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ANNEX 2: ACTION FICHE FOR ARMENIA

1. IDENTIFICATION

Title/Number	Twinning & Technical Assistance Facility in support to the EU-Armenia ENP Action Plan and Eastern Partnership implementation. Ref: ENPI/2010/22561		
Total cost	EU Contribution: €6.7 million (24% of IP)		
Aid method / Method of implementation	Project approach – <i>centralised management</i> <i>For the EU Advisory Group (part of component 1), joint management with an international organisation (UNDP is foreseen).</i>		
DAC-code	15110	Sector	Public Sector Policy and Administrative Management

2. RATIONALE

2.1. Sector context

By agreeing on an ENP Action Plan on 14 November 2006, Armenia and the EU committed to develop deeper economic integration and to strengthen bilateral political cooperation. With the Eastern Partnership in, the EU has committed itself to deepen its relationship further with some of the eastern neighbours, Armenia included.

On the basis of the priorities of the ENP Action Plan, the Commission has developed a Country Strategy Paper (CSP) for the period 2007-2013 and a National Indicative Programme (NIP) covering the period 2007-2010 identifying the main priorities for the EU assistance to Armenia. The NIP identifies the three following main priorities: i) Strengthening of democratic structures and good governance (rule of law and reform of the judiciary; public administration reform, including local self government; public finance management; public internal financial control and external audit; fight against corruption, human rights and fundamental freedoms, civil society, people-to-people contacts); ii) Support for regulatory reform and administrative capacity building (approximation of legislation, rules and standards, sector-specific regulatory aspects, including administrative capacity building) and iii) Support for poverty reduction efforts (education, regional development and social services). On its side, the Government of Armenia has designed and adopted an ENP Implementation Tool, updated yearly, prioritizing the actions to be undertaken to foster ENP implementation under the guidance of the Ministry of Economy (MoE).

In September 2008 the MoE was appointed National Coordinator for EU assistance. The National Coordinator supervises directly the activities of the National Coordination Unit (NCU - previously in the Ministry of Finance and Economy) and of the Project Administration Office (PAO) dealing with Twinning, TAIEX and Sigma instruments as well as Cross Border Cooperation (CBC). In addition, the President of Armenia adopted the list of actions for 2009-2011 to ensure the implementation of the ENP EU-Armenia Action Plan.

The ENP has already been successful in forging closer relations between the EU and Armenia. The Eastern Partnership (EaP) initiative should go further with a guiding principle of democratic governance taking into account political and economic realities and the state of reforms of the partner concerned, bringing visible benefits for the citizens of Armenia. An essential component of the EaP will be a commitment from the EU to accompany more intensively partners' individual reform efforts. Since 2008 the Government of Armenia has embarked in serious reforms that, if allowed to consolidate, could bring substantial change in Armenia and bring about a more open economic and political climate in the country. Since April 2009 the EU Advisory Group is supporting Armenia's reform efforts through provision of EU experience and know-how.

In the aftermath of the political crisis following the February 2008 Presidential elections, the President of Armenia asked the European Commission to provide further assistance to the country's reform process and thereby help enhance stability. As a result, the EU Advisory Group was set up funded by the Instrument for Stability. Under the Instrument for Stability, the EU Advisory Group is providing advisors to Armenian ministers and to the Human Rights Defender (Ombudsman), the President's Office and to the National Assembly. The EU Advisory Group has established itself as an important advisory function for the Armenian Government in specific areas relating to existing agreements and future arrangements between the EU and Armenia, and its activities will be pursued under the ENPI in the second semester of 2010.

Notwithstanding significant difficulties in addressing internal and external challenges, the country is determined to push through reforms and asks the EU for support on different levels in various areas. During the tenth Cooperation Council in Luxembourg, 26 October 2009, "The EU underlined the importance of sufficient progress in democracy, rule of law and human rights, which belong to important conditions for the deepening of bilateral cooperation between the EU and Armenia within the framework of the Eastern Partnership. The EU further stressed that fundamental freedoms, as well as freedom of expression and freedom of the media are essential elements in the bilateral dialogue with Armenia. It reaffirmed its willingness to continue its support for the further development of democratic institutions in Armenia, including in the framework of the European Neighbourhood Policy and the Eastern Partnership." On 9 December 2009 the first Human Rights Dialogue between Armenia and the European Union took place in Yerevan. The new EU - Armenia human rights dialogue signals that the EU and Armenia have intensified cooperation on human rights.

