

ANNEX

of the Commission Implementing Decision on the Annual Action Programme Part 3 for 2020
in favour of the Republic of Armenia

Action Document for Support for implementation of Article 237 CEPA – Phase I

ANNUAL PROGRAMME

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Support for implementation of Article 237 CEPA – Phase I CRIS number: ENI/2020/042-937 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Neighbourhood East, Armenia The action shall be carried out at the following location: Armenia	
3. Programming document	Single Support Framework for EU support to Armenia 2017-2020 ¹	
4. Sustainable Development Goals (SDGs)	8. Decent Work and Economic Growth	
5. Sector of intervention/ thematic area	Sector (2) – Economic development and market opportunities	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 3 000 000 Total amount of European Union (EU) contribution EUR 3 000 000	
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: Procurement	
8 a) DAC code(s)	250 – Business and other services	

¹ [COMMISSION IMPLEMENTING DECISION adopting a Single Support Framework for European Union support to Armenia for the period 2017-2020](#)

² Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	32130 – Small and medium-sized enterprises (SME) development			
b) Main Delivery Channel	12000 – Recipient Government 60000 – Private sector institution ³			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	x	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Internal markers	Not targeted	Significant objective	Principal objective
	Digitalisation	x	<input type="checkbox"/>	<input type="checkbox"/>
	COVID Response	x	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagship				

SUMMARY

This Action aims to facilitate the smooth and effective termination of the use of the EU geographical indication “Cognac” for products originating in the Republic of Armenia, and to assist the industry of the Republic of Armenia in maintaining its competitive position in export markets, in implementation of Article 237, paragraph 4.

1 CONTEXT ANALYSIS

1.1 Context Description

Based on the OECD/DAC criteria, Armenia is classified as an upper middle-income country with projected GDP per capita of 4,530 USD (2019)⁴. Armenia is a small, landlocked country

³ <http://www.oecd.org/dac/stats/annex2.htm>.

with a population of about 3 million, highly concentrated in the capital Yerevan and vicinity (approx. 1.1 million). Yerevan also provides more than half of the national GDP as a dominant industrial and service centre of the country.

In the last decades Armenia has made significant steps towards the establishment of a functioning market economy, however until now it has remained a market with several structural difficulties, which among others include: low productivity, low value-added production, overreliance on traditional agriculture and extractive industries, insufficient numbers of small and medium-sized enterprises (SMEs), etc. These difficulties are reflected by the structure and dynamics of international trade.

The alcoholic beverages industry is one of the most important economic sectors in Armenia. In this context, Armenian brandy is a major exported product that accounts for around 8-9% of the value of total Armenia's exports.

With closed borders with two of its neighbours (Azerbaijan and Turkey), Armenia is geographically isolated and often not integrated in some of the regional infrastructure networks. Armenia therefore faces high trade costs, slowing its integration into regional and world trade. Exports of goods and services are low relative to peers (38% of GDP), indicating that the economy is poorly integrated and that there is potential for greater export-led growth. The main export products categories are ores (mainly copper ores), precious metals and gems, tobacco, beverages and spirits. The numbers and trade volumes of high-value added, processed goods are relatively low, despite the fact that Armenia has a number of potential candidate products for geographical indications and appellations of origin, especially in foodstuffs and beverages, due to specific climatic conditions and rich craftsmanship traditions. In agriculture, there is concentration of exports to a few markets (mainly Commonwealth of Independent States (CIS)) which results in volatile revenues. In manufacturing, the number of products exported has been stagnant for years and has only recently started to pick up. Services exports are growing and have potential for further expansion, particularly in Information and Communication Technologies (ICT)-related and other knowledge-intensive areas. Increased and diversified production and processing of higher-value products would help Armenia diversify its exports and secure positions of local companies, especially SMEs, in global value chains/networks. Net foreign direct investment (FDI) inflows have been decreasing in recent years and are not large enough to significantly accelerate the development of a wider production base or adoption of more advanced technologies.

Going forward and implementing an ambitious economic agenda (part of the nascent work on Armenian Transformation Strategy 2050), private sector, especially SMEs are indispensable, both to increase productivity and innovation levels of the economy, and to increase the country's competitiveness in a sustainable way. Business and trade regulations, access to finance, and intensified productive investments, which address the existing structural weaknesses, will translate into much stronger integration of Armenia with the European Union and global markets, bringing tangible benefits to the entire Armenian population.

