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ANNEX II

of the Commission Implementing Decision on the Multiannual Action Plan in favour of the Republic of Armenia for 2022-2023

Action Document for Support to Justice Sector Reforms in Armenia Phase II

MULTIANNUAL ACTION PLAN 2022-2023

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

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	Support to Justice Sector Reforms in Armenia Phase II Multiannual action plan in favour of Republic of Armenia for 2022-2023 OPSYS business reference: NDICI-GEO-NEAR/2022/ACT-61442 ABAC Commitment level 1 number: JAD.1047944 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Republic of Armenia
4. Programming document	EU-Armenia Multiannual Indicative Programming Document (MIP) 2021-2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Priority Area 2. Accountable institutions, the rule of law and security
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	150 Legal and judicial development and anticorruption
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 16 Peace and justice, strong institutions Other significant SDGs (up to 9) and where appropriate, targets:

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

	SDG 5 Gender equality SDG 8 Decent work and Economic Growth			
8 a) DAC code(s)	15130 - Legal and judicial development			
8 b) Main Delivery Channel	12000 – Recipient government			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective
Digitalisation		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags		YES	NO	/
digital connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital governance		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital entrepreneurship		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
<u>Connectivity</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Tags	YES	NO	/	

digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	/
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

12. Amounts concerned	<p>Budget line(s) (article, item): 14.020111 Eastern Neighbourhood</p> <p>Total estimated cost: EUR 11 000 000</p> <p>Total amount of EU budget contribution EUR 11 000 000 of which EUR 9 000 000 for budget support and EUR 2 000 000 for complementary support.</p>
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MANAGEMENT AND IMPLEMENTATION

13. Implementation modalities (type of financing and management mode)	<p>Budget Support</p> <p>Direct management through:</p> <p>Budget Support: Sector Reform Performance Contract</p> <p>- Procurement</p>
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1.2. Summary of the Action

This programme is a logical progression to follow-up on the achievements gained during the ongoing Sector Support Performance Contract “Support to Justice Sector Reforms in Armenia, Phase I”. It aims, as the ongoing programme, to support Armenia’s judicial and legal reform and anti-corruption process in line with the country’s commitments under the Comprehensive and Enhanced Partnership Agreement² (CEPA) (Articles 4 and 12), and with the recommendations stemming from the EU-Armenia Strategic Policy Dialogue in the Justice sector. In addition, it targets Sustainable Development Goal (SDG) 16 on Peace and Justice, strong institutions as a main goal, and other significant goals such as SDG 5 on Gender equality and SDG 8 Decent work and Economic Growth. The programme is based on a positive experience in the ongoing Sector Reform contract with both good compliance and progress against variable tranche targets and sustainable results from the complementary support. The programme objectives are also in line with the joint messages on Justice and Anti-corruption agreed with development partners in January 2020 in the framework of the EU-led informal donor coordination, as well as with the Government’s new strategy for Judicial and Legal Reforms covering 2022-2026³.

The programme builds on the priorities of the Armenian Government in the justice sector reform. Those are comprehensively outlined in the 2022-2026 Strategy for Judicial and Legal Reforms and Anti-corruption strategy 2019-2022⁴, which lists among main priorities, the most persisting challenges in the justice sector, such as corruption, lack of judicial independence, impartiality and accountability, as well as limited efficiency of the judiciary. The Government Program for 2021-2026⁵ is also covering priorities related to the justice sector. In particular, it underlines the Government’s commitment to justice reforms in Armenia to increase the effectiveness of the justice system, developing and revising a comprehensive reform agenda through, inter alia, strengthening judicial independence, efficiency, integrity and accountability. The above mentioned two strategies on Justice and Anti-Corruption are currently being updated to include the priorities under the Government Program for 2021-2026.

The Government programme endeavours to address two systemic challenges that impede development, hamper social cohesion, and affect public confidence in the Government and stability in Armenia. First, it aims to enable the justice sector to effectively ensure adherence to the rule of law through independent and well-governed administration of justice. Specifically, the programme will contribute to strengthening the full integrity and accountability of the judiciary, prosecutors and investigators through improved policy and comprehensive integrity evaluations (integrity and assets declaration checks). At the same time, it will address accessibility and the overall efficiency of the justice delivery in Armenia through reducing the backlog. This will be primarily done by supporting the introduction of E-Justice system in courts, as well as improving the alternative/out of court dispute resolution (ADR) mechanisms and establishing systems for enhanced transparency, predictability and consistency of judicial practices.

Moreover, the program will strengthen the judiciary, investigative and prosecution bodies in the fight against corruption through strengthening of the existing specialised professional institutions, e.g. the Corruption Prevention Commission (CPC), the Anti-corruption court and the corresponding prosecutorial structures, the Specialised Anti-Corruption Departments at Prosecutor General's Office, and the Anti-Corruption Committee. This work will include capacity building, strategic communication, technical support, as well as expert contribution to ensure compliance with the best EU and international practices.

² Official Journal of the European Union L 23/4, 26.1.2018.

³ Strategy for Judicial and Legal Reforms for 2022-2026. (https://www.moj.am/storage/uploads/Strategy_Final_ENG.pdf). [Action Plan Resulting from the 2022-2026 Strategy for Judicial And Legal Reforms \(https://www.moj.am/storage/uploads/Action%20Plan_Final_ENG.pdf\)](https://www.moj.am/storage/uploads/Action%20Plan_Final_ENG.pdf)

⁴ Anti-corruption strategy for 2019-2022, https://www.moj.am/storage/files/pages/pg_7105326429691_Anti-Corruption_Strategy_03.10.2019_ENG.pdf

2. RATIONALE

2.1. Context

Armenia has a population of approximately 3 million⁶. The borders with two of its neighbours are closed due to an unresolved conflict. Based on the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) criteria, Armenia is classified as an upper middle-income country with GDP per capita of 4.74 thousand USD (2022)⁷. Armenia has signed in November 2017 a Comprehensive and Enhanced Partnership Agreement (CEPA) with the European Union, which fully entered into force on 1 March 2021. Armenia pledged to ensure CEPA implementation through domestic reform and building stronger cooperation with the EU.

