the funds were needed for the war”. The issues of incomplete construction and inadequate provision and installation of equipment were verified in the Final Evaluation Report of

<sup>462</sup> ETF 2017, Torino Process 2016-17 Armenia Executive Summary p4

"Continuation of VET Reform and Development of an Employment Strategy in Armenia", 01 October 2013<sup>463</sup>.

*Indicator 11.2.3 ROM reports of sample projects indicate positive impact (effectiveness)*

### **8.8.7. Education and employment**

ROM was not the key instrument for assessing progress of the sector budget support programmes in vocational education and training. Instead, the standardised review missions assessed progress and compliance with set criteria. Reviews of likely effectiveness in the reports (e.g., AESA Consortium April 2013<sup>464</sup>) were generally weak and focused on inputs (sometimes outputs) rather than impact. Neither this evaluation, nor the subsequent final evaluation (ACE 2013<sup>465</sup>) assessed actual impact, nor reviewed the project logic and the assumptions contained within the logic about the mechanisms by which the programme would achieve its impact.

A key issue is that the evaluations for sector budget support programmes focus on compliance with set criteria, which generally have to be tangible and controllable inputs and outputs, rather than on learning from the programme logic, the effects (planned and unplanned) of actions and policies, and the ultimate impact on students, their employment prospects and the benefits to employers and the economy. By taking this narrow approach to evaluation, the monitoring mechanisms in place were not sufficiently supportive of learning and adaptation in order to achieve results.

### **8.8.8. Migration**

ROM report for 283401 'Migration for Impact' concludes that the project is likely to be effective in achieving its specific objective "To foster local development in Armenia by maximizing the positive social and economic impact of migration"; but that it is unlikely and it is unrealistic to expect that it would achieve the overall objective of "to contribute to the definition and implementation of an effective Migration and Development Policy in Armenia", particularly since there were no government bodies involved in the project<sup>466</sup>.

Scoring overview for Effectiveness: 3.1 Green; 3.2 Yellow; 3.3 Green; 3.4 Green.

*Indicator 11.2.4 interviewees report positive contributions and provide examples of how sample EU projects have contributed to improved migration situation*

In the area of migration, interlocutors are generally positive about the overall effects of EU assistance and can point to specific examples of where EU financial assistance has been able to improve overall migration management.

The main contributions of EU assistance have been to the legal and policy framework. One interlocutor suggested that the domestic legislation was very much in line with international standards and requirements, and "perhaps even too much".

Concerns were raised about the slowness with which returnees under readmission agreements received state assistance, despite involvement and support of EU member states. Nevertheless, the EU assistance with the readmission case management system has improved the management of the readmission process.

<sup>463</sup> ACE, International Consultants, Project No. 2013/313965/1

<sup>464</sup> Review of the Sector Support Programme for Continuation of Vocational Education and Training (VET) Reform and Development of an Employment Strategy, Contract N°2012/284-575, Draft Final Report Review of the second variable instalment April 2013, AESA Consortium

<sup>465</sup> ACE, International Consultants, Project No. 2013/313965/1

<sup>466</sup> Final ROM report, 09/05/2016

Overall interlocutors welcomed EU assistance but claimed that while the paperwork is in place [in terms of policies and legislation], budgets are limited for effective implementation.

While the numbers are small, the EU has also been providing concrete assistance in building capacities to house asylum seekers. The work is in process to build a 100-bed centre for asylum seekers. Procedures for processing asylum claims are also improved as a result of EU assistance<sup>467</sup>.

### **JC 11.3** Extent to which sample projects achieved sustainable institutional change / improvement

#### *Indicator 11.3.1 interviewees judge that changes achieved by sample (VET) projects will continue*

Interviewees were confident that the institutional reforms achieved were the right ones, and that the government was committed to maintaining the reform trajectory for vocational education and training. New institutional structures were in place, such as the National Centre for Vocational Education and Training Development and the National Training Fund. The twelve newly designated 'hub' schools was considered to be the right strategy, although one interviewee suggested that it would be better to have VET education available in more locations, more locally, while acknowledging that this would be a more expensive option.

There was government commitment and a strategy for introducing a National Qualifications Framework, although progress had been slow<sup>468</sup>. The introduction of work-based learning began in 2017.

As noted above, some key issues have been reported with the operation of the National Training Fund, and this is a concern for the future support to the reform process.

There was also concern in the Ministry of Education that government education expenditure had been declining over the previous three years, and that more funds would be needed to continue the improvements in the VET sector. This was particularly noted because of the additional costs of a VET education compared to a general secondary education. The Ministry of Education and Science has relatively limited influence on the overall education budget, which is mainly a government and Ministry of Finance decision.

Finally, interviewees were enthusiastic about data showing that VET graduates were less likely to be unemployed than university graduates, and the growing interest in VET schools by pupils. This was seen as a good sign for the future growth and improvements in vocational education and training in Armenia.

#### *Indicator 11.3.2 project/SBS final reports and evaluations indicate systemic change has been achieved, with sustainable funding streams committed/likely*

### **8.8.9. Education and employment**

Changes achieved by the VET sector budget support programmes up to 2015 are likely to sustain, as reported in the 2015 Review<sup>469</sup>. All specific conditions were judged to be fully compliant, with the implication that these would then sustain. The technical assistance project for the subsequent VET budget support programme, Better Qualifications for Better Jobs, however, reported that there were major concerns that funding might not be made available for additional steps. This might affect the continuation of the reform process, particularly in regard to the upgrading of the physical infrastructure of schools.

<sup>467</sup> Interviews with migration officials, May 2019

<sup>468</sup> Interviews with EUD and Ministry of Education and Science, May 2019

<sup>469</sup> Review of the Sector Support Programme for Continuation of Education and training (VET) Reform and Development of an Employment Strategy EaPIC 2012, Draft Final Report, 10 November 2015

## 8.8.10. Migration

Management and policy capacities with the State Migration Service have certainly increased, and there has been a contribution from EU funded projects to systems, procedures and technical knowledge. The institution is likely to continue to function much more effectively, with greater skill and know-how. The area of concern is around the likely level of funding for service provision.

Capacities for managing return and reintegration exist, though there are still many question marks about whether there is likely to be sufficient government budget funding to continue to provide services. Both government officials and international organisations highlighted the risk that there would be insufficient government funds to support both returnees under readmission agreements and asylum seekers, despite numbers being relatively modest.

Improved border management is much more likely to be sustained with adequate funding streams, because of the economic importance, Armenia's dependence on its few land border crossings, and the very visible and tangible benefits improved crossing times bring.

ROM report for 283401 'Migration for Impact' – suggests that the project is partially sustainable. Capacity building elements (ie the skills developed) for personnel will endure, but the ability of provincial and local authorities to continue to provide support and services is doubtful because of budget constraints.

The final implementation report for the Twinning project "Support the State Migration Service for Strengthening of Migration Management in Armenia" (CRIS contract 297246) sets out clearly the results achieved in the project. The majority of results are in the form of research studies, needs assessments and recommendations. Some of these, such as proposals for changes to the legal framework were adopted. However, the final report does not clearly identify further systemic changes within the State Migration Service or partner institutions that were actually adopted as a result of the twinning project.

The Referral Centre for Re-integration, established with EU support in the State Migration Service, continued to serve returning migrants: over the last five years, more than 1,000 Armenian returnees received counselling on re-integration, around 900 received vocational training and around 200 received training on how to write business proposals. Furthermore, 130 business grants were awarded, of up to EUR 5 000 each<sup>470</sup>.

The ULISSES online platform for providing information to potential migrants, established by the "Strengthening Evidence-Based Management of Labour Migration in Armenia (IChD/IOM)" project is no longer online at the address <http://www.ulisses.am/>.

The website providing information to potential and returning migrants <http://www.migrant.am/> established by the project "Support of the Circular Migration and Reintegration Process in Armenia" (People in Need) is no longer online.

A website for potential and actual returning migrants at <http://tundarc.am> is online and functioning in three languages. This is established by the project "Strengthening Armenia's migration management capacities, with special focus on reintegration activities, in the framework of the EU Armenia Mobility Partnership" (CRIS contract 309112) which also established a Referral Centre for Returnees. The site is in three languages (Armenian, English and Russian), but visibility that it is funded by the EU is very poor.

The UNDP-implemented "Modernization of Bagratashen, Bavra, Gogavan Border Crossing Points of the Republic of Armenia (MBBG) Project" (CRIS contract 326621) completed in December 2017. The project final report provided data on the reduced waiting times for border crossings, as in the table below. The reduced times are substantial and have contributed to significant improvement in service provision. These

<sup>470</sup> Report on EU-Armenia relations in the framework of the revised ENP, June 2018, p.16-18

improvements were achieved by the combined funding of infrastructure improvements through the European Investment Bank, Government of Armenia and the EU<sup>471</sup>.

Table 62: Waiting times at border crossing points in 2012 and 2018

Border crossing point	Waiting time Date: 02/2012	Estimated waiting time for post-implementation	Current waiting time 01/2018
Bagratashen			
- Persons/pedestrian/bus passenger	40 min	17 min	5 min
- Passenger cars	40 min	15 min	12 min
- Commercial trucks	75 min	17 min	20 min
Bavra			
- Persons/pedestrian/bus passenger	40 min	15 min	8 min
- Passenger cars	40 min	14 min	10 min
- Commercial trucks	50 min	15 min	20 min
Gogavan			
- Persons/pedestrian/bus passenger	40 min	15 min	12 min
- Passenger cars	40 min	14 min	11 min
- Commercial trucks	50 min	15 min	14 min

*Indicator 11.3.3 project ROM reports judge satisfactory sustainability*

ROM report for CRIS contract 310122 “Mitigating social consequences of labour migration and maximizing migrants’ involvement in local development” implemented by UNICEF was undertaken only six months into the implementation period. While the ROM suggests that training provided so far would sustain, it says the “sustainability of the project will also depend on the effective implementation of ISS supported by the adoption of the governmental reform”<sup>472</sup>.

ROM report for CRIS contract 352074 “Support to migration and border management in Armenia” suggests strong sustainability for the project, and lasting effects on the country: “Citizens of Armenia, the corporate sector, migrants and foreigners traveling to the country will benefit from improved accountability and integrity in the sector of migration especially at Armenia’s border crossings. Trade facilitation especially in the context of developing the economic corridor between Georgia and Iran implies involvement of the corporate sector and is likely to contribute to economic growth.”