Problem analysis

Armenia is characterised by reduced levels of public trust in the authorities, the media and to some extent civil society. This situation is also detrimental for emerging cooperation between the government and the civil society organisations (CSOs) and the latter's engagement in policy formulation and dialogue. Gaining and keeping public trust, and more in general correctly communicating with the society in a more global context, is an ongoing challenge, but one that the government must meet to carry out its reforms successfully.

The EU Advisory Group, among other tasks, provides expertise to the Armenian authorities on communication. The EU Advisory Group has stressed the need for the government not to use independent channels of communication (media and civil society) with the public in order to have an effective and credible communication strategy. Civil society also needs to be better equipped with knowledge and skills to discuss and assess results of reforms, including the development of key indicators of good government and efficient public services, engaging in open and inclusive policy making, increasing transparency and engaging citizens for better policies and building better relations across levels of government, particularly in a context of decentralisation.

The government is committed to ensuring that policy making in Armenia rests on the foundation of representative democracy. Within this framework Armenia should consider the example of existing long-standing traditions of extensive citizen involvement. **The underlying objective is thus to find innovative and complementary ways to include civil society in governance and policy making.** The current trends show that:

- Although sufficient information flow is an objective shared by the government and civil society, there remains a scope for improving both quantity and quality of government information provided to the public;
- Consultations and opportunities for citizens, civil society and professional organisations, to provide feedback on policy proposals are rising but remain limited;
- Active participation and efforts to engage citizens in policy making on a partnership basis are often undertaken only on a pilot basis and confined to few sectors.

In this respect, it is also crucial to support the further development of **free and pluralistic media** since it is central for achieving good governance outcomes. By enabling a professionally designed free flow of information between civil society and state, media plays a central role in accountability and participation and ensures engagement of society with the political processes and debates.

Although substantial progress was made in development of media over the past decade, there is still room for significant improvement of the media situation in Armenia. It is therefore important to extend support to development of media as it can be part of the drive to create an enabling environment for citizens to fully express their voice. This is where these two governance-related goals overlap. Increasing public awareness of the Armenian society on EU, European integration issues and EU-Armenia cooperation is a long-lasting request on the side of the Government and part of the ENP AP.

The government attaches significant importance to increase recognition among various stakeholders of the results achieved by EU-Armenia cooperation. The range of stakeholders is broad and includes not only the general public, but also others who may benefit from potential EU-Armenia cooperation. Such awareness will make the cooperation instruments more efficient and target those who have relevant absorption capacity and those who wish to improve with a view for future cooperation. This is becoming more pressing in the light of expanding cooperation within ENP and EaP and introduction of new cooperation instruments.

In this context, there is a serious need to develop activities aimed at raising awareness of the Armenian society in an EU-Armenia cooperation perspective. Specifically in the area of trade, the Eastern Partnership foresees the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) in the framework of the future EU-Armenia Association Agreement once the necessary conditions for it have been met. Meeting these conditions is a demanding agenda for Armenia and requires substantial reform efforts of its authorities which the EU should continue to support with its technical assistance.

2.2. Lessons learnt

The main lessons learnt from early 2007 is the need of integration of the different instruments of cooperation. Twinning, TAIEX and the support to Civil Society Organizations and Media have

proved their potential whenever related to the wider policy and reforms of the Government or of the Media. Although Armenia has made extensive use of the TAIEX instrument (more than 100 participations in the first one and half year), the country does not yet benefit from the full potential of Twinning with only three proposals formulated in 2008 and 4 in 2009. Two of 7 proposals were contracted in 2009 and 3 will be contracted in 2010.

Twinning proposals from beneficiary administration was established and became operational in 2009. PAO with support of SATO project stated to work effectively and has established efficient cooperation with focal points in all public administrations of Armenia. There is evidence of an increasing interest in Twinning. The same can be said for Civil Society for which a consistent effort to make their contribution matter for policy reforms to policy makers is still lacking.

2.3. Complementary actions

Under TACIS AP 2006, the EU is funding Armenian-European Policy and Legal Advice Centre (AEPLAC V), whose activities are closely coordinated with those of the EU Advisory Group (initially financed from the Instrument for Stability) and who will play a decisive role in the identification of further relevant Twinning projects. The envisaged project(s) takes into consideration the new initiative of DG AIDCO, DEV and RELEX to launch a "Structured Dialogue on the involvement of Civil Society and Local Authorities in EU cooperation". It will similarly smooth the way for strengthening the role and increasing effectiveness of CSOs in development cooperation on a country level.