The new leadership of Armenia, which came to power after the 2018, declared commitment to developing a new comprehensive reform agenda based on the rule of law, protection of human rights, fight against corruption and good governance. However, even as Armenia's overall democracy indices have improved in the wake of the so-called “velvet revolution”, the indicators⁸ of judicial independence and efficiency remain largely unchanged. Persisting problems in the sector are reflected in the results of public opinion polls⁹ and international expert assessments¹⁰, and are openly acknowledged by the authorities. Moreover in 2020, the COVID-19 pandemic, together with the hostilities in and around Nagorno-Karabakh, as well as snap parliamentary elections held on 20 June 2021 had a huge negative impact on the smooth implementation of the reforms in the justice system.

Before Russia's war against Ukraine the macroeconomic situation and projections were generally positive. The war has brought more downside risks to the Armenian economy, partly due to the risks for remittances from the large number of Armenians in Russia being reduced, partly because exports to Russia may be affected. The ongoing political protest in Armenia may also have a negative effect on the economy and the investment climate. On the other side a very large influx of Russian and Ukrainian IT workers working online out of Armenia may give additional incomes in foreign currency to the country and employment in the capital. The net effect of these factors is difficult to predict. The government retains a positive outlook and the fact that the Armenian Dram is appreciating against the Euro to some extent confirms this positive outlook.

According to the Constitution, the judicial system of Armenia consists of 1) courts of first instance (Criminal and Civil); 2) Courts of Appeals (Civil, Criminal, and Administrative); and 3) Court of Cassation. Additionally, there are three types of specialised first instance courts for Administrative, Bankruptcy cases as well as a specialised Anti-Corruption court which was established in 2021 and started operating in July 2022.

The lack of an independent and effective justice system has affected Armenia's economic competitiveness index. According to the Global Competitiveness Report of 2020, Armenia ranks 47th out of 141 states¹¹. The World Bank has downgraded Armenia's position by 6 points on the ease of doing business from 41 in 2019¹².

⁵ The Government Program for 2021-2026, Annex to Decision of the Government of the Republic of Armenia 1363-N of 18 August, PLAN - PROGRAMME OF THE GOVERNMENT OF THE REPUBLIC OF ARMENIA for 2021-2026, <https://www.gov.am/files/docs/4737.pdf>

⁶ Average de jure Population Number in Armenia (2021), Statistical Committee of the Republic of Armenia, <https://armstat.am/en/?nid=12&id=11001>

⁷ IMF, GDP per capita, current prices, Map 2022, <https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/ARM>

⁸ Court Users' Satisfaction Survey of all Courts of all Instances of Armenia <https://www.coe.int/en/web/cdcj/-/analysis-of-the-results-of-court-users-satisfaction-survey-of-all-courts-of-all-instances-of-armenia>

⁹ According to Caucasus Barometer survey, in 2017 court were distrusted by 55 per cent of respondents (including 32 per cent of full distrust) and trusted only by 15 per cent (only 3 per cent fully trust).

¹⁰ <https://am.usembassy.gov/wp-content/uploads/sites/92/2017/04/hr2016.pdf>, <https://rm.coe.int/fourth-evaluation-round-corruption-prevention-in-respect-of-members-of/1680775f12>, <https://freedomhouse.org/country/armenia/freedom-world/2018>

¹¹ Economy Profile Armenia, Doing Business 2020, page 2, retrieved from <https://www.doingbusiness.org/content/dam/doingBusiness/country/a/armenia/ARM.pdf>

¹² Trading Economics, Ease of Doing Business in Armenia, <https://tradingeconomics.com/armenia/ease-of-doing-business>

The interest of international investors remains low due to, among other factors, limited trust in the judiciary and the protection mechanisms it offers to businesses.

Progress in ensuring adequate human rights protection has also been limited, as a result of insufficient judicial oversight and inability to address infringement of the rights within the public institutions. This is particularly evident with regards to violations alleged within the security sector institutions, such as the police, military and national security bodies. This strongly affects public confidence in the Government, especially during the post- period of the hostilities in and around Nagorno-Karabakh when the trust levels in state institutions were low¹³.

As the justice system remains low in popular confidence¹⁴ and public perception is generally not positive¹⁵, and public trust is essential for the much-needed improvement of the investment climate and Human Rights (including gender equality, anti-discrimination, access to justice, etc.) situation in the country, justice reform was declared a priority by the Armenian government. The Government's vision of the comprehensive justice sector reform is reflected in the 2022-2026 Strategy for Judicial and Legal Reforms and a parallel anti-corruption strategy¹⁶. However, the pace and effectiveness of the justice reforms implementation is low, according to the annual report on implementation progress published by the Ministry of Justice¹⁷.

To address deficiencies in Armenian justice sector, it is of particular relevance to strengthen governance related capacities in the judiciary, prosecution and investigative bodies through strong integrity check mechanisms for all and advancement of accountability mechanisms. It will increase the credibility and independence of the justice system leading to positive public perception and public trust. In the reform actions the management efficiency, quality and accessibility are another area of concern that this action is going to complement targeted support to introduction of e-justice portal¹⁸, alternative dispute resolution mechanisms, as well as gender balanced human resource management policies. For the ADR, the ongoing EU TA Project has organised Study Tour to Denmark for justice sector legal professionals to get acquainted with Danish administrative disputes settlement model through administrative boards of complaints/appeals and councils. As a complementarity to the latter, this action might bring a change to follow-up on the knowledge and expertise gained in Denmark to help Armenian authorities successfully implement reforms agenda related to ADR.

Armenia's highly commended efforts in anticorruption reforms require due consideration as newly created anti-corruption bodies such as the Corruption Prevention Commission, the Anti-Corruption Committee and relevant departments in the General Prosecutor's Office are still in the process of maturing. Let alone the specialised Anti-Corruption Court that has been established. With this in mind, international development partners' support is very crucial for improving the capacities of anti-corruption institutions. Furthermore, the proposed action envisages coping with the shortcomings related to the absence of communication policies and lack of public awareness campaigns hindering effective and timely communication of reform's progress to the stakeholders and the public as well as preventing mobilisation of public support for the government's reforms. In this regard, it should also be noted that for raising public awareness on the fight against corruption, the

¹³ International Republican Institute, Public Opinion Survey: Residents of Armenia, December 2021, <https://www.iri.org/resources/public-opinion-surveyresidents-of-armenia/>

¹⁴ 55% of respondents to the last Caucasus Barometer survey in 2017 distrusted the Justice system, with only 15% giving a positive opinion. See also: <https://www.state.gov/documents/organization/265604.pdf>; <https://rm.coe.int/fourth-evaluation-round-corruption-prevention-in-respect-of-members-of/1680775f12>, also <https://freedomhouse.org/report/freedom-world/2019/armenia>

¹⁵ World Bank, 2021. Regional Justice Survey- Armenia Country Report.