*Indicator 11.3.4 interviewees judge that changes achieved by sample (Migration) projects will continue*

There was broad consensus from interviewees that the State Migration Service was substantially strengthened over the time from 2010 to 2019, and that this was largely due to EU assistance. One interviewee at a UN agency said, “EU funding was critical; the capacity [of the government for managing migration] now is *only* thanks to EU funding”.

While there were concerns about the level of government funding for providing services, particularly for asylum seekers and returnees under readmission agreements, there were no concerns raised about the SMS’ potential capacity to take on its obligations.

<sup>471</sup> This project is dealt with in more detail under EQ 10 Connectivity

<sup>472</sup> ROM 1768795 August 2013



As noted above, under indicator 11.3.3, improved border crossing times are also likely to sustain, provided the infrastructure is well maintained, and traffic volumes do not exceed the planning figures.

**JC 11.4** Selected sample interventions delivered institutional change in a timely and cost-effective manner

*Relevant ROM data and evaluations for selected sample interventions conclude that interventions were efficient*

The VET sector reviews of programme progress judge efficiency as satisfactory. However, issues raised in interviews suggest that there were issues with the adequate transfer of funds from Ministry of Finance to Ministry of Education and Science which hampered both the scale of works and their timeliness. These issues were more prominent for the last sector budget support programme, Better Qualifications for Better Jobs, for which no funding had been transferred as of early 2019.

In the field of migration, most interventions were completed within their planned timeframes and budgets, at least according to the final reports and ROMs available. There is limited evidence available regarding the extent to which interventions were cost efficient.

## 8.9. Concluding remarks

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In reviewing the sector achievements against the logic model (see p 318), the evidence obtained by this evaluation and presented here suggests a very positive level of achievement against the planned outputs and outcomes, and a likely contribution towards the 'specific impacts'.

In reviewing the EU actions for this sector, there were a number of areas in which lessons can usefully be learned for future programming and management.

In both education and employment, and migration areas the EU has had slightly different priorities to that of the government. In the former, the EU focused on vocational education and training from early on, while the government focused more on general secondary education and reform of tertiary education. In migration, the government's concern was for easier travel arrangements and reducing the level of emigration, while the EU's interests were directed more towards ensuring regular migration and readmission. Despite these divergences, there was sufficient common ground to ensure that both sets of interests were served. Over time, the government also grew in its appreciation of the importance of vocational education to young people and the economy.

Strongly increasing proportions of students attending vocational schools is a good indicator of progress in the vocational education and training sector. If the content and quality of the courses is indeed more relevant, then we should see improvements in the employment prospects of students<sup>473</sup>. The number of young people not in employment, education or training (NEETs) is indeed falling, albeit slowly and from a very high base.

The employment service is less optimistic about the improvements in the labour market; these will likely take longer to show; government budgets for active measures need to be more committed and consistent.

In migration, the institutions are stronger and performing better. The policy framework of the Mobility Partnership has been the key driver for reforms, as well as the incentive created by the prospect of visa-free travel to the EU.

<sup>473</sup> The Ministry of Education and Science reported that 71% of university graduates were unemployed, while the proportion of VET graduates is lower. We have no independent verification of this.

In both areas, the EU has unique competence and has led the way through both practical financial support and policy dialogue.

The initial flurry of projects following the signing of the Mobility Partnership created **problems of both coordination and absorption capacity** for the government agencies tasked with managing migration.

**Projects designed in-country** by people familiar with context, institutions and challenges were more likely to achieve sustainable institutional reform than those 'parachuted' in. Sustainability is rooted in organisations – when institutions initiate or have been involved from beginning in design and changes are 'theirs', sustainability is more assured.

There is very **limited information relating to actual outcomes** and evidence to show contributions from EU funded assistance. Reviews and evaluations focus on inputs and outputs, while paying less attention to assessing the soundness of project logic, and very little attention to monitoring impact on target populations.

**Sector budget support programmes are an effective means to positively influence policy through dialogue.** However, there is a risk that dialogue is influenced by the incentives created by financial assistance, and so generating superficial acceptance of ideas that are not appropriate for the context or that require a more careful and localised approach.

A similar issue arose with the Mobility Partnership; while the intention to support Armenia's implementation of the agreement was good, the initiation of so many project ideas from outside the country led to challenges of design appropriateness, absorption capacity and coordination.

Monitoring of sector budget support programmes is limited to compliance monitoring structured against clearly defined inputs and outputs. The project logic is rarely reviewed, and there was little monitoring of impact. The investments are large (more than EUR 30 million in VET reform), so it is vital not just to look at institutional change, but the effects on students, young people, the labour market and the economy. Compliance monitoring and evaluation is – by its nature – limited in the extent to which it can encourage learning and reflection, especially fundamental self-assessment on the logic of a programme. Early attempts to study cohorts of students (ETF in 2011 and UNDP in 2012) were not continued.

The EU Delegation has limited time and people to be able to provide the level of involvement necessary in design and monitoring. While some of these functions can be outsourced, EU staff need to be involved to the extent where they have full understanding and appreciation of programmes and their contexts. With a small delegation staff, this is rarely possible.

## 8.10. Areas for recommendations

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The VET sector budget support programmes have had detailed analysis with regard to their compliance with conditionality, but little review of the programme logic, and the extent to which the programmes have contributed to their intended goals – improvements in the labour market, job performance and youth unemployment.

Considering the large investments, much more work is needed to invest in monitoring, evaluation and learning from the programmes. This will enable: i) improvements in programme design during the course of implementation, ii) better data availability to demonstrate an EU contribution to impact on the labour market; iii) learning from experience that can be transferred to other programmes and other contexts.

Ideally, programme MEL functions should be carried out independently of the Ministry of Education and Science, and separately from the compliance monitoring exercises – otherwise openness and learning might be compromised.

Programme design in both VET and migration areas needs to be open to more participation from interested NGOs, experts and international organisations, as well as the Government authorities. This is to ensure that programmes are realistic and relevant, particularly in terms of the realistic assessment of government capacities to implement within the planned timeframes.

The EU should consider providing more support to the Government in its efforts to provide adequate services for returnees under readmission agreements, and other returned migrants. Improved and more timely services would reduce repeat emigration – particularly irregular emigration to the EU – and increase the migrants' contributions to Armenian society and economy.

# Appendix 1: EQ 5 Gender

## Glossary of terms

<b>Desegregation of the labour market</b>	Policies aiming to reduce or eliminate gender segregation (vertical and/or horizontal) in the labour market.
<b>Discrimination against women</b>	Any distinction, exclusion or restriction made on the basis of sex and gender that has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, and on a basis of equality between women and men, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field.
<b>Disadvantaged groups</b>	Groups of persons that experience a higher risk of poverty, social exclusion, discrimination and violence than the general population, including, but not limited to, ethnic minorities, migrants, people with disabilities, isolated elderly people and children.
<b>Equal access to justice for women and men</b>	Right of individuals and groups to obtain a quick, effective and fair response to protect their rights, prevent or solve disputes and control the abuse of power through a transparent and efficient process, in which mechanisms are available, affordable and accountable, and conducted on the basis of equality.
<b>Equal opportunities for women and men</b>	Absence of barriers to economic, political and social participation on grounds of sex and gender.
<b>Equal treatment of women and men</b>	A state of no direct or indirect discrimination based on sex and gender, including less favourable treatment of women for reasons of pregnancy and maternity.
<b>Emotional abuse</b>	Belittling, humiliating or undermining an individual's sense of self-worth/self-esteem (e.g. constant criticism, verbal insults, name-calling, etc.).
<b>Empowerment of women</b>	Process by which women gain power and control over their own lives and acquire the ability to make strategic choices.
<b>Female-headed households</b>	Household in which an adult female is the sole or main income producer and decision-maker.
<b>Gender</b>	Social attributes and opportunities associated with being female and male and to the relationships between women and men and girls and boys, as well as to the relations between women and those between men.
<b>Gender analysis</b>	Critical examination of how differences in gender roles, activities, needs, opportunities and rights/entitlements affect women, men, girls and boys in a given policy area, situation or context.
<b>Gender audit</b>	Assessment of the extent to which gender equality is effectively institutionalised in policies, programmes, organisational structures and proceedings (including decision-making processes), and in the corresponding budgets.
<b>Gender awareness</b>	Ability to view society from the perspective of gender roles and understand how this has affected women's needs in comparison to the needs of men.

<b>Gender-balanced participation</b>	Representation of either women or men in any decision-making body in public and political life not falling below 40 % as a parity threshold.
<b>Gender budgeting</b>	Application of gender mainstreaming in the budgetary process. It entails a gender-based assessment of budgets, incorporating a gender perspective at all levels of the budgetary process, and restructuring revenues and expenditures in order to promote gender equality.
<b>Gender discrimination</b>	Any distinction, exclusion or restriction made on the basis of sex which has the effect or purpose of impairing or nullifying the recognition, enjoyment or exercise by women, irrespective of their marital status, on the basis of equality of men and women, of human rights and fundamental freedoms in the political, economic, social, cultural, civil or any other field.
<b>Gender education</b>	Necessary part of curricula at all levels of the education system, which would enable both girls and boys, women and men to understand how constructions of masculinities and femininities and models for assigning social roles – which shape our societies – influence their lives, relationships, life choices, career trajectories, etc.
<b>Gender equality</b>	Equal rights, responsibilities and opportunities of women and men and girls and boys.
<b>Gender empowerment measures (GEM)</b>	'Bottom-up' process of awareness and capacity building leading to greater participation in transforming gender power relations through individuals or groups developing awareness of women's subordination and building their capacity to challenge it.
<b>Gender evaluation</b>	Evaluation applied as a method of gender mainstreaming that integrates gender equality concerns into the evaluation objectives, evaluation methodology, approaches and use.
<b>Gender gap</b>	Gap in any area between women and men in terms of their levels of participation, access, rights, remuneration or benefits.
<b>Gender impact assessment</b>	Policy tool for the screening of a given policy proposal, in order to detect and assess its differential impact or effects on women and men, so that these imbalances can be redressed before the proposal is endorsed.
<b>Gender indicators</b>	Tools for monitoring gender differences, gender-related changes over time and progress towards gender equality goals.
<b>Gender mainstreaming in statistics</b>	Gender issues and gender-based biases systematically taken into account in the production of all official statistics and at all stages of data production.
<b>Gender-sensitive monitoring and evaluation</b>	Method of gender mainstreaming that integrates gender equality concerns into the evaluation objectives but also into the evaluation methodology, approaches and use.
<b>Gender-neutral policies</b>	Policies that are not specifically aimed at either women or men and are assumed to affect both sexes equally.
<b>Gender stereotypes</b>	Preconceived ideas whereby females and males are arbitrarily assigned characteristics and roles determined and limited by their gender.
<b>Gender statistics</b>	Statistics that adequately reflect differences and inequalities in the situation of women and men in all areas of life.