Geographical indications are distinctive signs linked to a geographical area that are used to differentiate agrifood products. Differentiation on the market adds value to the products and hence allows producers to obtain better prices. On their side, consumers benefit from a wider choice of products, for which they are prepared to pay a premium. The authenticity of

⁴ IMF: <https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/ARM>

products is assured by a system of controls on production sites and on the market. Geographical indications contribute to the rural economy as a whole including maintaining jobs in rural areas. They also encourage the preservation of biodiversity, local savoir-faire and tradition, and landscapes with a positive impact on tourism.

1.2 Policy Framework (Global, EU)

The **Comprehensive and Enhanced Partnership Agreement (CEPA)**⁵ between Armenia and the EU was ratified by the National Assembly of Armenia with a unanimous vote on April 11, 2018 and by the European Parliament on July 4, 2018. The CEPA provisionally applies since June 2018. The agreement provides a solid base for further enhancing the reform agenda in areas of mutual interest, in political, economic and sectorial fields. The EU-Armenia CEPA, contains a vast spectrum of cooperation provisions related to economic competitiveness, which are the basis for structured assistance aiming to improve Armenia's position as a trade partner and more broadly, as an economic partner. The CEPA Implementation Road Map, including a specific Implementation Road Map for the Trade title of CEPA, highlights the main reforms, sets out the timeline and identifies responsible institutions. Mutual recognition and protection of geographic indications is considered an important commitment under the Trade Title of CEPA, laid down in Articles 230 and following of CEPA.

The **EU-Armenia Partnership Priorities** aim to facilitate the implementation of cooperation between the partners, including in the context of the CEPA. The Partnership Priorities seek to strengthen the relationship between the EU and Armenia and pursue the promotion of universal values and stability, resilience, security and prosperity built on democracy, human rights, rule of law, and sustainable economic growth and openness. The Single Support Framework (SSF) 2017 – 2020 based on Partnership Priorities, sets out four priority areas of support: (1) Economic Development and Market Opportunities, (2) Strengthening Institutions and Good Governance, (3) Connectivity, Energy Efficiency, Environment and Climate Change, and (4) Mobility and People-to-people Contacts.

European Neighbourhood Policy (ENP) Review, conducted in 2015, highlighted the principles of differentiation, flexibility, focus and ownership. It reflected the wishes of each country concerning the nature and focus of its partnership with the EU. The CEPA is a direct outcome of this new approach.

In **Eastern Partnership “20 deliverables for 2020”**, the EU has committed to deliver tangible results for the lives of the citizens in the Eastern Neighbourhood region. It emphasized that improving the business environment for SMEs remains key. Support should be focused on helping the partners to overcome challenges such as a complex operational environment, lack of relevant skills required to start up and grow their business (including marketing), poor public-private dialogue, constraints in accessing foreign markets, and limited access to finance. Modernisation of economies, for example in the area of agriculture and fisheries, greening of the economy, and digital markets are the other key priorities.

Joint Communication Eastern Partnership policy and beyond 2020, Reinforcing Resilience – an Eastern Partnership that delivers for all – prioritizes increased trade and economic integration, investment and access to finance and corresponding structural reforms with focus on SMEs.

⁵ https://eeas.europa.eu/sites/eeas/files/eu-armenia_comprehensive_and_enhanced_partnership_agreement_cepa.pdf

1.3 Public Policy Analysis of the partner country/region

The new Government of Armenia (appointed in 2019) has undertaken a broad review of the national strategic framework. The current strategic planning is related to the Armenia's Transformation Strategy 2050 (ATS) (yet to be adopted) which will set long-term goals for the country, including the socio-economic targets. The ATS emphasises anti-corruption measures and judicial reform, while seeking to take concrete steps towards tackling the socio-economic problems of unemployment and emigration. The following key reforms have been communicated so far: increase of expenditures on education, healthcare and infrastructures; combined with deep political and institutional reforms, development of human capital, new model of economic growth based on (quality) investments and entering into the international markets. The latter ones are clearly associated with increasing economic competitiveness and accelerating growth.