¹⁶ Strategy on Judicial and Legal reforms for 2019-2023, https://www.moj.am/storage/uploads/Gov.25_09_2019_ENG.pdf, Anti-corruption strategy for 2019-2022, https://www.moj.am/storage/files/pages/pg_7105326429691_Anti-Corruption_Strategy_03.10.2019_ENG.pdf

¹⁷ Ministry of Justice of Armenia, Report on Implementation of Justice Reform 2019-2021 Action Plan, published in 2022 (in Armenian) <https://www.moj.am/storage/uploads/hjk2.pdf>

¹⁸ This Action will reinforce e-justice solutions and cover related gaps based on the implementation of the ongoing EU project "Development and introduction of E-justice solutions in Armenia" and possibly respond to other requests from the Government in this regard.

Communication Action Plan for 2022 on the fight against corruption was adopted by Prime Minister's Decision in July 2022.

The EU is the main leading donor to Armenia, including when it comes to justice reforms. So far, EU support to the justice sector was provided in 2009-2012, 2014-2018 and 2020-2022 through budget support programmes as well as projects implemented by the Council of Europe. The EU support helped developing reform legislation, capacities, methodologies, and upgraded infrastructure.

This Action focuses on the specific objectives that are stressed in the March 2020 Joint Communication as well as the Staff Working Document of July 2021¹⁹. In particular, the action is firmly targeting improvement of independence and accountability of the judiciary and prosecution, securing the integrity of the justice system professionals, the fight against corruption, criminal justice and probation system reforms, and recognising the vital role of the civil society in fostering participatory and transparent reforms processes. Effective gender-balanced policies, Modern Human Resource Management, and the introduction of IT solutions (E-Justice) are also among the priorities of this action that are in line with the March 2020 Joint Communication²⁰. In addition, the core of this action is to reach alignment with European standards with a well-functioning system of checks and balances, rule of law to ensure that all justice institutions abide by the law and that citizens have access to justice and can exercise their rights fully. The envisaged actions are keeping up with the timeline of Armenian reforms strategies, as well as aligning itself with two other EU projects pace that will be completed one in 2022 and another in 2023. Improved visibility and strategic communication of the reform efforts and EU support is also stemming from the March 2020 Joint Communication²¹ which is crucial for raising public awareness, fighting disinformation against EU values and building resilience.

2.2. Problem Analysis

Short problem analysis

(1) **Lack of integrity and accountability** of the judiciary, the prosecution and investigators still persist, although huge efforts undertaken by the Government. In particular, integrity and accountability rules are not equally applicable to sitting judges, prosecutors and investigators, although they have a vital role in delivering justice in a timely and objective manner. Thus, ensuring the high standards of integrity of the sitting judges', investigators' and the prosecutors' profession is a challenge that needs to be addressed either through Constitutional or other legal reforms. Commendably, the Judicial and Legal Reforms Strategy 2022-2026 addresses the raised issues and foresees relevant solution to fill the gap of selective integrity checks.

Also, shortcomings were revealed in the course of application of Law on Corruption Prevention Commission that is now under review by the authorities. Based on its two years' experience of integrity checking the CPC has developed and proposed a number of draft amendments to the Law on Corruption Prevention Commission aiming at how to improve efficiency of integrity checking system and increase accountability level of state institutions.

The shortcomings in the system of integrity /asset declaration check and the institutional capacities of the Corruption Prevention Commission (CPC) in charge of integrity checks are to be considered with the opportunity to carry out the reforms in a transformative and systemic way and restore the integrity of the governance and justice systems. It shall be noted that universal mechanisms for evaluating and checking the judges' activities, integrity and asset position were clarified and legal grounds regulating integrity checks introduced in line with European human rights standards and standards for status of judges. However, further

¹⁹ JOIN(2020) 7 final, SWD(2021) 186 final.

²⁰ JOIN(2020) 7 final, 4.4 Together for a resilient digital transformation (see p.13)

²¹ JOIN(2020) 7 final, 5. Strategic Communication, Governance and Implementation (see p. 16)

effort is required in setting up an effective legal and mature institutional framework and enforcement mechanisms to fight corruption in a systemic manner.

Both prosecution and investigative bodies, as an integral part of the justice system, were overlooked during the previous phases of reforms when processes were mainly focused on the judiciary. Thus, there is a need to ensure legal coherence for the credibility of appointment/promotion processes strengthened with the involvement of international experts. The international experts will increase the sense of legitimacy of the recruitment and promotion process. Furthermore, the overall self-governance structure might be revised to comply with the European (increasingly widespread standards of balanced governance approach set by the Group of States against Corruption (GRECO) and Organisation for Economic Co-operation and Development (OECD)). The proposed “Governing Councils” of the prosecution composed in a representative way, e.g., by prosecutors, lawyers or civil society, when they are independent from other state bodies, have the advantage of being able to provide valuable expert input in the appointment and disciplinary process, and thus to shield these at least to some extent from political influence²².

Considering the crucial role of the Supreme Judicial Council in ensuring independence, accountability and integrity of the judiciary, it is essential to ensure full transparency in the election process of all the members of the Supreme Judicial Council, including the non-judicial members, in line with European standards.

In December 2021, International Republican Institute (IRI) conducted a public survey which shows that the public trust toward the judiciary and the prosecution is extremely low²³. It proves that people do not see tangible results in the field of justice reforms yet. In this context, the review/update process of the state policy should be viewed as an excellent opportunity for redefining the strategic priorities and boosting the implementation process.

(2) The efficiency of the justice system in Armenia is strongly affected by the absence of a unified E-Justice system. E-justice tools are not used sufficiently in addressing the needs for accessibility and transparency of the judiciary. In particular, there is no automated system for submission, processing and tracking mechanisms for civil, administrative and other kinds of court cases that will ease the overall case flow as well as alleviate the huge backlog accumulated in the courts. Moreover, the system of random inscription and distribution of court cases require substantive improvement as it fails to secure against misuse or manipulation. Furthermore, the introduction of E-Justice tools such as e-filing and e-case management will allow the automated production of statistics in an accurate and timely manner, resolving the weakness in the statistical systems of the sector uncovered through the ongoing EU technical assistance (TA) to statistics in the sector. Improved and timely sector statistics will contribute to securing evidence-based policymaking and increased public accountability.