<b>Horizontal segregation</b>	Concentration of women and men in different sectors and occupations.
<b>Institutional mechanisms for gender equality</b>	Bodies mandated to promote gender equality and support mainstreaming of gender equality into general policies in all areas, usually consisting of the central government body complemented with an interministerial coordinating gender mainstreaming structure and contact persons or focal points responsible for gender mainstreaming in ministries.
<b>Institutional capacity for gender mainstreaming</b>	Potential of an institution to deliver upon its gender mainstreaming commitments and the ability to identify and solve implementation-related problems.
<b>Marginalized groups</b>	Different groups of people within a given culture, context and history at risk of being subjected to multiple discrimination due to the interplay of different personal characteristics or grounds, such as sex, gender, age, ethnicity, religion or belief, health status, disability, sexual orientation, gender identity, education or income, or living in various geographic localities.
<b>National Human Rights Institutions (NHRIs)</b>	Independent bodies established by domestic law with a mandate to protect and promote human rights within a state.
<b>Sex- and gender-based discrimination</b>	Discrimination occurring due to interaction between sex (as the biological characteristics of women and men) and their socially constructed identities, attributes and roles and society's social and cultural meaning for biological differences between women and men.
<b>Sex-disaggregated statistics</b>	Data collected and tabulated separately for women and men allowing the measurement of differences between women and men in terms of various social and economic dimensions and are one of the requirements to obtaining gender statistics.
<b>Sexual harassment</b>	Form of gender-based violence encompassing acts of unwanted physical, verbal or non-verbal conduct of a sexual nature, which have a purpose or effect of violating the victim's dignity and creating an intimidating, hostile, degrading, humiliating or offensive environment.
<b>Violence against women</b>	Violation of human rights and a form of discrimination against women including all acts of gender-based violence that result in, or are likely to result in, physical, sexual, psychological or economic harm or suffering to women, including threats of such acts, coercion, or arbitrary deprivation of liberty, whether occurring in public or in private life.
<b>Vertical segregation</b>	Concentration of women and men in different grades, levels of responsibility or positions.
<b>Vulnerable groups</b>	Women, children and persons belonging, or perceived to belong, to groups that are in a disadvantaged position or marginalised.



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## List of members of key institutions on equal rights

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### Members of the Council on affairs of ensuring equal rights and equal opportunities between men and women in the Republic of Armenia<sup>474</sup>

1. Prime Minister of the Republic of Armenia (Chairman of the Council)
2. Minister of Education and Science of the Republic of Armenia
3. Minister of Labour and Social Affairs of the Republic of Armenia
4. Minister of Culture of the Republic of Armenia
5. Minister of Diaspora of the Republic of Armenia
6. Deputy of the National Assembly of the Republic of Armenia (with consent)
7. First Deputy Minister of Justice of the Republic of Armenia
8. Deputy Minister of Foreign Ministry of the Republic of Armenia
9. Deputy Minister of Territorial Administration of the Republic of Armenia
10. Deputy Minister of Economy of the Republic of Armenia
11. Deputy Minister of Healthcare of the Republic of Armenia
12. Deputy Minister of Agriculture of the Republic of Armenia
13. Deputy Minister of Urban Development of the Republic of Armenia
14. Deputy Minister of Sport and Youth Affairs of the Republic of Armenia
15. Deputy Minister of Defence of the Republic of Armenia
16. Deputy Head of Police of the Republic of Armenia Adjunct to the Government of the Republic of Armenia
17. Judge of the Court of Cassation of the Republic of Armenia (with consent)
18. Head of Department of Amnesty, Citizenship, Awards and Titles of the Office of President of the Republic of Armenia (with consent)
19. Head of the Social Department of the Government Staff of the Republic of Armenia (Secretary of the Council)

<sup>474</sup> Annex N1 to Prime Minister Decree No. 1152-Ն dated 19 November 2014

## **Members of the Working Group on affairs of ensuring equal rights and equal opportunities between men and women in the Republic of Armenia<sup>475</sup>**

1. Head of the Social Department of the Government Staff of the RA (Head of the Working Group)
2. Representative of the Staff of the Ministry of Education and Science of the RA
3. Representative of the Staff of the Ministry of Labour and Social Affairs of the RA
4. Representative of the Staff of the Ministry of Labour and Social Culture of the RA
5. Representative of the Staff of the National Assembly of the RA (with consent)
6. Representative of the Staff of the Ministry of Justice of the RA
7. Representative of the Staff of the Ministry of Territorial Administration of the RA
8. Representative of the Staff of the Ministry of Economy of the RA
9. Representative of the Staff of the Ministry of Health of the RA
10. Representative of the Staff of the Ministry of Foreign Ministry of the RA
11. Representative of the Staff of the Ministry of Agriculture of the Republic of Armenia
12. Representative of the Staff of the Ministry of Sport and Youth Affairs of the RA
13. Representative of the Staff of the Ministry of Defence of the Republic of Armenia
14. Representative of the Police of the Republic of Armenia Adjunct to the Government of the RA
15. Representative of the National Statistical Service of the RA
16. Representative of the Staff of Yerevan Municipality (with consent)
17. Representative of the Staff of National Commission on television and radio of the RA (with consent)
18. Chief Specialist of the Social Department of the Government Staff of the RA (Secretary of the Working Group)

<sup>475</sup> Annex N2 to Prime Minister Decree No. 1152-Ս dated 19 November 2014

# Appendix 2: Democratic Institutions

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## List of EU funded projects in the field of democratic governance and Rule of Law

No	Project Title	Year	Project number	Amount/ budget (in EUR)
1	Support for Access to Justice in Armenia	2009	215401	4,159,577.00
2	SSP Support to Justice Reforms in Armenia	2009	226208	18,000,000.00
3	Promotion of Modern concepts in the administration of Juvenile Justice in Armenia	2010	203943	600,000.00
4	Technical Assistance to RA Ministry of Justice on Penitentiary System reforms	2010	234544	90,954.00
5	From Legal System to Independent Judicial Authority	2010	241499	119,944.00
6	Justice in Criminal Justice	2010	241522	140,000.00
7	Strengthening of the Arbitration system for the Ministry of Justice of the Republic of Armenia	2011	267999	98,396.00
8	Promoting Equal Rights and Equal Opportunities in Armenia: Women in Local Democracy	2011	287857	525,000.00
9	Support to 2 electoral cycles in Armenia	2012	283731	1,704,237.00
10	Assistance in implementation of the project "Support to 2 electoral cycles in Armenia"	2012	290833	183,070.00
11	Approximation process of EU Acquis and Policies on Judicial Cooperation and Capacity Building of the Translation Centre on Judicial Sector Terminologies and Methodologies	2012	294981	900,000.00
12	Technical Assistance to RA Ministry of Justice and/or special Working Group controlling the Justice Reform progress (Resident TA team) II	2012	295553	132,000.00
13	Assistance to the RA Ministry of Justice on Penitentiary System reforms, including establishment of Probation Service	2012	296619	148,023.00
14	Technical Assistance to Law Institute of the RA Ministry of Justice	2012	299080	75,092.19
15	Empowering Armenian judiciary through studying EU law	2012	308353	136,318.60
16	Development and Enforcement of Labour Rights of the Citizens of Armenia	2012	308378	157,497.00
17	Promotion of the European model of justice in Armenia: civil society control over judicial practice	2012	308395	157,968.00
18	Exclusion of torture and forced confessions as a ground for fair trial	2012	308537	150,000.00

19	Multi-Faceted Anti-Corruption Promotion	2013	334802	650,000.00
20	Operating Grant to the Armenian National Platform	2014	331682	50,000.00
21	Support to Democratic Governance in Armenia	2014	336967	949,670.00
22	Support for justice reform in Armenia - Phase II	2014	338940	29,000,000.00
23	Strengthening the Independence, Professionalism and Accountability of the Justice System in Armenia	2014	342633	1,670,000.00
24	Technical Assistance to RA Ministry of Justice and special Working Group monitoring implementation of "Support to Justice Reform in Armenia - Phase 11" and the Justice Reform progress	2014	344532	277,060.00
25	Development of e-Governance tools in justice	2015	366884	1,336,000.00
26	Justice Monitoring Project	2016	372348	584,000.00
27	Development of on-line interactive portal to enable transparent and easy discussion over draft legal acts being adopted by government entities of RA	2016	381171	223,500.00
28	Public Oversight over Parliamentary Elections 2017	2016	381371	462,479.00
29	Technical Assistance to RA Ministry of Justice and or special Working Group controlling the Justice Reform progress	2010	234609	195,304.00
30	Supporting the Implementation of the judicial reform in Armenia	2017		400,000.00
31	Supporting the criminal justice reform and combating ill-treatment and impunity in Armenia	2015		780,000.00
32	Long term electoral assistance to the election related stakeholders of Armenia	2015		95,000.00
33	Regional Dialogue on Judicial Reform in the EaP Countries	2015		500,000.00
34	Strengthening constitutional justice in Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine and Belarus	2015		279,000.00
35	Improving women's access to justice in five EaP countries	2015		110,000.00
36	Support to the implementation of the judicial reform in Armenia	2017		Not available