The Government 5-year Programme 2019-2023 references CEPA as a factor facilitating key reforms. Among them, it highlights the need for enhancing **transparency, accountability and effectiveness of public service**, viewing this as an important prerequisite of the fight against corruption. Recent and continued judiciary reforms, intensively supported by the EU and the Council of Europe⁶ are planned to raise the judiciary standards, transparency and efficiency of the courts, increase legal certainty, expansion of arbitration and mediation, considered also as key for stimulation of economic growth and crucial element for attractive investment conditions

Other important, recent strategic documents (to be adopted in 2020) which express the national priorities of Armenia related to economic competitiveness, trade and investments, and SMEs development are:

- Draft Strategy for Improving the Business Environment for the Republic of Armenia 2020-2024
- Strategy for SMEs development 2020-2024 - seeks to foster entrepreneurship in Armenia, boost SME productivity, foster SME competitiveness, targeting domestic and international markets through introduction of more productive technologies and generation of innovative ideas. The Strategy priorities on enhanced access to finance and access to markets for SMEs, fostering SMEs' capacities and development of entrepreneurial culture, as well as ensuring favourable institutional and legal framework for SME development.
- 'Work Armenia!' strategy 2020-2023– commits to continuous and consistent development of human capital and enhancement of the quality of living standards, mainly through: encouraging employment, self-employment and self-realisation by means of institutional reforms.
- Armenian Regional Development Strategy 2019-2025 – sets the objectives for sustainable and inclusive territorial development of all regions of Armenia:
- The Industrial Policy Strategy and the High Technology Industry Development Strategy are also to be adopted in 2020.

⁶ Council of Europe and European Union Partnership for Good Governance (2019). Support to the judicial reform – enhancing the independence and professionalism of the judiciary in Armenia, <https://www.coe.int/en/web/yerevan/support-to-the-judicial-reform-enhancing-the-independence-and-professionalism-of-the-judiciary-in-armenia>

1.4 Stakeholder analysis

The **final beneficiaries** are Armenian businesses, which will benefit directly from the market development opportunities created by the Action.

The **key stakeholders** are the following:

Businesses in the Armenian brandy sector, in particular producers and traders, are the target group of this Action's activities.

Selected public sector bodies will benefit from capacity-building activities. The Ministry of Economy (MoE) is responsible for overall economic regulatory framework and economic development. Key business and trade regulatory bodies and national business support organisations operate under the remit or in close cooperation with MoE, e.g. Intellectual Property Agency, Investment Support Center, Quality Infrastructure bodies, other relevant state bodies which will be mandated to participate in the process of rebranding and marketing of a new name for Armenian brandy.

1.5 Problem analysis/priority areas for support

This Action aims to facilitate the smooth and effective termination of the use of the EU geographical indication "Cognac" for products originating in the Republic of Armenia, and to assist the industry of the Republic of Armenia in maintaining its competitive position in export markets, in implementation of Article 237, paragraph 4.

In its trade part, CEPA contains binding disciplines in a variety of areas such as trade in services and establishment, competition, State Owned Enterprises, public procurement, intellectual property rights (IPRs), including geographical indications (GIs), Sanitary and Phytosanitary measures, customs cooperation or sustainable development in a cross-cutting manner. These disciplines are based on the most recent and modern international and EU standards and often go beyond World Trade Organisation (WTO) provisions in terms of ambition. The main objective is to create better business climate for generating more exports from and attracting more foreign investment into Armenia, combined with jobs creation and technological progress, especially related to green, circular economy-oriented technologies.

CEPA has a dedicated subsection III in the Trade Title, covering GIs. It applies to the mutual recognition and protection of geographical indications originating in the territories of the EU and Armenia. The latter shall protect the GIs, which have been registered by the European Union, in accordance with the scope of protection laid down in CEPA. The agreement foresees phasing out periods for the use of certain denominations by Armenia.

Specifically regarding the geographical indication "Cognac", Article 237, paragraph 2 of CEPA provides for a transition period of 25 years from provisional application of CEPA, during which this name, despite being protected by an EU GI, can continue being used for Armenian brandy exported to third countries (subject to certain conditions). The purpose of this long transition period is to allow Armenia sufficient time to ensure that all conditions are in place for full compliance with Article 237 paragraph 2 CEPA by expiry of the transition period. This includes an obligation on Armenia to ensure that it is not bound by any EAEU obligation hindering its CEPA obligations to phase out the term "Cognac", in particular for exports.

Article 237, paragraph 3 of CEPA provides for a transition period of 14 years from provisional application of CEPA, during which the name “Cognac”, despite being protected by an EU GI, can continue being used for Armenian brandy in the Republic of Armenia (subject to certain conditions).