Furthermore, Alternative Dispute Resolution (ADR) mechanisms are underutilised and do not contribute to the efficiency of the justice system of Armenia. Due to the lack of awareness and trust in the new ADR institutes (the Arbitration, the Mediation Institute), these have not been as widely approached by citizens as it would be necessary for an effective reduction of the workload of the judiciary. The establishment of a credible and well-functioning Arbitration Centre, as well as the improvement of ADR related legislation to reach international standards, are one of the targets set by the Government in its five-year programme and 2022-2026 Strategy for Judicial and Legal Reforms.

Out of court dispute settlements and other mechanisms that are time-tested in Western European countries, such as extrajudicial administrative councils, institutes of non-professional judges, justices of peace, might be a good addition to the justice sector of Armenia in order to advance the reform progress and general delivery of justice. The ADR might be a remedy for boosting a speedy resolution of disputes, providing a cost-effective

²² European Commission for Democracy through Law (Venice Commission) Report on European Standards as regards the Independence of the Judicial System: Part II- The Prosecution Service, Adopted by the Venice Commission at its 85th plenary session (Venice, 17-18 December 2010), Section X-Prosecutorial Council.

²³ International Republican Institute, Public Opinion Survey: Residents of Armenia, retrieved from <https://www.iri.org/resources/public-opinion-surveyresidents-of-armenia/>

alternative, increasing the level of access to justice, as well as alleviating the pressure (backlog) on the court system.

Regarding gender balance, Armenian legislative framework provides legal requirements for ensuring gender-balanced participation in the public life, including in the judiciary. However, gender challenges persist in the judicial sector, where significant gender imbalances exist at all levels. In total, there are 244 judges in Armenia, among them 26.6% are women and 73.4% - men. The percentage of female judges decreases in the higher instances. Indeed:

- ▶ Among 183 judges of the first instance 27.3% are women and 72.7% are men.
- ▶ Among 44 judges of the second instance 25% are women and 75% - are men.
- ▶ Among 17 judges of the third instance only 24% are women and 76% -are men²⁴.

Among 18 Presidents of the Chambers and Courts, only 2 are women, which makes only 11.1% of women in senior positions compared with 88.9% men. In the Supreme Judicial Council, out of the 10 members only 1 is a woman. The one and only woman is a judge member elected by the General Assembly of Judges, and there are no women among non-judge members elected by the National Assembly. The Council of Europe study also identified barriers hindering women's career advancement in the judiciary – the lack of effective policy ensuring gender-balance in the promotion, male-dominated selection commissions and gender bias in promotions, and lack of time that disproportionately affects women, as senior positions require more intensive working conditions and women are more concerned with time poverty, as they have additional burden of family responsibilities²⁵.

(3) The challenge faced by the legal community after the adoption of the Criminal Code and Criminal Procedure Code is associated with a need to ensure **effective roll-out of criminal justice legislation**.

In addition, the investigative bodies need constant support and assistance in capacity building, relevant equipment etc. Moreover, targeted trainings could contribute to the capacity building of judges, prosecutors, investigators and lawyers. The later will ensure effective application of the new criminal legislation without detriment to the interest of individuals. Along with the abovementioned, well-planned communication will help to reach out wider groups of people making it more focused and effective.

(4) As the anti-corruption sector institutions are still in the process of maturing, the strengthening of the institutional capacities of anti-corruption institutions including Corruption Prevention Commission (CPC), General Prosecutor's Office (anti-corruption departments), Anti-corruption Court, Anti-Corruption Committee, is much needed which could lead to significant improvements through technical assistance and provision of trainings. It could cover needs in areas such as adequate resource allocation, legislation reform, improving the independence and social guarantees.

(5) Even though the Government of Armenia still enjoys major support from the population to implement the reforms²⁶, the public support for the reforms can potentially plummet in the light of poor communication on the justice and anti-corruption reform results and targets. In this regards it is worth stating that for raising public awareness on fight against corruption, the 2022 Communication Action Plan on fight against corruption was adopted by the Prime Minister's Decision in July 2022. However, the representatives of the state bodies refer to a lack of institutional capacity and resources to manage appropriate and addressed communication policies. So, the improved/developed communication and visibility strategies with smooth implementation are of highest importance for boosting reform strategies by making it more visible to the public and increase confidence in the efforts taken by the sector stakeholders.

Second, the sector stakeholders, as well as Civil Society Organisations (CSOs), evidenced that the existing platforms for policy dialogue between them are not effective and need major improvements. The measures to

²⁴ "Gender equality in the judiciary of Armenia: challenges and opportunities", Council of Europe; <https://rm.coe.int/eng-prems-080521-gbr-2651-gender-equality-in-the-judiciary-of-armenia-/1680a3ef54>

²⁵ Ibid.

²⁶ The results of the snap elections of June 2021 and recent polls' results.

secure effective coordination, monitoring and transparency of reforms progress imply improvement of the operations of the ministry's public council through revision of the respective legislative acts, building their capacities and supporting the operations of the councils.

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

- a. **Ministry of Justice (MoJ).** The MoJ is the main body responsible for the state policy development and implementation in the justice sector, as well as for monitoring and evaluation of the policy. In fact, the Ministry of Justice is leading the reforms in the Justice and Anti-corruption sectors of Armenia. The policy documents such as Judicial and Legal Reform and Anti-corruption Strategies are always developed under the lead of the MoJ. The MoJ oversees the organisation of public discussions, the validation of Draft policy documents and then submits them to the Government of Armenia for final adoption.

On the other hand, due to the high turnover of the staff within the MoJ and the absence of relevant human resources, there are some challenges in regard to the implementation of effective coordination between all justice actors, as well as to conduct Monitoring and Evaluation of some strategic documents. The proper communication capacities are also persisting issue for the MoJ.

- b. **Supreme Judicial Council (SJC).** SJC is an independent state body that guarantees the independence of courts and judges. In the reform context, it shall ensure representation of the sector and exercise oversight of reforms implementation. Despite it being one of the main beneficiaries of the Justice reforms, it has limited involvement in the development and implementation of the justice reforms agenda. Therefore, there is a need to increase the role and importance of the SJC in the process of reform implementation through the establishment of different dialogue platforms and regular capacity building programs.