## Statistics

### State Budget Allocations to the Sector (2011-2018)



	2011 (actual)	2012 (actual)	2013 (actual)	2014 (actual)	2015 (actual)	2016 (actual)	2017 (actual)	2018 Budget
<b>Budget financing of Justice sector institutions, AMD thous.</b>								
Judicial Department/Supreme Court Council	6,148,529	6,026,689	6,708,325	7,395,650	8,526,688	8,647,974	8,699,011	8,800,258
Prosecution	2,996,690	2,974,259	3,008,431	3,514,843	3,700,891	4,027,287	4,248,086	4,366,750
Prisons	6,984,691	7,259,363	8,368,995	9,254,037	10,369,669	8,518,212	8,167,964	8,304,598
Legal Aid	152,433	180,008	260,070	275,452	290,834	377,272	377,272	377,272
Probation	0							
Ministry of Justice (excl. Prisons, Legal Aid and Probation)	5,803,467	4,753,554	3,847,983	5,086,232	5,274,001	4,871,055	6,860,762	5,234,887
<b>Sector Total</b>	<b>22,085,810</b>	<b>21,193,874</b>	<b>22,193,804</b>	<b>25,526,214</b>	<b>28,162,082</b>	<b>26,441,800</b>	<b>28,353,095</b>	<b>27,083,764</b>
<b>Total Budget Expenditures</b>	<b>1,006,102,185</b>	<b>1,006,102,185</b>	<b>1,142,890,354</b>	<b>1,235,053,438</b>	<b>1,408,996,463</b>	<b>1,449,063,604</b>	<b>1,504,802,230</b>	<b>1,465,200,573</b>
<b>Budget Financing of Justice sector institutions as share of total Budget Expenditures, %</b>								
	2011 (actual)	2012 (actual)	2013 (actual)	2014 (actual)	2015 (actual)	2016 (actual)	2017 (actual)	2018 Budget
Judicial Department/Supreme Court Council	0.61%	0.60%	0.59%	0.60%	0.61%	0.60%	0.58%	0.60%
Prosecution	0.30%	0.30%	0.26%	0.28%	0.26%	0.28%	0.28%	0.30%
Prisons	0.69%	0.72%	0.73%	0.75%	0.74%	0.59%	0.54%	0.57%
Legal Aid	0.02%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.03%
Probation								
Ministry of Justice (excl. Prisons, Legal Aid and Probation)	0.58%	0.47%	0.34%	0.41%	0.37%	0.34%	0.46%	0.36%
<b>Total</b>	<b>2.20%</b>	<b>2.11%</b>	<b>1.94%</b>	<b>2.07%</b>	<b>2.00%</b>	<b>1.82%</b>	<b>1.88%</b>	<b>1.85%</b>

### Basic salaries of Judges in Armenia

Name of the Court	Index	Base rate	Determined post rate
<b>1. Court of Cassation</b>			
Chairman of Court	15	66,140.0	992,100.0 (≈1650 EUR)
Chairman of Chamber	12	66,140.0	793,680.0 (≈1320 EUR)
Judge	11.5	66,140.0	760,610.0 (≈1260 EUR)
<b>2. Courts of Appeal</b>			
including			
Chairman of Court	11.5	66,140.0	760,610.0 (≈1260 EUR)
Judge	11	66,140.0	727,540.0 (≈1210 EUR)
<b>3. General Jurisdiction Courts</b>			
including			
Chairman of Court	11	66,140.0	727,540.0 (≈1210 EUR)
Judge	10	66,140.0	661,400.0 (≈1100 EUR)

### Average monthly remuneration of judges in Armenia

Court's name	2014	2015	2016	2017
AMD				
<b>1. Court of cassation</b>				
including				
chairman of the court	1,580,982	1,736,697	1,736,697	1,736,697
chairman of the chamber	1,531,464	1,573,734	1,573,734	1,325,535
judge	1,264,197	1,289,932	1,249,982	1,210,480
<b>2. Courts of appeal</b>				
including				
chairman of the court	1,308,017	1,364,513	1,104,532	1,109,604
judge	1,071,329	1,128,174	1,070,561	1,043,245
<b>3. Courts of general jurisdiction</b>				
including				
chairman of the court	1,049,311	1,166,528	1,071,741	1,073,628
judge	742,103	831,517	800,661	803,383

## Penitentiary Statistics (2008-2019)

1. Number of inmates in the Penitentiary institutions of the Republic of Armenia (by years)		
Date	Total number of inmates	Number of detainees
01.01.2008	3539	617
01.01.2009	3965	861
01.01.2010	4313	1287
01.01.2011	5142	1437
01.01.2012	4532	1215
01.01.2013	4756	1228
01.01.2014	3923	1035
01.01.2015	3880	1113
01.01.2016	3873	1114
01.01.2017	3833	1200
01.01.2018	3536	1297
01.01.2019	2266	929

2. Number of persons released on parole from Penitentiary institutions of the Republic of Armenia (by years)										
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
562	520	269	283	280	289	184	153	115	365	530

3. Number of persons released on Amnesty granted by the Decision of the National Assembly of Armenia			
2009 (19.06.2009)	2011 (26.05.2011)	2013 (03.10.2013)	2018 (01.11.2018)
329	602	648	574

4. Number of persons released from the Penitentiary institutions of the Republic of Armenia after serving a full sentence (by years)										
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
468	564	823	980	989	992	698	726	768	777	470

# Appendix 3: EQ 9 Trade and economic development

## Calculation of revealed comparative advantage

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Revealed comparative advantage (RCA) indices<sup>476</sup> is the standard practise to determine a country's comparative advantage. based on demonstrated (i.e. actual) export performance. This formulation states the export performance of a specific product/industry from a country as the relative share of the country's total world, divided by the partner's share of the same product in its world exports. That is Countries (even if one has an absolute advantage) will specialise in products where they have a competitive advantage (and resources etc.).

More specifically, the revealed comparative advantage index of product j exported from Armenia, AR ( $RCA_{ARj}$ ) can be expressed as follows:

$$RCA_{ARj} = (X_{GARj}/X_{ARw}) / (X_{ARj}/X_{ARw})$$

Where:

- $X_{ARj}$  = exports of product j from Armenia
- $X_{ARw}$  = world exports of Armenia
- $X_{EUj}$  = exports of product j from EU
- $X_{EUw}$  = world exports of EU

The RCA index ranges from 0 to infinity with 1 as the break-even point. That is, a RCA value of less than 1 means that the product has no export comparative advantage in the EU, while a value above 1 indicates that the product has a “revealed” comparative advantage.

To calculate RCA, data at a HS 6 disaggregation was extracted from UN COMTRADE and Eurostat databases.

## Underperforming index

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The underperforming index provides an indication of the presence of a barrier to trade. It would be expected that under the GSP+, with additional preferential access, Armenian exports to the EU should be proportionately greater than Armenia's global market share, ceteris paribus. If this is not the case, then there must be some tariff or non-tariff barriers (persistent tariffs, TRQs, minimum pricing, SPS or TBT, RoO or marketing constraints).

So to identify underperforming products under the GSP, the share of Armenian exports of any product in global markets sets the benchmark proxy for assessing the presence of a trade barrier. This is calculated by taking each product group's exports at HS4, calculating market share in EU and as a proportion of market share in the world:

$$I_i = \frac{m_{iAREU}}{M_{iEU}} / \frac{x_{iARWrd}}{M_{iWrd}}$$

<sup>476</sup> Based on Ricardo's theory. the RCA measure was developed by Balassa (1965) and further refined for comparative analysis between countries.

$m_{iUKREU}$	Armenian exports to the EU of product i (EU imports from Armenia)
$M_{iEU}$	Total EU imports of product i
$x_{iUKRWrd}$	Armenian global exports of product i
$M_{iWrd}$	World Imports of product i

If  $I_i < 1$  then Armenia's exports to the EU are less than expected, that is they are underperforming in the EU market relative to performance in the rest of the world.

However, this indicator assumes that the underperformance of the product group is due to remaining restrictions over and above tariffs which are eliminated (these can be non-tariff measures, including TBT or SPS, in EU market access) but this is a big assumption as there may be a variety of other factors including ability of enterprises to sell into the EU, the demand for the product in the EU, excess capacity in Armenia, amongst others.

To calculate RCA, data at a HS 6 disaggregation was extracted from UN COMTRADE and Eurostat databases.

## Priorities in Armenia's sustainable development program (2008)

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1. Ensuring equal conditions for economic competition
  - qualitative improvement of public governance.
  - constant improvement of business and investment climate;
  - reduction of the informal economy
  - substantial limitation of the monopolies and introduction of free competition in the state regulated industrial infrastructure sectors
  - elimination of access restraints and formation of free market in the areas of import of certain commodities and wholesale.
2. Improvement of business environment
3. Reduction and simplification of procedures;
  - reduction of time and financial resources required for their implementation (operational costs);
  - quality increase of business environment and elimination of legislation hampering the reduction of shadow economy;
  - reduction of direct interaction between public officials and businessmen through introduction of one-stop shops. e-governance and transition of procedures to on-line regime.
4. Improvement of investment environment and investment promotion
  - creation of efficient anti-monopoly and competition protection system;
  - improvement of business environment and achievement of respective benchmarks;
  - constant improvement of public administration quality and achievement of respective benchmarks;
  - effective implementation of anti-corruption program and provision of efficient growth of judicial system;
  - further deepening of financial mediation and ensuring of progressive growth of services;
  - further liberalization of trade and elimination of technical obstacles;
  - improvement of infrastructure quality; consideration of infrastructures as priority directions of the state investment programs; aviation and railway reforms and liberalization.

5. Policy aimed to ensure structural economic transformations and continuous growth of country's competitiveness
- relevant mechanisms required to export contemporary technological complexes;
  - relevant conditions required to promote the entry of new companies. especially in the sphere of high technology. including creation of necessary infrastructure financed by public sector or in result of public-private cooperation;
  - development of training and retraining institutions required to prepare relevant high- quality professionals (particularly in the sphere of knowledge engineering);
  - promotion of systems required to ensure proper service and upgrading of high technologies;
  - mechanism required to reveal production complexes in Armenia having potential for development. promoting the process of their upgrading and strengthening as well as the process of creation on their basis integrated regional clusters (including relevant research organizations); ensuring financial support of both public and private sectors;
  - involvement of Diaspora's investment and management capacities in the process of creation and development of modern production complexes (including establishment of various pan-Armenian informational portals and their further improvement with the purpose of involving the Diaspora in the investment projects of Armenia );
  - mechanisms and means required to ensure creation of high technology systems in the long-term perspective.
  - development of the following types of tourism which have a perspective in Armenia should be undertaken: Spa tourism, Mountain-ski tourism, Diamond cutting and jeweller's art centre. Tours around the vineyards. cognac and wine factories presenting the whole circle of the production.
6. Long-term export promotion program. which along with other relevant measures will ensure:
- creation of relevant institutions for export financing (using credit insurance and loan guarantee tools);
  - possible mitigation or elimination of trade restrictions;
  - commercial activities based on free trade agreements (particularly with the EU and EU member states);
  - assistance to exporters in the certification of their production in other countries. particularly in receiving ICO certificates;
  - a set of measures aimed to enlarge the list of exported goods and their geographical coverage. as well as the share of high technologies in total export volumes.
7. Measures aimed to reduce transportation costs. including investment of public or joint public-private resources.