Article 237, paragraph 4, moreover foresees that in order to facilitate the smooth and effective termination of the use of the EU geographical indication “Cognac” for products originating in the Republic of Armenia, as well as assisting the industry of the Republic of Armenia in maintaining its competitive position in export markets, the EU shall provide to the Republic of Armenia technical and financial assistance. That assistance, to be provided in conformity with EU law, shall include, in particular, actions for developing a new name and promoting, advertising and marketing the new name in domestic and traditional export markets. Article 237, paragraph 7 provides that the EU financial and technical assistance shall be provided not later than eight years from provisional application of CEPA.

The Government of Armenia has initiated deliberations on the process and institutional set-up for termination of the use of the name "cognac" for products originating in Armenia and in particular for the development of a new name for Armenian brandy and corresponding actions for promoting and marketing the new name. As the Republic of Armenia has confirmed that a decision on the new name (rebranding scenario) for Armenian brandy is imminent, and taking into account the procedural time needed to put into effect any support under this Action Document, it is appropriate to foresee support in implementation of Article 237, paragraph 4.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
COVID pandemic economic implications, global economy uncertainty and volatility, or a downturn, with possible impacts on economic performance of the country, forcing the government's focus and resources away from its reform agenda	- M	<ul style="list-style-type: none"> - Engagement with other international organisations such as the World Bank, the World Trade Organisation on maintaining conditions conducive to global stability and growth - Close monitoring of macro-economic and Public Finance Management policies in Armenia - EU and other Development Partners’ support to Public Finance Management (PFM) and macro-economic reforms
Limited capacity of the Government to effectively perform functions of policy coordination, policy analysis (regulatory, fiscal, etc.) impact assessments, inter-ministerial coordination and public consultations.	- M	- Policy dialogue and EU support for the Public Administration
Non-adoption or inconsistent	- M	- Intensive policy dialogue

legislation, as well as deviation from the declared policy objectives during actual implementation.		
Regional security situation may deteriorate with human, social and economic impact.	- M	- EU and other Development Partners' support projects for confidence building and conflict resolution - EU close monitoring and political dialogue with governments, civil society and relevant stakeholders in support of regional peace and stability, OSCE Minsk Group, UN system and other international organisations. - EU engagement with IMF and other IFIs.
Assumptions		
<ul style="list-style-type: none"> - Government maintains and enhances its foreign policy objectives of strengthening political and economic relationship with the EU - Armenia pursues its objective of effective implementation of CEPA - Government committed to private sector and SME development 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Economic development policies are sustainable when authorities (central and local) work with partners, i.e. private sector, public organizations, civil society to improve local business environment, and thus create the conditions for private sector-led economic growth and employment generation. Public Private Dialogue for better policy-making is a pre-condition for business-friendly reforms. Interventions in private sector development, SMEs development, are highly effective when comprehensively addressing key challenges, including: entrepreneurial/business management skills, finance, technical/technology support, and market development.

The implementation of capacity-building activities with beneficiary institutions relies on successful implementation of public administration reform in terms of ensuring strategic management, clear division of tasks and sufficient budget allocations.

There is a need for the political support at a high level to the reform agenda and CEPA implementation by the Government and the Parliament.

Pilot actions open space and capacities for mainstreaming (e.g. effective GIs management).

3.2 Complementarity, synergy and donor co-ordination

The proposed Programme mainly builds on the results of EU4Business initiative projects in Armenia. It will complement and seek for synergies with the existing initiatives implemented in the framework of EU4Business which focus on support to the private sector as a conduit for sustainable and inclusive growth. In particular, the "SME Finance and Advice Facility"

implemented by the European Bank for Reconstruction and Development (EBRD), is providing financing to the first Private Equity Fund established in 2019 targeting mostly mid-sized enterprises; it focuses on business advisory within the Advice for Small Business component of the programme. The “Support to SME Development in Armenia” (SMEDA) Project (2016-2019), implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), provided support to the start-up ecosystem, business associations and SME policy-making. A follow-on project focuses on (i) technology development and (ii) tourism. The Organisation for Economic Cooperation and Development (OECD) EU4Business From Policies to Actions has been supporting the government in business statistics and SME strategy deliberations. The EU4Business Ready for Trade project implemented by the International Trade Centre, is supporting SMEs to integrate into global value chains and access new markets with a focus on the EU. The project assists SMEs in producing value-added goods in accordance with international and EU market requirements (processed and dried fruit and vegetables, herbal tea), while linking them with buyers from global value chains and markets, in particular within the EU.