- c. **The Prosecutor General's Office (GPO).** The GPO is a state independent body headed by the Prosecutor General (PG), who is elected by the National Assembly for a six-year term. It includes the central Office of the PG and province-level offices. The prosecutors instigate criminal prosecution, exercise oversight over the lawfulness of pre-trial criminal proceedings, defend a charge in court, appeal against the civil judgements, criminal judgements and decisions of courts, exercise oversight over the lawfulness of applying punishments and other coercive measures. The internal resistance to justice reforms specifically related to the vetting of all sitting prosecutors is reportedly slowing the reforms' overall implementation. There are also voices from civil society organisations who refer to corporatism with the prosecution service, in particular in the hierarchy. That is why the high level of professional integrity of prosecutors is an urgent task that might positively affect the effectiveness and independence of the prosecution in Armenia.

The role of GPO, except for the newly created two anti-corruption departments that have fully undergone integrity checks (vetting), in the process of justice reforms is traditionally constrained by limited participation.

In parallel to the systematic increase of workload along with a low income, the GPO faces a high turnover of prosecutors, which disrupts the institutional stability of the institution. At the same time, there is a need to engage GPO in the reform implementation process in a more systematic way. The ownership should be developed to ensure the effective implementation of justice reforms.

- d. **The Prosecutor General's Office (GPO) and its Specialised Anti-Corruption Departments** (Departments on Supervision over Legality of Pre-trial Proceedings in the Anti-Corruption Committee and Recovery of Assets of Illegal Origin). The latter departments, as parts of GPO, are exercising a mandate in addressing corruption crimes, recovery of assets of illegal origin and implementing anti-corruption activities, as well as exercising oversight over the lawfulness of the investigation of corruption crimes in a pre-trial proceeding. All prosecutors of these departments passed full vetting and enjoy a high degree of professional integrity. As newly created departments, within the EU TA programme, it was revealed that

these departments need technical assistance in building institutional capacities with regard to human resources management, PFM, statistical data processing, internal control and change management. It is reported that these departments are responsive and take a more active role in reforms than GPO's main part.

- e. **Corruption Prevention Commission (CPC).** The CPC was set up in November 2019, according to the law, it is a state independent body empowered with anti-corruption tools applicable to the public administration sector. The main functions of the CPC, inter alia, concern integrity checks of candidate judges going to undertake a position or for those sitting judges who are promoted to a higher position, candidate prosecutors and investigators, the reception and verification of asset declarations from the justice sector officials and other state officials, sanctions for failure to declare and right to request information on beneficial ownership. It is tasked with submitting the relevant consultative conclusions on the appropriateness of the appointment of the person under scrutiny. As a newly established institution, there is a need to continue the institutional building process of CPC through different support mechanisms. Regular capacity building programs and trainings should be organised to increase the institutional ability of the CPC to implement justice and anti-corruption reforms in the country.

It shall be noted that CPC is very active in the reforms process with plenty of initiatives and pro-active approach in cooperation with development partners. CPC is in the spotlight of main international organisations and is identified as one of the big beneficiaries of international aid.

- f. **Anti-Corruption Committee.** Armenia's newly established independent law-enforcement investigatory body since October 2021, is tasked with investigating and combatting corruption cases, carries out pre-trial criminal proceedings and operational intelligence activities on alleged corruption crimes. The political neutrality and law-enforcement specifics related to investigating grand corruption cases limited Anti-corruption Committee's participation in reforms processes, at least on the public level.
- g. **Justice Academy of Armenia** is a state non-for-profit organisation with a key role in the organisation and provision of trainings for applicants, candidates, as well as sitting judges, prosecutors, investigators, other judicial staff and state servants in the staff of the prosecutor's office and for judicial bailiffs. The Justice Academy has a formal role in delegating its representatives to different forums and working groups dealing with reforms policy development and implementation of some activities stemming from the Justice Strategy.

2.3. Lessons Learned

An EU financed Technical Assistance project for Budget Support Programme "Support to Justice Sector Reforms in Armenia", in its "Situation Analysis/Impact Assessment of 2019-2023 Legal and Judicial Strategy and Action Plans", highlights key lessons learnt and recommendations to avoid problems encountered under the ongoing reform agenda. Based on this assessment of the strategic policy documents, the main conclusions were drawn:

- The adoption of necessary legislation must be followed by **effective implementation**. Thus, more focus and efforts should be dedicated to implementation, analysis/review, and monitoring of implementation of reforms and relevant legislation.
- The need to have better **sequencing** and **prioritisation** in implementation of reforms.
- There is a need for a clearer logical framework/intervention logic combined with clear performance indicators, baselines, and targets based on statistical data of the system.
- Decrease in the number of strategic goals through removing for instance electoral reforms, public administration specific reforms, is recommended. The decrease of the strategic goals will make the new strategy more coherent and feasible, which will dramatically help to monitor and evaluate the process.

- There is a need to strengthen sector management capacities (financial management and budgeting practices) across the institutions. Efficient **financing and managing the workload** will be crucial for the successful implementation.
- Ownership from all key institutions with regard to reforms agenda and efficient coordination is indispensable.
- In particular, more focus should be put on increasing the **Ministry of Justice (MoJ) institutional capacity** in leading the reform agenda, coordination, monitoring and evaluation of the implementation progress of the Reforms Strategy and the Action Plans. The monitoring and evaluation tools prescribed by the current 2022-2026 Strategy for Judicial and Legal Reforms are not working in practice. The Coordination Council does not implement its main objectives and aims. Due to lack of human resources within Ministry, the Secretariat is not functioning as prescribed by the Strategy for Judicial and Legal Reforms.
- The **capacity and integrity of the Supreme Judicial Council, the Prosecutor’s General Office, Anti-corruption Committee** and the **Commission for Prevention of Corruption** are essential pre-requisites for the success of the justice reforms. Capacity building efforts to ensure readiness of the institutions to take up reforms are needed.
- The more detailed Programming of the Sector Reforms implementation should start as early as possible and be an inclusive exercise from both sides.

2.4. Additional Areas of Assessment

2.4.1. Public Policy

The five-year Government Programme 2021-2026 adopted in August 2021 references the EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA) as a factor facilitating institutional collaboration in democratic reforms and overcoming existing sectoral challenges. Among them, it highlights the development of democratic institutions, fight against corruption and justice reform, as well as strengthening the rule of law in relation to national security, prosperity and resilience. It is noteworthy that the Government is well advanced in the process of updating and extending to 2026 the Justice Reform Strategy for 2019-2023 in order to align it with the Government Programme 2021-2026 provisions and timing. The new Strategy is in force by the Government Decree N 1133-L of 21 July 2022. It contains to a large degree the same strategic directions as the ongoing strategy, leaving out what has been done and including updated timelines for priorities not yet achieved. To increase the effectiveness of the justice system, the new Strategy provides the following strategic goals:

- Setting up a unified “e-justice” management system and ensuring accessibility of electronic databases and updating thereof;
- Application of transitional justice toolkits to detect systemic human rights violations through fact-finding activities;
- Development of democratic institutions;
- Ensuring the continuity of judicial reforms;
- Criminal justice reforms;
- Reforms of the civil code and civil procedure legislation;
- Reforms of administrative code and administrative procedure legislation;
- The bankruptcy sector reforms;
- The development of alternative dispute resolution methods;
- Reforms of the legal aid sector;
- Reforms of the compulsory enforcement system;
- Other strategic directions.