2.4. Donor coordination

There is a systematic donor coordination framework co-chaired by the WB, IMF, UNDP and the Commission in which all donors and bilateral agencies are invited to contribute. The meetings are organised in thematic groups covering, among other things, economic development, governance, rule of law, health, education and environment. The GoA counterpart to the donor coordination framework is the Ministry of Economy (MoE). In 2008 the newly founded MoE took over the donor coordination role which was previously assigned to the unified Ministry of Finance & Economy. The EU National Coordination Unit (NCU) became a unit within the MoE. The Minister of Economy is the National Coordinator of EU assistance.

Consultation with Non State actors is mainly carried out through a Public Council established by the President comprising 36 members of who one third are appointed by the President and the remainders by Non State Actors.

3. DESCRIPTION

3.1. Objectives

The proposed action is aimed at implementation of Armenia's reform agenda and consolidating statehood, democracy and good governance, as set out by the EU-Armenia ENP Action Plan and principles of the Eastern Partnership, through support to the Government of Armenia, its democratic institutions and civil society, as well as through increasing awareness of the Armenian population on the process of European integration and EU-Armenia relations. It is further aimed, in particular, at complementing work undertaken by the EU Advisory Group in Armenia on the Government's communication strategy by fostering a culture of dialogue between Civil Society Organisations and the government and between media and the government.

Specific Objectives

a) **Twinning/TA and EU Advisory Group.**

- To improve the capacity of a number of Armenian ministries or agencies to comply effectively with the commitments set forth in the EU-Armenia ENP Action Plan;
- To effectively prepare to assume obligations stemming from future agreements such as an Association Agreement including the establishment of a DCFTA, once the conditions for it have been met.

b) **Civil Society and Media**

- To strengthen the capacity of Civil Society, including professional organisations, to intervene in policy formulation by better engaging in policy dialogue with the government, public institutions and bodies; support and enhance institutions of democratic governance and provide political representation in achieving public purposes.
- To improve professionalism of media outlets and the relevant media related stakeholders towards establishment of free and pluralistic media, as an instrument of achieving good governance outcomes, to promote accountability and wide participation in political processes.

c) **Public Awareness and Education.**

- To increase public awareness and knowledge on EU, European integration issues and values, as well as to promote education on EU-Armenia relations, especially targeted at the youth.
- To support the establishment of new EU related institutions in Armenia and the further development of the existing ones.

3.2. Expected results and main activities

The project proposal is in line with, and supportive of, the starting of negotiations for an Association Agreement and the EU development and cooperation policies and programmes. In particular, Priority Area 1, Democratic structures and good governance, under the National Indicative Programme 2011-2013 outlines "Strengthening of democratic structures, the rule of law and respect for human rights and fundamental freedoms" are core areas of EU-Armenia relations, which are directly linked to Action Plan Priority Areas 1 and 2, and Chapters 4.1 and 4.5.

The political crisis following the presidential elections in 2008 highlights the need for further consolidation of the democratisation process and the anchoring of European values in the political system and governance of Armenia. Sufficient progress towards the principles and values of democracy, the rule of law, and respect for human rights is one of the main preconditions for upgrading contractual relations under the Eastern Partnership.

Component 1 (Twinning/TA and EU Advisory Group)

- Timely and cost-effective implementation of Armenia's reform agenda and enhancement of overall EU assistance through provision of Twinning, TA and high level advice.

- Strengthening the capacity of the Presidency, the Legislative, Executive and Judiciary powers; Armenian institutions will develop an efficient peer to peer relation with a number of twin administrations of an EU Member State, paving the way to a long lasting cooperation, thus improving Armenian capacities to deal with the Partnership and Cooperation Agreement (PCA) and ENP implementation issues.

Component 2 (civil society and media)

- Enhancing dialogue between civil society and the government; improving quality of policy allowing governments to use wider sources of information and possible solutions in order to meet challenges of policy-making; integrating public input into the policy-making process; further increasing government transparency and accountability; strengthening public trust in government and main public institutions.
- Improved ability of Armenian media to report professionally on political and other events; improvement in management of media outlets; growing recognition of media within policy documents or strategic plans; development of media initiatives with governance focus; growing bottom-up demand and interest in governance-related media programmes.

Component 3 (public awareness and education)

- Improved awareness of the society at large on EU issues, as well as challenges and advantages of EU integration; improved visibility of the EU in Armenia, including for EU external assistance; larger number of strong EU related institutions present in Armenia.