Synergies will be sought with programs such as Twinnings and TAIEX initiatives, as well as with projects under the CEPA reform facility.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** of the programme is to support the efforts of the Republic of Armenia to develop its economic potential and to establish enhanced trade cooperation allowing for sustained regulatory cooperation in line with CEPA, in particular to support the implementation of the provisions of Article 237 of CEPA concerning Geographical Indications.

The **specific objective** and results of the programme are:

Objective **To facilitate the smooth and effective termination of the use of the EU geographical indication “Cognac” for products originating in the Republic of Armenia, and to assist the industry of the Republic of Armenia in maintaining its competitive position in export markets, in particular by supporting development of a new name for Armenian brandy and assisting in the promotion, advertising and marketing of the new name in domestic and traditional export markets**

Result 1 Smooth and effective termination of the name “Cognac” for brandy originating in Armenia is ensured

Result 2 The new name of Armenian brandy is effectively promoted, advertised and marketed in domestic and traditional export markets

Main activities

The Action will facilitate the implementation of the CEPA intellectual property provisions, in particular those related to the smooth and effective termination of the use of the EU GI

“Cognac” for Armenian brandy and promoting, advertising and marketing of a new name in domestic and traditional export markets (Article 237, paragraph 4, CEPA). Actions to this effect will be implemented in coordination with the Armenian government and relevant public bodies, private sector and other relevant stakeholders.

- Actions for smooth and effective termination of the use of the EU GI “Cognac” for Armenian brandy, including in export markets;
- Actions for promoting, advertising and marketing of a new name in domestic and traditional export markets.

Inter alia, development of new brand architecture based on research and review of current endeavours, marketing plan for local and traditional export markets, including but not limited to brand positioning, ideology, storytelling, naming, slogan and other elements of brand-book, advertising campaign roadmap for diverse target markets, etc.

- Capacity building activities for relevant bodies mandated to implement the termination of the use of the EU GI “Cognac” for Armenian brandy and which have a role in promoting, advertising and marketing of the new name in domestic and traditional export markets

4.2 Intervention Logic

The action aims at creating the necessary conditions for the effective implementation of Article 237 of CEPA. Support for the phase-out of the EU GI “Cognac” for Armenian brandy and for promoting, advertising and marketing of a new name in domestic and traditional export markets will assist and contribute to the industry of the Republic of Armenia in maintaining its competitive position in export markets, and is an obligation under Article 237 paragraph 4, of CEPA.

4.3 Mainstreaming

The planned activities will pay particular attention to gender aspects, human rights-based approach, as well as to environment and climate change issues. All activities will ensure the respect to key principles of Public Administration.

4.4 Contribution to Sustainable Development Goals (SDGs)

This intervention is relevant for the United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 8 Decent Work and Economic Growth.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

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

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁷.

5.3.1 Procurement (direct management)

The procurement will contribute to achieving the specific objective and to the delivery of results 1 and 2

5.4 Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified

⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Objective/Outputs: Support for the implementation of the provisions of Article 237 of CEPA concerning Geographical Indications, composed of:	2 900 000	N.A.
- Procurement (direct management) (cf. section 5.3.1)	2 900 000	N.A.
Evaluation (cf. section 5.9) Audit/ Expenditure verification (cf. section 5.10)	100 000	N.A.
Communication and visibility (cf. section 5.11)	N.A.	N.A.
Contingencies	N.A.	N.A.
Total	3 000 000	N.A.

5.6 Organisational set-up and responsibilities

A Steering Committee will be set up to oversee and validate the overall direction of the programme. It shall agree on the annual work plan, provide comments on the narrative and financial reports and validate them. The Steering Committee may take necessary measures to ensure the proper implementation of the project according to the framework set by this document.

The project steering committee will include the following members:

- A representative of the EU Delegation to Armenia (co-chair)
- A representative of the Ministry of Economy (co-chair)
- Representatives of relevant beneficiaries of the action (as members)
- Representatives of EU Member States, development partners might be invited (as observers)
- Representatives of the EU Commission may participate as observers.

5.7 Performance and Results monitoring and reporting

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

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

5.8 Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that innovative approaches will have to be implemented as well as other policy related elements, including an activities sustainability review.