Furthermore, in the framework of the Eastern Partnership, Armenia is planning to implement several projects provided through different financial tools by the EU.

The above-mentioned Strategy envisages amendments to the Constitution that may address a number of shortcomings hampering the independence of the judiciary. The Strategy also provides for the introduction of transitional justice mechanisms that would serve as a toolkit to restore rights and achieve reconciliation over the major violations that occurred starting from 1991. The Strategy consists of the following "living documents" to be reviewed and adjusted as implementation advances: an Action Plan for the years of 2022-2026, which includes all the strategic directions deriving from the Strategy and provides indicators for these directions.

The Actions Plan has a substantial level of detail (targets, baselines, verification means, indicators, etc.), that hinder to some extent the overall implementation, however, the update of the Strategy and APs is a work in progress. The data collection mechanisms need to be further refined in order to provide an adequate level of data credibility. Under the Justice Strategy, a Monitoring Council was established to be chaired by the Prime Minister and comprised of 17 members (including 2 representatives from CSOs and 2 representatives from Universities) with the aim to efficiently implement and monitor the Strategy and APs. This council has, however, not been active. At the same time another monitoring body will be active - the Working Group, which consists only from representatives of CSOs acting in the relevant spheres.

The new **2022-2026 Strategy for Judicial and Legal Reform and its Action Plan**²⁷ adopted in July 2022 follow the logic of the former 2019-2023 Strategy in force with revised components that are adjusted taking into account the implementation progress shortcomings and a timeline that is made more viable. The 2022-2026 Strategy and Action Plan were made available on the public discussion website of legal acts e-draft.am and undergone wide public discussions with the legal community and relevant stakeholders and properly covered by the media during March-June 2022. The comments, observations and recommendations made by CSOs, stakeholders and EU TA experts were largely approved and incorporated in the 2022-2026 Strategy and Action Plan. The essential focus, among other things, is put on the introduction of integrity checks of sitting judges, prosecutors and investigators on a regular basis, capacity building of anti-corruption institutions such as Anti-Corruption Court, CPC, GPO specialised anti-corruption departments and Anti-corruption Committee and ADR development including the establishment of a new Arbitration Centre.

The **National Strategy and Action Plan on Anti-Corruption Reforms for 2019-2022** was adopted on 3 October 2019. It focuses on a broad scope of issues in the fight against corruption, including through proactive prevention and discouragement of corruption, effective disclosure, and prosecution of corruption-related crimes, as well as country-wide awareness-raising for changed public attitude and culture. The Strategy links with the justice sector reform through the creation of a Specialised Anti-Corruption Court, the Anti-Corruption Committee, and specialised prosecution bodies (Special Departments on Supervision over Legality of Pre-trial Proceedings in the Anti-Corruption Committee and Recovery of Assets of Illegal Origin in Prosecutor General Office). The Anti-Corruption Strategy for 2019-2022 was updated in August 2022. According to the mentioned amendments, monitoring and evaluation indicators have been refined, outcome and output indicators have been prescribed, the procedure for monitoring and evaluation has been improved, the templates for submitting minor and self-assessment evaluation forms for responsible bodies (implementing the strategy) have been approved. At the same time, currently, the draft of Anti-corruption strategy for the years 2023-2027 is being developed.

The Development Strategy for **Penitentiary and Probation Services** was adopted on 27 November 2019 and aims at improvements in sanitary, health and food conditions as well as enhanced possibilities for side activities and employment possibilities for inmates inter alia through closing at least two old prisons and building a new facility. At the same time, the Strategy envisages further strengthening of resocialisation programs including vocational trainings for beneficiaries of probation service.

²⁷ Draft Strategy on Judicial and Legal Reform and its Action Plan for 2022-2026, <https://www.e-draft.am/projects/4405/about>

The Government approved a new **Gender Strategy for the period 2019-2023** on 19 September 2019 based on comprehensive consultations. The Strategy has been welcomed by the civil society and international organisations as it identifies key gender policy priorities with a view to ensuring equal rights and opportunities for women and men and to implementing Armenia's commitments under international obligations.

The National Human Rights Strategy and Action Plan 2020-2022 was adopted by the Government in December 2019. The Strategy outlines strategic directions and specific activities for implementation of political, civil, social and economic rights enshrined in the Constitution and international instruments to which Armenia is a party. The CEPA is highlighted as an important reference in promoting corresponding reforms.

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

2.4.2. Macroeconomic Policy

The International Monetary Fund (IMF) finalised in December 2021 the Article IV annual consultation with Armenia. It also concluded the fourth and fifth review of Armenia's performance under its economic program Stand-By Arrangement approved by the IMF board in 2019, with a broadly positive assessment of performance across the different areas of macroeconomic and fiscal policies²⁸.

Armenia's economy grew with 5.2% in 2018 and 7.6% in 2019 but was hard hit by the COVID-19 pandemic in 2020 resulting in 7.4% decrease in real GDP. Projections for 2022 and beyond (issued before the war in Ukraine started) are positive with expected growth rates around 5%, however, the war in Ukraine may significantly impact the growth rates, the latest forecast quoting 7%²⁹. Unemployment also still remains high around 14,8%³⁰. Inflation has been low in recent years but surged in 2021 to 7.2% (average). This level is expected to gradually reduce to 4.5% in 2022 and 4.2% in 2023. The overall budget deficit increased from under 2% in 2019 and to around 5% in 2020 and in 2021, projected to decrease again to under 2% from 2023. Revenue collection has showed a positive trend with a setback in 2021 returning to a positive projection in 2022.

The current account is high with approximately 7% of GDP, but projections show decreasing deficits. In 2020 sharp reductions of both exports and imports were recorded. The import cover is between 4 and 5 months. IMF projects a falling trend for the import cover. The share of public debt to GDP increased as a consequence of the response to the crisis in 2020 to 63.5% but is projected to fall under 60% in 2023 with a falling trend.