3.3. Risks and assumptions

Risks:

Political stability in Armenia is a prerequisite for a successful and sustainable implementation of the reform agenda supported by the EU Advisory Group and Twinning. A continued or worsened political crisis can undermine the overall assistance objectives.

Assumptions:

- The political situation remains stable in the country;
- The Government remains committed to its reform agenda and to the idea of this project;
- Good coordination and dialogue among the main stakeholders;
- Civil Society Organizations are given adequate opportunity to implement their activities, including monitoring, reporting and to engage in governance in more general terms.

3.4. Crosscutting Issues

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

Development/crosscutting objectives	Directly targeted objective	Significant indirect impact
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Development/crosscutting objectives	Directly targeted objective	Significant indirect impact
Poverty reduction		X
Good governance	X	
Democracy, human rights	X	
Integration in the world economy	X	
Environment		X
Gender		X

The project fosters EU cross-cutting issues, in particular good governance, respect for human rights and gender equality. The project will directly support democratic governance reform and enhanced respect for human rights.

3.5. Stakeholders

The beneficiaries will be Armenian administrative bodies concerned by the implementation of the PCA and ENP AP and other international commitments, media and media related NGOs and Civil Society Organizations including professional organisation. Attention will be given to the line ministries directly responsible for planning and implementing reforms, e.g. Ministry of Foreign Affairs, Ministry of Economy, Ministry of Finance, Ministry of Justice, Ministry of Agriculture, Ministry of Education – as well as those institutions concerned with enhancing democratic structures and the respect for fundamental human rights.

The Ministry of Economy is the leading institution coordinating donors' financial support in Armenia. Within this ministry, the National Co-ordinating Unit is in charge of the coordination of EU assistance with other donors and line ministries, whereas the PAO deals exclusively with the Twinning, TAIEX and Sigma projects.

Under TACIS AP 2006, the EU is funding AEPLAC V, whose activities are closely coordinated with those of the EU Advisory Group (initially financed from the Instrument for Stability) and who will play a decisive role in the identification of further relevant Twinning projects. The envisaged project(s) takes into consideration the new initiative of DG AIDCO, DEV and RELEX to launch a "Structured Dialogue on the involvement of Civil Society and Local Authorities in EU cooperation". It will similarly pave the way for strengthening the role and increasing effectiveness of CSOs in development cooperation on a country level.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

- **Component 1: Twinning/TA and EU Advisory Group (EUAG):** The Twinning/TA parts will be implemented through direct centralised management, whereas joint management with UNDP is foreseen for the EU Advisory group part.

- **Component 2 (civil society and media) and Component 3 (public awareness and education)** will be implemented through direct centralised management.

Concerning the EU Advisory Group, currently UNDP is the sole International Organisation present in Armenia with the capacity to act as implementing partner for the European Commission for this demanding intervention.

The Commission has ensured, on the basis of the prior audit conclusions as foreseen in article 53d of Council Regulation (EC, Euratom) No 1605/2002, that the management systems set up by UNDP offer guarantees equivalent to internationally accepted standards in their accounting, audit, internal control and procurement procedures.

In addition, UNDP is party to the Financial and Administrative Framework Agreement (FAFA) between the European Commission and the United Nations.

Consequently joint management with UNDP can be envisaged.

4.2. Procurement and grant award procedures

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. The activities of the EU Advisory Group will be implemented via a contribution agreement with an International Organisation (UNDP is foreseen). The contract(s) must be awarded and implemented in accordance with the procedures and standard documents laid down and published by UNDP.

4.3. Budget and calendar

The programme foresees an envelope of €6.7 million. The indicative budget breakdown is:

Components	Indicative Budget (€ million)
1.Twinning/TA/EUAG	4.5
2.Support to Civil Society and Media	1.2
3.Public Awareness and Education	1.0
Total	6.7

The indicative operational duration is **48 months** as from signature of the contracts and contribution agreement. Evaluation and audit activities may take place after this period.

4.4. Performance monitoring

The project(s) will be monitored according to standard EU procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivering of specified project results and towards achievement of project objectives. Suitable objectively quantifiable indicators will be agreed between the contracting Authority and Project Partners.

4.5. Evaluation and audit

Each of the sub-projects to be defined under the measure will undergo financial audit, as foreseen by the standard procedures, which foresee that such audit be properly budgeted under each of such sub-projects. Evaluation can also take place, if so decided by the Commission.

4.6. Communication and visibility

Commission visibility guidelines will be followed and proper communication and visibility will be ensured via widespread dissemination of project achievements and results. In the case of contribution agreements with UN organisations, the special provisions in the FAFA will be respected.