## Appendix 4: EQ 11 People to people

### Sources and references

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<b>World Bank 2013</b>	Project information Document, Education Quality Project, World Bank, Feb 2013, <a href="http://documents.worldbank.org/curated/en/509551467994644132/pdf/PID-Print-P130182-02-21-2013-1361447475177.pdf">http://documents.worldbank.org/curated/en/509551467994644132/pdf/PID-Print-P130182-02-21-2013-1361447475177.pdf</a>
<b>OECD 2018</b>	Anti-Corruption Reforms in Armenia, Fourth Round of Monitoring of the Istanbul Anti-Corruption Action Plan, Anti-Corruption Network for Eastern Europe and Central Asia, OECD 2018 <a href="https://www.oecd.org/corruption/acn/OECD-ACN-Armenia-4th-Round-Monitoring-Report-July-2018-ENG.pdf">https://www.oecd.org/corruption/acn/OECD-ACN-Armenia-4th-Round-Monitoring-Report-July-2018-ENG.pdf</a>
<b>ETF 2017</b>	European Training Foundation, Torino Process 2016-17 Armenia Executive Summary <a href="https://www.etf.europa.eu/sites/default/files/m/00884CB6EA296023C125811C004E4660_TRP%202016-17%20Armenia.pdf">https://www.etf.europa.eu/sites/default/files/m/00884CB6EA296023C125811C004E4660_TRP%202016-17%20Armenia.pdf</a>
<b>GoA 2014</b>	Armenia Development Strategy for 2014-2025 Annex to RA Government Decree # 442 - N 27 March 2014 <a href="https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf">https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf</a>
<b>EC 2018</b>	Report on EU-Armenia relations in the framework of the revised ENP, Progress report 2018, Brussels, 4.6.2018, SWD(2018) 330 final, JOINT STAFF WORKING DOCUMENT
<b>World Bank 2014</b>	Armenia Workforce Development, SABER country report 2014, World Bank, <a href="http://documents.worldbank.org/curated/en/345441468218375478/pdf/955640WPO0PUBL0menia0CROFinal020140.pdf">http://documents.worldbank.org/curated/en/345441468218375478/pdf/955640WPO0PUBL0menia0CROFinal020140.pdf</a>
<b>OECD 2017</b>	OECD Development Pathways, Interrelations between Public Policies, Migration and Development in Armenia, OECD and Caucasus Research Resource Center – Armenia, May 2017 <a href="https://www.oecd-ilibrary.org/sites/9789264273603-6-en/index.html?itemId=/content/component/9789264273603-6-en">https://www.oecd-ilibrary.org/sites/9789264273603-6-en/index.html?itemId=/content/component/9789264273603-6-en</a>
<b>European Neighbourhood Council 2018</b>	European Neighbourhood Council, Monitoring Report: Agreement between the European Union and the Republic of Armenia on the Facilitation of the Issuance of Visas (4th monitoring), July 2018 <a href="http://www.encouncil.org/wp-content/uploads/2018/07/Analysis-of-the-Facilitation-of-the-Issuance-of-Visas-as-part-of-EU-Armenia-Relations.pdf">http://www.encouncil.org/wp-content/uploads/2018/07/Analysis-of-the-Facilitation-of-the-Issuance-of-Visas-as-part-of-EU-Armenia-Relations.pdf</a>
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<b>EEAS 2016</b>	Brussels, 15.12.2016, SWD(2016) 467 final JOINT STAFF WORKING DOCUMENT Eastern Partnership - Focusing on key priorities and deliverables



[https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas\\_joint\\_swd\\_2016467\\_0.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/near-eeas_joint_swd_2016467_0.pdf)

<b>ETF 2012</b>	<p>Migration and Skills in Armenia: Results of the 2011/12 Migration Survey on the Relationship Between Skills, Migration And Development, European Training Foundation and Caucasus Research Resource Centers, November 2012</p> <p><a href="https://www.etf.europa.eu/sites/default/files/m/9D759BA5148D99FBC1257B730046F443_Migration&amp;skills_Armenia.pdf">https://www.etf.europa.eu/sites/default/files/m/9D759BA5148D99FBC1257B730046F443_Migration&amp;skills_Armenia.pdf</a></p>
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## Evaluation matrix extract

**EQ 11:** To what extent, and how, has EU assistance to Armenia contributed to achieving objectives in the areas of orderly migration and education?

	Judgement Criteria	Indicators	Source of Verification	Ref link to EU Results Framework (DEVCO)
6.1	Trends in education, employment and migration are generally improving since 2010	Change in Lower secondary education completion rate 2010 -2017	<a href="https://europa.eu/capacity4dev/sites/default/files/16_final_lower_secondary_completion_oct_2015.doc">https://europa.eu/capacity4dev/sites/default/files/16_final_lower_secondary_completion_oct_2015.doc</a>	Level 1/16
		change in employment rate 2010-2017	ILO/national statistics	
		change in share of youth not in employment, education or training (NEET) (%) 2010-2017	ILO statistics	
		Labour force participation rate	ILO/national statistics	
		[need some useful migration indicators - further research needed] - follow up with OECD research, CRRC, and UN Population service stats.	Caucasus Research Resource Center (CRRC-Armenia) and the State Migration Service under the Ministry of Territorial Administration and Development. [involved in OECD study on migration and public policy]	
6.2	There have been key changes in relevant policies, institutions, services and infrastructures which contributed to positive trends/outcomes since 2010	examples/catalogues of key changes in relevant policies, institutions, services and infrastructures	EU progress reports IOM reports other reports in education	

		interviewees confirm/ corroborate key changes found in documentation	interviews with MoEd, MoEcon, IOM, business representatives	
6.3	Extent to which EU interventions (planned and achieved) align with the actual needs of the situation in Armenia	Mapping of objectives of EU- funded interventions aligns with nationally defined priorities, taking into account investments from other sources	- team assessment of EU programming docs and reports vs available independent analyses and government planning	
		- interviewees in government, local governments and international organisations involved report their involvement in design and the extent to which the programmes respond to identified priorities and EU competences	- interviews with Mo TA&D, IOM	
		- independent analyses (ie non-EU) of skills needs, migration needs, etc. identify similar priorities to those to which EU programmes respond	- team assessment of EU programming docs vs available independent analyses	
6.4	Extent to which sample EU projects contributed to improved vocational education and skills	Number of people who have benefited from VET/skills development and other active labour market programmes with EU support	<a href="https://europa.eu/capacity4dev/sites/default/files/28_final_no_benefit_vet_active_labr_mrkt_prg_feb_2015_rev_may_15.doc">https://europa.eu/capacity4dev/sites/default/files/28_final_no_benefit_vet_active_labr_mrkt_prg_feb_2015_rev_may_15.doc</a>	Level 2/28
		interviewees report positive contributions and provide examples of how sample EU projects have contributed to improved TVET situation	interviewees in MoEd, schools?, business representatives, ILO	
		ROM reports of sample projects indicate positive impact	ROM reports	
6.5	Extent to which sample EU projects contributed to improved migration situation	[relevant indicators may related to brain drain, irregular migration, readmission, etc. Needs further research]		
		interviewees report positive contributions and provide examples of how sample EU projects have contributed to improved migration situation	interviewees in Mo Interior, IOM	

		ROM reports of sample projects indicate positive impact	ROM reports	
6.6	Sample TVET projects have achieved systemic change which is likely to continue	interviewees judge that changes achieved by sample projects will continue	- interviews with Ministry of education, schools; with WB, independent experts	
		project/SBS final reports and evaluations indicate systemic change has been achieved, with sustainable funding streams committed/likely	- project/SBS final/progress reports - project/SBS evaluation reports	
		project ROM reports judge satisfactory sustainability	ROM reports	
6.7	Sample migration projects have achieved systemic change which is likely to continue	interviewees judge that changes achieved by sample projects will continue	- interviews with Ministry of interior; IOM	
		project/SBS final reports and evaluations indicate systemic change has been achieved, with sustainable funding streams committed/likely	- project/SBS final/progress reports - project/SBS evaluation reports	
		project ROM reports judge satisfactory sustainability	ROM reports	
6.8	Selected sample interventions delivered sectoral change in proportion to their cost, and were delivered on time	Relevant ROM data and evaluations for selected sample interventions conclude that interventions were efficient	- ROM reports/analysis - final evaluations	
6.9	Selected sample projects delivered sectoral change according to the agreed plans.	Relevant ROM data and evaluations for selected sample interventions conclude that interventions were (or were likely to be) effective	- ROM reports/analysis - final evaluations	
		Project level results reporting data suggest sample projects achieved the target values of their outcome indicators	- results reporting spreadsheets	
		Interviewees give examples of changes that have been achieved by TVET projects - in line with the objectives in the project documents - and	- interviews with MoEd, WB, others? - interviews with independent observers (academics?)	

		that these changes are the result of EU actions		
		Interviewees give examples of changes that have been achieved by migration projects- in line with the objectives in the project documents - and that these changes are the result of EU actions	- interviews with Mol, IOM, others? - interviews with independent observers (academics?)	