The IMF assesses that the Government's 2021-2026 reform program provides a good framework for future prosperity and inclusion. It recommends development of an action plan to support robust and timely reform implementation. IMF complemented the Government for its commitment to medium-term debt sustainability and its anchoring in a growth friendly fiscal consolidation. It also commended the Government for the monetary response to the rising inflation. It stressed that Armenia's flexible exchange rate policy remains an important policy buffer against external shocks. The financial sector reforms and improved risk-based supervision framework will strengthen the financial sectors resilience and should make sure the sector can support recovery and long-term growth.

The post-period of hostilities in and around Nagorno-Karabakh as well as the September 2022 escalation continues to pose political and security risks. Russia's war against Ukraine has impacted Armenia to a lesser extent compared to other countries. Some economic growth has been observed which has been driven by temporary factors which could be easily reversed.

²⁸ See <https://www.imf.org/en/News/Articles/2021/12/17/pr21385-imf-executive-board-concludes-2021-article-iv-consultation-armenia>

²⁹ IMF country data

³⁰ Ministry of Finance data 1st quarter 2022

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

2.4.3. Public Financial Management

In PFM policy and reform implementation, overall good progress has been achieved against the reform agenda reflected in the PFM strategy and Action Plan 2019-2023, despite the fact that the global crisis arising from COVID-19 outbreak has had a significant negative impact on revenue prospects of Armenia. The focus has been on improving the transparency and competitiveness of public procurement processes and further enhancement of the capacities of the Audit Chamber.

The global crisis arising from the COVID-19 outbreak has had a significant negative impact on revenue prospects of Armenia. Nevertheless, tax administration remained in the focus of revenue authorities, with greater reliance on electronic tools and technologies for monitoring compliance. Moreover, the administration implemented numerous measures throughout the crisis, such as a tax on wealth and visible property as well as other measures (health system needs and relief measures for businesses and individuals at about 3.5% of GDP) included in the COVID-19 economic recovery package. As a result, the tax revenue has been steadily increasing, including in 2021, when it increased to 22.4% GDP up from 22% in 2019. In 2021, the rate stands even higher – at 26.4% as a result of the measures taken by RA to mitigate the shocks of 2020.

It is clearly understood by the authorities that maintaining internal fiscal space is important in the face of the rapidly deteriorating external environment, increased financing pressures and the relief package to mitigate the negative economic and social effects of the pandemic. As a result, positive changes have been recorded in 2021 as the country is recovering from the twin shocks from 2020.

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

2.4.4. Transparency and Oversight of the Budget

There have been notable improvements in budget transparency and oversight in the recent years due to a number of legislative and process changes, as well as improvements in the structure, content and presentation of budget documents. Following the shift to full-fledged programme budgeting implementation starting from the 2019 state budget, the approach has now been fully institutionalised in the Mid-Term Expenditure Framework (MTEF) / budget process. Financing requests from state agencies, the MTEF and the Budget are prepared on the basis of programme classifications with quantified performance measures provided for each budget allocation as required by the Budget System Law amended to this effect in December 2018. Furthermore, from the 2019 state budget onwards, budget execution reports are also prepared in PB format and contain information on the implementation of performance targets.

The simplified versions of the state budget and state budget execution reports are being prepared and published on the MoF website³¹. The MoF has been engaged in a dialogue with key CSOs³² active in PFM matters regarding the content and structure of simplified budget documentation, as well as ways to increase citizens' awareness and engagement in the budget process. Importantly, state agencies are now required to publish MTEF / budget bids on their official web sites and produce evidence of public consultations for new financing requests.

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

³¹ See https://minfin.am/en/page/state_budge/

³² Transparency International, Armenian Lawyers' Association, EDRC.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to: contribute to achieving international standards in the justice and anti-corruption sectors related to integrity and accountability, independence, quality, efficiency, and access of the institutions to secure adequate services to the population, including vulnerable groups.

Specific Objective (outcomes)

1. Governance mechanisms (integrity check for all, accountability mechanisms, independence) of the justice sector reached the European standards for the sector, including the judiciary, prosecution, and investigative bodies;
2. Criminal justice system is brought in line with European standards, including on gender issues;
3. The anti-corruption institutions, including the Corruption Prevention Commission, the General Prosecutor's Office (anti-corruption departments), the Anti-Corruption Committee and the Anti-Corruption Court meet international standards;
4. Stakeholders' awareness of the reforms is raised and public support for government's reforms is mobilised.

The Direct Outputs of this action are:

1. Improved financing of reform implementation through financial support in the form of budget support.
2. Improved financial management through support to the Medium-Term Expenditure Framework (MTEF) and program budget process, including through complementary technical assistance (TA) support;
3. Improved sector policies and coordination through the EU-Armenia justice dialogue and through complementary TA support, as well as including evidence-based policy making through improved sector statistics and Gender responsive policies via gender sensitive Human Resource Management and Gender sensitive Statistics;
4. Improved visibility and communication of the reform efforts through increased funding for communication and through complementary TA support;
5. Improved implementation of the Government's e-justice Strategy through completing an e-justice portal which will serve to harmonise and integrate existing sub-systems and introduce new sub-systems;
6. Arbitration centre established.

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

- 1.1 Constitutional and other legislative reforms³³ implemented to broaden and improve integrity checking mechanisms for all judges;
- 1.2 Legislative reforms³⁴ implemented to broaden and improve integrity checking mechanisms for all prosecutors;
- 1.3 Legislative reforms implemented to broaden and improve integrity checking mechanisms for all investigators;
- 1.4 Unified E-Justice system has been established to secure efficient case management, data collection, processing and filling;
- 1.5 Independent and impartial Arbitration Center established in accordance with international best practice;
- 1.6 Modern Human Resource Management policies conducted, reducing staff turnover, and securing gender sensitive approaches;

³³ Referring to Government Program 2021-2026.

³⁴ Ibid.