The Commission shall inform the implementing partner at least 45 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

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

Evaluation services may be contracted under a framework contract.

5.9 Audit

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

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities.

Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Communication and visibility activities shall be implemented in accordance with the EU communication and visibility requirements in force.

APPENDIX - INDICATIVE LOGFRAME MATRIX FOR PROJECT MODALITY

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (incl. reference year)	Targets (incl. reference year)	Sources of data	Assumptions
Impact (Overall Objective)	Contribute to strengthened economic potential of Armenia and enhanced trade cooperation in line with CEPA, in particular the Armenian brandy industry maintaining its competitive position in domestic and traditional export markets	Sales of Armenian brandy under new name show positive dynamics.	To be established in inception period or when data available (2020)	To be established	Domestic and exports statistics and sector data, general economic context	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	OC.1. Ensure conditions for smooth and effective termination of the name “Cognac” for brandy originating in Armenia before expiry of the CEPA transition periods	OCI.1.1 Effective implementation of termination of the use of the EU GI “Cognac” for Armenian brandy – gradual elimination of the old name from domestic and export markets OCI.1.2 Armenia has taken actions to inform industry/stakeholders and ensure that the use of the GI Cognac is fully terminated by the expiry of the transition periods	0 (2020) 0 (2020)	100% (2025) To be established	Market inspections Legal/penalty registers	Government maintains and enhances its foreign policy objectives of strengthening political and economic relationship with the EU. Armenia pursues its objective of effective implementation of CEPA. Government committed to private sector and SME development. Minimal COVID pandemic economic

						implications such as significant downturn.
	OC.2. Assist the promotion, advertising and marketing of the new name in domestic and traditional export markets	OCI.2.1. Promotion intensity of the new name of Armenian brandy is comparable to benchmark brands which were selected in the project inception	0 (2020)	Results of independent market study (2024)	Independent market study	
		OCI.2.2. New name of Armenian brandy is recognized in domestic and traditional export markets	0 (2020)	As above	As above	
Outputs	OP.1. Conditions are in place for effective enforcement of termination of the use of the EU GI “Cognac” for Armenian brandy	OPI.1. Publication of termination (phasing out) decision of the use of the EU GI “Cognac” for Armenian brandy in legal acts registry Existence of effective enforcement mechanisms to control and ensure termination (phasing out) of the use of the term “Cognac” upon expiry of the CEPA transition periods	0 (2020)	1 (at least phasing out decision and effective enforcement mechanisms) (2023)	Legal acts of Armenia Information to be provided by Armenia on the institutional set-up to ensure effective enforcement	Full capacity of the Government to effectively perform functions of policy coordination, policy analysis (regulatory, fiscal, etc.) impact assessments, inter-ministerial coordination and public consultations.
	OP.2. Effects (products) of promoting, advertising and marketing of a new name in domestic and traditional export markets	OPI.2.1. Number of communication channels used OPI.2.2. Numbers of promotion/advertising products published/events taking place OPI.2.3. Number of publications/promotion events OPI.2.4. Reach/audience size in target markets (numbers of potential recipients, considering coverage of each channel)	0 (2020) 0 (2020) 0 (2020) 0 (2020)	5 (2024) 10 (2024) 100 (2024) 10,000 (2024)	Project data - contracts with channels Project data – reports Promotion statistics and documents Project data – on channels used, estimates where otherwise	Consistent legislation, as well as maintaining the declared policy objectives during actual implementation. Proper implementation of action by the contracted/mandated entity.

		used), with breakdown into distributors and consumers			not available	
	OP.3. Persons and institutions mandated to terminate the use of the old and promotion of a new name for Armenian undergone capacity building Capacity Building (CB) activities	OPI.3.1. Number of CB activities/programmes designed and delivered	0 (2020)	2 (2024)	Project data – reports	
		OPI.3.2. Number of persons participating and completing CB activities/programmes (and person days, with breakdown into Female/Male)	0 (2020)	50 (50/50% F, M) (2024)	Project data – reports, attendance records	
		OPI.3.3. Number of CB materials produced for future sustainable use (e.g. brand-book, branding instructions, toolkits).	0 (2020)	2 (2024)	Project data – reports, products made available to beneficiaries	
	<i>The above outputs (groups of outputs) are of summary character, to be developed and detailed further as needed.</i>					