## Education projects – full list

Contract year	Contract number	Contract title	Nature	Contracting party	Planned amount (EUR)
2009	221607	Support to Ministry of Education and Science in Modernization of 12 VET Colleges in Armenia	Services	STTE CONSORTIUM SOCIETE MOMENTANEE	159,067
2009	222044	TA to RA Ministry of Education and Science - Resident TA team 2	Services	CAMBRIDGE EDUCATION LIMITED	108,599
2010	258731	Continuation of Vocational Education and Training (VET) reform and Development of an Employment strategy	Pro forma registration (Program Estimates, Budget Support)	HAYASTANI HANRAPETUT YUN	13,600,000
2011	261029	This is an addendum to contract 2009/221607 'Support to Ministry of Education and Science in Modernization of 12 VET Colleges in Armenia' in order to include 21 per diems and 2 international flights for the TL.	Services	STTE CONSORTIUM SOCIETE MOMENTANEE	26,011
2011	262202	TA to RA Ministry of Labour and Social Affairs	Services	IBF INTERNATIONAL CONSULTING SA	184,745
2011	262199	TA to RA Ministry of Education and Science - Resident TA team	Services	CAMBRIDGE EDUCATION LIMITED	165,977
2011	269874	Support to Lectures for the Diplomatic Academy at the Ministry of Foreign Affairs, Republic of Armenia	Services	BUSINESS AND STRATEGIES IN EUROPE	196,033
2011	273313	Evaluation and Recommendations of the management and curriculum of the "Regional Master programme in Human Rights and	Services	ARS PROGETTI SPA - AMBIENTE RISORSE E SVILUPPO	103,491

		Democratization in Armenia, Belarus, Ukraine and Moldova"			
2012	284575	ARMENIA - Review of the Sector Support Programme for Continuation of Vocational Education and Training (VET) Reform and Development of an Employment Strategy	Services	AGRICONSULTING EUROPE SA	99,345
2012	292102	Support to Lectures for the Diplomatic Academy at the Ministry of Foreign Affairs, Republic of Armenia, Phase II	Services	BUSINESS AND STRATEGIES IN EUROPE	196,830
2012	291128	TA to Ministry of Education and Science - Resident TA team 2	Services	CAMBRIDGE EDUCATION LIMITED	152,430
2012	299895	Support to Operational Establishment of the National Training Fund in Armenia	Services	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	185,270
2013	313965	Evaluation of EU BS Programme "Continuation of VET Reform and Development of an Employment Strategy in Armenia"	Services	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	180,500
2014	344140	Empowerment of the Tertiary Level Education of the Republic of Armenia for European Higher Education Are Integration - EHEA	Action Grants	SUOMEN TASAVALTA	879,290
2014	340387	EaPIC 2012, Technical Assistance to RA Ministry of Education and Science - Resident TA Team	Services	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	262,121
2014	348379	EU education game	Services	INTER SCHOOL CONNECT	19,500
2014	337992	Continuation of VET Reform and Development of an Employment	Pro forma registration (Program	HAYASTANI HANRAPETUT YUN	3,750,000



		Strategy Armenia, EaPIC 2012	Estimates, Budget Support)		
2014	349282	Ad-hoc Technical Expertise to Support Implementation of Budget Support Programme in Vocational Education Training (VET) – EaPIC 2012	Services	IBF INTERNATIONAL CONSULTING SA	295,740
2015	365480	Armenia - Elaboration of Technical and Administrative Provisions (TAPs) for the programme "Better Qualifications for Better Jobs"	Services	AGRICONSULTING EUROPE SA	281,950
2015	357948	Review of the SSP for Continuation of VET Reform and Development of an Employment Strategy	Services	PROMAN SA	99,972
2015	363546	Social Innovations for Vocational Education and Employability of Young People with Disabilities	Action Grants	STICHTING SAVE THE CHILDREN NEDERLAND	400,000
2016	383251	Better Qualifications for Better Jobs	Budget Support (Direct Management)	HAYASTANI HANRAPETUT YUN	13,000,000
2017	387859	Technical Assistance for Budget Support Programme "Better Qualifications for Better Jobs"	Services	IBF INTERNATIONAL CONSULTING SA	280,192
					34,627,063

## Additional data

### Change in Lower secondary education completion rate 2010 -2017

Data points available:

2010 – 96.922%

2016 – 87.553%

2017 – 89.171%

World Bank/UNESCO accessed 23/4/2019

change in employment rate 2010-2017

[Employment to population ratio, 15+, total (%) (modelled on ILO estimate)]

#### Data points

Year	All	Female	Europe and Central Asia agg
2009	46.404	38.732	54.211
2010	48.248	39.054	54.312
2011	49.438	41.88	54.657
2012	49.924	42.526	54.751
2013	50.938	43.1	54.761
2014	49.916	41.84	54.793
2015	48.884	41.32	55.344
2016	49.095	42.082	55.739
2017	49.174	41.928	54.616
2018	49.294	41.955	

World Bank/ILO accessed 23/4/2019

Comment: employment rate falls after Armenia joined the Eurasian Union and did not sign the SAA with the EU. Female employment does not follow the same trends. Employment in 2018 still lower than in 2012.

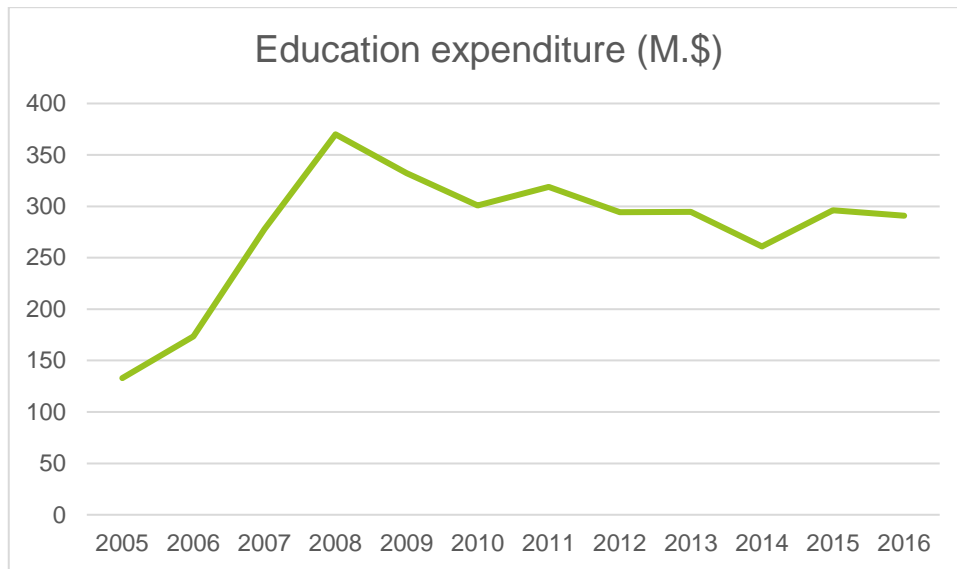
### Change in share of youth not in employment, education or training (NEET) (%) 2010-2017

Year	All (% of youth population)	Female (% of female youth population)	Europe and Central Asia agg
2011	44.6	44.46	18.291
2012	39.9	41.58	18.011
2013	44.37	42.57	16.875
2014	38.032	38.493	16.913
2015	35.56	34.797	16.292
2016	36.583	37.83	16.05
2017	36.586	37.528	15.872

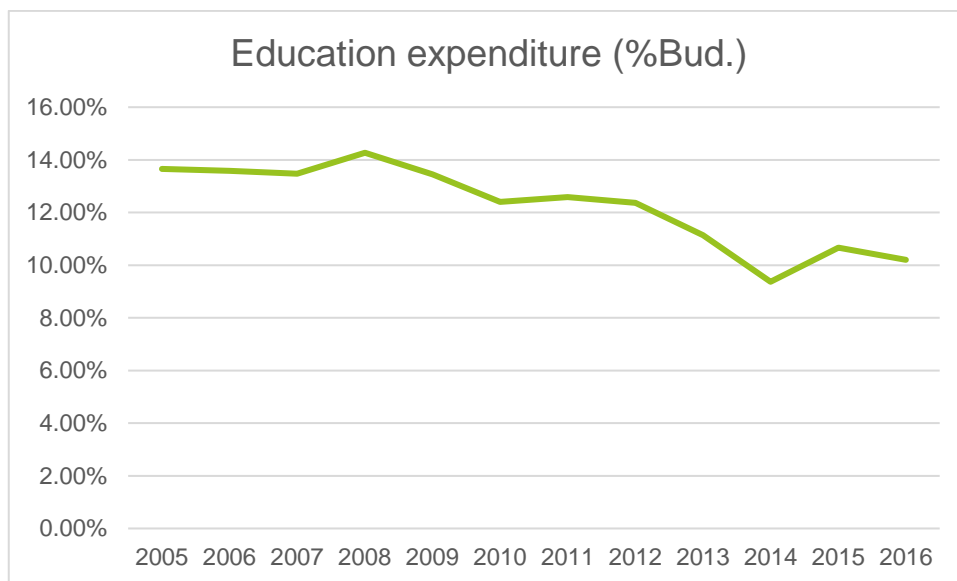
<https://data.worldbank.org/indicator/SL.UEM.NEET.FE.ZS?contextual=aggregate&locations=AM>

extracted 23.4.2019

Since 2013, Armenia is the **highest** NEET rate of all countries in Europe and Central Asia trend since 2013 is downwards, but still very high.



Source: <https://countryeconomy.com> extracted 22 April 2019



Source: <https://countryeconomy.com> extracted 22 April 2019

**Labour force participation rate**

Year	All (% of youth population)	Female (% of female youth population)	Europe and Central Asia agg
2009	61.952	53.389	61.492
2010	64.761	54.847	61.679
2011	66.002	57.818	62.027
2012	65.848	57.793	62.395
2013	66.382	58.66	62.759
2014	66.174	57.975	62.95

2015	65.464	57.18	63.266
2016	65.675	57.336	63.714
2017	66.07	57.736	63.796

<https://data.worldbank.org/indicator/SL.TLF.ACTI.FE.ZS?contextual=aggregate&end=2018&locations=AM&start=2000> extracted 23/4/2019

## Extracts from EU strategic documents – education and employment

### NIP 2007-2010

#### Priority Area 3: Support for Poverty Reduction Efforts

Sub-priority 1: Education

Sub-priority 2: Regional development and social services

Indicative budget – EUR 39.36m for priority area.

“social situation in Armenia remains marked by sharp inequalities and strong social polarisation.” P12

“Poverty reduction is therefore one of the key goals of the Armenian government. Hence it is necessary and fully in line with the EU-Armenia Action Plan objectives that EC assistance focuses on support in further reducing poverty levels and social inequality.” P12

“A good way of achieving this is to contribute to and assist in further reforms and upgrades of the education system, including through exchange programmes, with a view to convergence with EU standards and practices. An improved educational system will also be essential to strengthen democratic development, social stability and economic competitiveness.” P 12

#### **6.2.1 Sub-priority 1: Education**

##### **a) Long-term impact**

- Contributing to achievement of the country-specific Millennium Development Goals developed for the Republic of Armenia;
- Contributing to the implementation of the GoA's Poverty Reduction Strategy.

##### **b) Specific objectives**

- Reduce poverty levels and social inequality through better education levels • Reform and improve education and training systems, including through exchange programmes;
- Further integrate Armenia into the European Research Area;

##### **c) Expected results**

- Improved quality and capacities of education and training systems in general and their convergence with EU standards and practices, including greater participation in relevant exchange programmes;
- Improved provision of and access to quality services, in particular in the field of education and social services;
- Improved economic development at local level;
- Better match of educational training and educational needs in the labour market.

##### **d) Indicators of achievement**

###### *Long-term impact level*

- Progress towards achievement of MDG Armenia specific indicators;
- Harmony between job demand and educational training provided.

###### *Specific objectives level*

- Reduction of extreme poverty figures;
- Higher net enrolment ratio in school education and VET;
- Match of VET with job demand;
- Improved education and training systems, as demonstrated by studies assessing progress in reforms and convergence with EU standards and practices.

### NIP 2011-2013

4.3. Priority area 3: Socio-economic reform and sustainable development (40-45 %)

“Socio-economic reform and sustainable development are among the main challenges faced by the Armenian government, and are directly linked to the EU-Armenia Action Plan, notably priority area 3 and chapters 4.3 and 4.7.”

[Eastern Partnership – launched 2009] “Supporting economic and social development is one of the priorities of the Eastern Partnership”

“The development of human capital, including upgrading the education and training systems with a view to convergence with EU standards and practices and improving social services will not only increase the competitiveness of Armenia and provide better prospects for socioeconomic development but also contribute to democratic development and social stability in the country, and may positively contribute to the resolution of conflicts.” P19

**Sub-priority 3.3.** Human capital development, including education and science, social services

**a) Long-term impact**

The expected long-term impact will be to ensure better prospects for socio-economic development and poverty reduction in Armenia.

**b) Specific objectives**

Modernisation of education and training systems in order to enhance socio-economic development, to facilitate integration into the European Higher Education Area and the further involvement with European Research Area, improved social services.

**c) Expected results**

- Enhanced convergence and improved quality and capacity of education and training systems in line with European standards and practices, including greater participation in relevant exchange programmes.
- Reforms undertaken in the area of higher education in accordance with the principles of the Bologna process.
- Stronger capacity of research structures (human and material resources), with a focus on scientific excellence, and increased involvement of Armenian researchers in European R&D programmes.
- Improved social services in the regions including in the area of childcare and child protection.
- Improved implementation of international agreements in the area of public health, notably addressing communicable and non-communicable diseases

**d) Indicators of achievement**

- Further implementation of reforms in higher education according to the Bologna principles and guidelines as measured by the Bologna scorecard, and increased participation in EU programmes in field of education such as Tempus and Erasmus Mundus.
  - Further involvement with the European Research Area, as measured by an increased number of applications submitted and proposals selected in the EU Research Framework programmes, and increased research activity and capacity within universities.
  - Improved social services in the regions including in the area of childcare and public health.
- Pp20-21

*Single Support Framework 2014-2017*

Shift to education as part of economic development, education is significantly reduced in terms of profile (and potentially financial allocation) in the strategic framework:

3.1 Private Sector Development (indicative 35%) (extract from p8)

3.1.1. The overall objective will be to create employment opportunities by enhancing private sector development in Armenia.

The specific objectives will be:

1. To improve the national business and investment climate for the small and medium enterprises;
2. To improve the economic competitiveness of Armenian regions.

3.1.2. For each of the specific objectives the main expected results are:

For specific objective 1



Result 1.1.1. Increased business opportunities and access to finance for small and medium enterprises

Result 1.1.2. Strengthened public private dialogue and partnership

Result 1.1.3. Improved labour market efficiency

For specific objective 2

Result 1.2.1. Increased investment and business opportunities in targeted economic sectors and regions

Result 1.2.2. Strengthened capacity and performance of farmers associations and cooperatives

Indicators: (p19)

Expected results	Indicators	Means of verification
1.1.3 Improved labour market efficiency	<ul style="list-style-type: none"><li>• Average duration of unemployment</li><li>• Percentage of graduates from higher education and VET establishments employed</li></ul>	<ul style="list-style-type: none"><li>• Ministry of Labour and Social Affairs reports and statistics</li><li>• Reports by international organisations (WB, UNESCO, ETF, etc.)</li></ul>

## ENPI Regional East

ENPI Regional East Programme – Strategy Paper 2010-2013 and Indicative programme 2010-2013 – no big emphasis on education. (environment education, human rights education, but not education per se).

## Neighbourhood review 2015

Education mentioned in context of gender/ EU Gender Action Plan 2016-2020 – women's access to education (p6), skills development and education as a contributor to economic modernisation and entrepreneurship (p8/9), digital economy – to create jobs and opportunities for education and employment p9, focus on youth – non-formal education, facilitating access to primary and secondary education, Erasmus+ access, mobility in vocational education and training, mobility of European and neighbouring countries' trainees seeking to have a work experience abroad.

Brussels, 25.3.2015 SWD (2015) 76 final JOINT STAFF WORKING DOCUMENT, Implementation of the European Neighbourhood Policy, Eastern Partnership Implementation Report

### “3.4. People-to-people contacts

“Platform 4 supports interaction between EU citizens and citizens of partner countries. It focuses on students, teachers, researchers, young people, artists and cultural professionals. In 2014 the platform's work continued to be organised in a number of EU international cooperation programmes on higher education, young people, culture and research. At the two platform meetings held in May and December, the partner countries were updated on the opportunities offered through programmes in the areas of education and youth (Erasmus+), culture and media (Creative Europe) and research ('Horizon 2020') and were encouraged to share good practices and reform agendas identifying areas for future cooperation.”p14-15

“The regional Torino Process meeting to assess progress in vocational education and training reform took place on 3-4 December 2014, giving all six EaP countries the opportunity to share their achievements in the field of vocational education and training. Stakeholders discussed achievements, challenges and priorities for vocational education and training and identified areas for potential regional cooperation.” P15

Riga Summit

Priority 5: “mobility and people-to-people contacts: to target entrepreneurship and skills development key for adjustment and modernisation process, employability and development; foster, in particular, youth employability, facilitate exchanges between people, and promote research and innovation collaboration.”

**Progress report 2018 (Brussels, 4.6.2018, SWD(2018) 330 final, JOINT STAFF WORKING DOCUMENT, Report on EU-Armenia relations in the framework of the revised ENP)**

“[Young people] encounter difficulties when attempting to enter the labour market, due to a mismatch in many sectors between the education provided and the labour market needs.” P9

“The Armenia Development Strategy identifies the education sector as a fundamental tool for the sustainable development of the country. Increasing the sector’s quality, effectiveness, relevance and access at all levels are top priorities.” P16

“Higher education reforms have taken place in line with the Bologna process. With the support of Erasmus+ programme, Armenian universities have been able to upgrade their administrative and organisational structures and modernise study programmes with a view to improving the match with labour market needs. 1800 students and university professors have been involved in EU-Armenia academic exchanges and mobility. **Considerable progress has been registered with EU support in the Vocational Education and Training (VET) sector, in particular in terms of standards development, revision of qualifications and professions, teacher training, rehabilitation of 17 VET colleges and their transformation into Regional Centres of Excellence.**” P16

## Complete list of projects – education and employment

Domain	Contract year	Contract number	Total Execution 2009-2017 (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount (EUR)	Paid (EUR)	DAC 3 Code	DAC 3 description	DAC 5 Code	DAC Code Description
ENPI	2009	221607	84,096	Closed	Support to Ministry of Education and Science in Modernization of 12 VET Colleges in Armenia	11/01/2010	STTE CONSORTIUM SOCIETE MOMENTANEE	159,067	159,067	113	Secondary Education	11330	Vocational training
ENPI	2009	222044	36,179	Closed	TA to RA Ministry of Education and Science - Resident TA team 2	11/01/2010	CAMBRIDGE EDUCATION LIMITED	108,599	108,599	113	Secondary Education	11330	Vocational training
ENPI	2010	258731	13,600,000	Closed	Continuation of Vocational Education and Training (VET) reform and Development of an Employment strategy	05/11/2010	HAYASTANI HANRAPETUT YUN	13,600,000	13,600,000	113	Secondary Education	11330	Vocational training
NEAR-TS	2010	241520	129,731	Closed	Equal Employment Opportunities, Freedom from Exploitation and Protection of Labour Rights	25/11/2010	CENTER FOR REGIONAL ANALYSES NGO	129,731	129,731	160	Other Social Infrastructure & Services	16020	Employment creation
NEAR-TS	2010	241525	93,106	Closed	Trade Unions Strengthening Programme in Armenia	11/12/2010	CREATIVE TECHNOLOGIES FOR HUMAN DEVELOPMENT PUBLIC ORGANIZATION	106,234	106,234	160	Other Social Infrastructure & Services	16020	Employment creation

Domain	Contract year	Contract number	Total Execution 2009-2017 (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount (EUR)	Paid (EUR)	DAC 3 Code	DAC 3 description	DAC 5 Code	DAC Code Description
ENPI	2011	261029	26,011	Closed	This is an addendum to contract 2009/221607 'Support to Ministry of Education and Science in Modernization of 12 VET Colleges in Armenia' in order to include 21 per diems and 2 international flights for the TL.	17/03/2011	STTE CONSORTIUM SOCIETE MOMENTANEE	26,011	26,011	113	Secondary Education	11330	Vocational training
ENPI	2011	262202	184,745	Closed	TA to RA Ministry of Labour and Social Affairs	09/05/2011	IBF INTERNATIONAL CONSULTING SA	184,745	184,745	113	Secondary Education	11330	Vocational training
ENPI	2011	262199	165,977	Closed	TA to RA Ministry of Education and Science - Resident TA team	09/05/2011	CAMBRIDGE EDUCATION LIMITED	165,977	165,977	113	Secondary Education	11330	Vocational training
ENPI	2011	269874	196,033	Closed	Support to Lectures for the Diplomatic Academy at the Ministry of Foreign Affairs, Republic of Armenia	04/08/2011	BUSINESS AND STRATEGIES IN EUROPE	196,033	196,033	111	Education, Level Unspecified	11120	Education facilities and training

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ENPI	2011	273313	103,491	Closed	Evaluation and Recommendations of the management and curriculum of the "Regional Master programme in Human Rights and Democratization in Armenia, Belarus, Ukraine and Moldova"	19/10/2011	ARS PROGETTI SPA - AMBIENTE RISORSE E SVILUPPO	103,491	103,491	114	Post-Secondary Education	11420	Higher education
ENPI	2012	284575	99,345	Closed	ARMENIA - Review of the Sector Support Programme for Continuation of Vocational Education and Training (VET) Reform and Development of an Employment Strategy	26/03/2012	AGRICONSULTING EUROPE SA	99,345	99,345	113	Secondary Education	11330	Vocational training
ENPI	2012	292102	149,666	Closed	Support to Lectures for the Diplomatic Academy at the Ministry of Foreign Affairs, Republic of Armenia, Phase II	15/05/2012	BUSINESS AND STRATEGIES IN EUROPE	196,830	196,830	111	Education, Level Unspecified	11120	Education facilities and training
ENPI	2012	291128	152,430	Closed	TA to Ministry of Education and Science - Resident TA team 2	04/06/2012	CAMBRIDGE EDUCATION LIMITED	152,430	152,430	113	Secondary Education	11330	Vocational training

Domain	Contract year	Contract number	Total Execution 2009-2017 (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount (EUR)	Paid (EUR)	DAC 3 Code	DAC 3 description	DAC 5 Code	DAC Code Description
ENPI	2012	299895	185,270	Closed	Support to Operational Establishment of the National Training Fund in Armenia	24/09/2012	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	185,270	185,270	113	Secondary Education	11330	Vocational training
ENPI	2013	313965	159,500	Closed	Evaluation of EU BS Programme "Continuation of VET Reform and Development of an Employment Strategy in Armenia"	04/04/2013	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	180,500	180,500	113	Secondary Education	11330	Vocational training
ENPI	2014	344140	879,290	Closed	Empowerment of the Tertiary Level Education of the Republic of Armenia for European Higher Education Are Integration - EHEA	27/06/2014	SUOMEN TASAVALTA	879,290	879,290	111	Education, Level Unspecified	11110	Education policy and administrative management
ENPI	2014	340387	262,121	Closed	EaPIC 2012, Technical Assistance to RA Ministry of Education and Science - Resident TA Team	14/04/2014	AECOM INTERNATIONAL DEVELOPMENT EUROPE SL	262,121	262,121	113	Secondary Education	11330	Vocational training
ENPI	2014	348379	19,500	Closed	EU education game	23/09/2014	INTER SCHOOL CONNECT	19,500	19,500	113	Secondary Education	11320	Secondary education



Domain	Contract year	Contract number	Total Execution 2009-2017 (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount (EUR)	Paid (EUR)	DAC 3 Code	DAC 3 description	DAC 5 Code	DAC Code Description
ENPI	2014	337992	3,750,000	Closed	Continuation of VET Reform and Development of an Employment Strategy Armenia, EaPIC 2012	29/12/2013	HAYASTANI HANRAPETUT YUN	3,750,000	3,750,000	113	Secondary Education	11330	Vocational training
ENPI	2014	349282	295,740	Closed	Ad-hoc Technical Expertise to Support Implementation of Budget Support Programme in Vocational Education Training (VET) – EaPIC 2012	03/11/2014	IBF INTERNATIONAL CONSULTING SA	295,740	295,740	113	Secondary Education	11330	Vocational training
ENI	2015	365480	281,950	Closed	Armenia - Elaboration of Technical and Administrative Provisions (TAPs) for the programme "Better Qualifications for Better Jobs"	22/09/2015	AGRICONSULTING EUROPE SA	281,950	281,950	113	Secondary Education	11330	Vocational training
ENPI	2015	357948	99,972	Closed	Review of the SSP for Continuation of VET Reform and Development of an Employment Strategy	01/09/2015	PROMAN SA	99,972	99,972	113	Secondary Education	11330	Vocational training

Domain	Contract year	Contract number	Total Execution 2009-2017 (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount (EUR)	Paid (EUR)	DAC 3 Code	DAC 3 description	DAC 5 Code	DAC Code Description
ENPI	2015	363546	342,110	Ongoing	Social Innovations for Vocational Education and Employability of Young People with Disabilities	11/01/2016	STICHTING SAVE THE CHILDREN NEDERLAND	400,000	206,731	113	Secondary Education	11330	Vocational training
ENPI	2016	383251	0	Ongoing	Better Qualifications for Better Jobs	29/12/2016	HAYASTANI HANRAPETUT YUN	13,000,000	-	160	Other Social Infrastructure & Services	16020	Employment creation
ENI	2017	387859	168,115	Ongoing	Technical Assistance for Budget Support Programme "Better Qualifications for Better Jobs"	01/09/2017	IBF INTERNATIONAL CONSULTING SA	280,192	168,115	113	Secondary Education	11330	Vocational training
<b>TOTALS</b>			<b>21,464,378</b>					<b>34,863,027</b>	<b>22,436,972</b>				

## Complete list of projects - migration

Domain	Contract year	Contract number	Total Execution 2009-2017 EUR (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount EUR (CRIS)	Paid EUR to end 2018 (CRIS)	DAC 3	DAC 3 description	DAC 5 Code	DAC 5 Description
NEAR-TS	2010	229596	1,485,504	Closed	Strengthening Evidence-Based Management of Labour Migration in Armenia	13/12/2010	INTERNATIONAL CENTER FOR HUMAN DEVELOPMENT PUBLIC ORGANIZATION	1,485,504	1,485,504	130	Population Policies/Programmes & Reproductive Health	13010	Population policy and administrative management
ENPI	2010	248902	20,380	Closed	Support to the State Migration Service for the elaboration of a Twinning Project Fiche for strengthening of Migration Management in Armenia	06/09/2010	SOFRECO-SOCIETE FRANCAISE DE REALISATION D'ETUDES ET DE CONSEIL SA	71,810	71,810	151	Government & Civil Society-general	15110	Public sector policy and administrative management
ENPI	2012	297246	911,111	Closed	SUPPORT THE STATE MIGRATION SERVICE FOR STRENGTHENING OF MIGRATION MANAGEMENT IN ARMENIA	07/08/2012	MIGRATIONSVERKET	911,111	976,285	130	Population Policies/Programmes & Reproductive Health	13010	Population policy and administrative management
NEAR-TS	2012	282525	784,036	Closed	Support of circular migration and re-integration process in Armenia	10/01/2013	CLOVEK V TISNI OPS	784,036	683,866	151	Government & Civil Society-general	15160	Human rights
NEAR-TS	2012	309112	2,247,793	Ongoing	Strengthening Armenia's migration	20/12/2012	REPUBLIQUE FRANCAISE	3,000,000	2,105,175	130	Population Policies/Programme	13010	Population policy and administrative management

Domain	Contract year	Contract number	Total Execution 2009-2017 EUR (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount EUR (CRIS)	Paid EUR to end 2018 (CRIS)	DAC 3	DAC 3 description	DAC 5 Code	DAC 5 Description
					management capacities, with special focus on reintegration activities, in the framework of the EU-Armenia Mobility Partnership						es & Reproductive Health		Management
<b>NEAR-TS</b>	2012	310122	882,160	Closed	Mitigating social consequences of labour migration and maximizing migrants involvement in local development	21/12/2012	UNITED NATIONS CHILDREN'S FUND	882,160	882,160	151	Government & Civil Society-general	15160	Human rights
<b>NEAR-TS</b>	2013	283401	650,148	Ongoing	Maximising the social and economic impact of Migration for a better future in Armenia	24/12/2013	COMITATO INTERNAZIONALE PER LO SVILUPPO DEI POPOLI ASSOCIAZIONE	722,387	384,281	151	Government & Civil Society-general	15160	Human rights
<b>ENI</b>	2015	352074	1,156,433	Ongoing	Support to migration and border management in Armenia	01/01/2016	THE INTERNATIONAL CENTRE FOR MIGRATION POLICY DEVELOPMENT	3,997,246	1,156,433	151	Government & Civil Society-general	15110	Public sector policy and administrative management
<b>NEAR-TS</b>	2016	379806	15,697	Closed	Financial Verification of the Targeted Initiative for Armenia project implemented by the French Office	28/12/2016	MOORE STEPHENS LLP	15,697	15,697	130	Population Policies/Programmes & Reproductive Health	13010	Population policy and administrative management

Domain	Contract year	Contract number	Total Execution 2009-2017 EUR (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount EUR (CRIS)	Paid EUR to end 2018 (CRIS)	DAC 3	DAC 3 description	DAC 5 Code	DAC 5 Description
					for Immigration and Integration (OFII) 309-122								
ENPI	2013	335122	12,240,000	Ongoing	Modernization of Bagratashen, Bavra, and Gogavan Border Crossing Points (MBBG)	25/12/2013	EUROPEAN INVESTMENT BANK	12,240,000	12,240,000	210	Transport & Storage	2100	Transport policy and administrative management
ENPI	2015	366401	106,669	Ongoing	Drafting ToR for One Stop Shop platform with a pilot Border crossing software	15/12/2015	IBF INTERNATIONAL CONSULTING SA	212,104	106,669	151	Government & Civil Society-general	1510	Public sector policy and administrative management
ENPI	2017	390874	0	Ongoing	Establishment of one stop shop solution for public administration of Armenia with a pilot implementation at the border crossing	08/12/2017	WORLD PROFESSIONAL SERVICES SRL	5,650,880	114,960	151	Government & Civil Society-general	1510	Public sector policy and administrative management
ENPI	2013	326621	3,526,329	Ongoing	Provision of equipment and infrastructure for BCPs Bagratashen-Sadakhlo between Armenia and Georgia and enhancement of their capacities	30/11/2013	UNITED NATIONS DEVELOPMENT PROGRAMME	3,582,500	3,526,329	152	Conflict, Peace & Security	1520	Security system management and reform

Domain	Contract year	Contract number	Total Execution 2009-2017 EUR (MIS)	Status	Contract title	Implementation starting date	Contracting party	Planned amount EUR (CRIS)	Paid EUR to end 2018 (CRIS)	DAC 3	DAC 3 description	DAC 5 Code	DAC 5 Description
<b>TOTAL S</b>			<b>24,026,260</b>					<b>33,555,435</b>	<b>23,749,169</b>				