- 1.7 Effective gender-balanced policies and practices being developed in line with the recommendation of the Council of Europe to ensure women's increased number in promotion lists and representation in the judicial bodies (commissions);
- 2.1 Effective roll-out of criminal and criminal procedure codes, covering also gender sensitive approaches;
- 2.2 Improved capacity of probation service to meet the increased demands emerging from new Criminal and Criminal Procedure codes;
- 2.3 Criminal justice policy is more focused on rehabilitation and resocialisation and enhanced capacities and resources of the penitentiary service;
- 3.1 Corruption Prevention Commission's 'capacities and mandate strengthened;
- 3.2 General Prosecutor's Office (anti-corruption departments) capacities and mandate strengthened;
- 3.3 Anti-Corruption Committee's capacities and mandate strengthened;
- 3.4 Anti-Corruption court established and fully functioning;
- 4.1 Improved coordination among justice and Anti-corruption stakeholders and donors on sector reforms;
- 4.2 Effective public communication strategy on reform agenda and results developed and started to be implemented.

3.2. Indicative Activities

Activities related to Output 1.1

- Develop and implement Constitutional and other legal reforms to broaden and improve regular integrity checking for all judges;
- Conduct constitutional and institutional reforms to strengthen capacities (mandate, resources, staff, etc.) of the Corruption Prevention Commission to implement integrity checking effectively;
- Conduct constitutional and institutional reforms to strengthen capacities (mandate, resources, staff, etc.) of the Supreme Judicial Council to implement integrity checking effectively.

Activities related to Output 1.2:

- Conduct legal reforms to broaden and improve integrity checking for all prosecutors on a regular basis;
- Conduct institutional reforms to strengthen capacities (mandate, resources, staff, etc.) of the Corruption Prevention Commission and General Prosecutor's Office to implement effective integrity checking process;
- Conduct Constitutional and institutional reforms to strengthen the independence and self-governance of the General Prosecutor's Office in line with the Organisation for Economic Co-operation and Development (OECD) and the Group of States against Corruption (GRECO) standards.

Activities related to Output 1.3:

- Conduct Constitutional and other legal reforms to broaden and improve integrity checking for investigators on a regular basis;
- Conduct Constitutional and institutional reforms to strengthen capacities (mandate, resources, staff, etc.) of the Corruption Prevention Commission and investigation bodies to implement effective integrity checking process.

Activities related to Output 1.4:

- Unified E-Justice system established and functioning;
- E-court/case management system introduced and functioning for criminal, civil and administrative cases;
- E-filing system introduced and functioning.

Activities related to Output 1.5:

- Establishment of the Arbitration Centre in Armenia;
- Improvement of arbitration and mediation legislations to reach international best standard.

Activities related to Output 1.6:

- Conduct HR needs assessment (judges, prosecutors and auxiliary judicial staff) to promote implementation of Modern Human Resource Management policies reducing staff turnover, and securing gender sensitive approaches;
- Review of gender policies in the system, as well as design and implementation of gender sensitive approaches in all the institutions;
- Develop and implement legislative changes to ensure balanced gender representation in the promotion list of judges and in the composition of the commissions of the General Assembly of Judges.

Activities related to Output 1.7:

- Implementation of desk research to assess the policies and practices regarding promotion and representation in judicial bodies;
- Development of an action document based on the assessment and recommendations;
- Provision of capacity building training to the Supreme Judicial Council and other relevant stakeholders to raise gender sensitiveness and build their understanding of gender related policies.

Activities related to Output 1.8:

- Support the development of the legislation or procedural act ensuring transparency and integrity in the election of the non-judicial members of the Supreme Judicial Council in line with European standards.

Activities related to Output 2.1:

- Development and publication of manuals and commentaries of the new codes;
- Provide/organise capacity building trainings for judges, prosecutors, investigators, and advocates on a regular basis;
- Raising awareness on the regulations of the new codes for the public and legal community;
- Review gender sensitiveness of the new legislation and regulations, and secure gender sensitive approaches.

Activities related to Output 2.2:

- Revision of probation legislation to align with EU standards;
- Provision of necessary independence guarantees and resources to probation service, including equipment, staff etc.;
- Provide/organise trainings for probation service staff;
- Provision of trainings to the judges on the topic of decisions related to probation;
- Capacity building of probation service to tackle increased number of probationers.

Activities related to Output 2.3:

- Enhancing possibilities for side activities and employment possibilities for inmates for the implementation of new aims of punishment;
- Provision of necessary resources to prisons, including equipment, trainings etc.

Activities related to Output 3.1:

- Ensure adequate resource allocation to Corruption Prevention Commission, including staff and budget;
- Revision of Corruption Prevention Commission legislation to bring it in line with new demands and to strengthen its mandate.

Activities related to Output 3.2:

- Building capacities of the specialised anti-corruption prosecutors;
- Improving the independence and social guarantees for the specialised anti-corruption prosecutors.

Activities related to Output 3.3:

- Building capacities of the Anti-corruption committee investigators and staff.

Activities related to Output 3.4:

- Building capacities of the specialised anti-corruption judges.

Activities related to Output 4.1:

- Effective functioning of Coordination Councils and thematic working groups to enhance the dialogue between stakeholders and donors, and improve implementation efficiency.

Activities related to Output 4.2:

- Development of effective Communication Strategy and Action Plan on Justice and Anti-Corruption Strategies;
- Development of staff capacities to effectively implement action plans;
- Establish an inter-agency working group on communication to coordinate the actions of different institutions.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Strategic Environmental Assessment (SEA) screening:

The SEA screening concluded that no further action was required. This action relates to the legal sector and anti-corruption sector reforms. It includes constitutional and legal amendments and institutional changes and capacity building and can have no negative climate impacts. It may have some positive impacts on the environment and on climate changes as it will help to secure compliance with existing or new legislation related to climate and environmental issues.

Outcomes of the Environmental Impact Assessment (EIA) screening:

The EIA screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design). This action relates to the legal sector and anti-corruption sector reforms. It includes constitutional and legal amendments and institutional changes and capacity building and can have no negative environmental impacts. It may have some positive impacts on the environment as it will help to secure compliance with existing or new legislation related to climate and environmental issues. The program may eventually have substantial positive environmental impacts when e-filing and e-archive systems will start to operate on a major scale probably in 2025/2026. A quick survey shows that paper use in the court system is increasing and in 2021 paper purchases summed up to EUR 2 million for the courts. If assumed that lawyers keep a similar size of archives, and prosecution and investigation maybe half that amount together, paper use amounts to approx. EUR 5 million, a sizable amount. E-filing and e-archives can reduce this to a mere fraction, although depending on the actors in the sector and citizens, it may be a gradual process. There may be a minor increase in energy consumption due to large servers and backup facilities. On the other hand, all operators use computers, so the additional use of computers will probably be marginal. It is difficult to quantify positive impacts but it may also reduce costs of traditional mail correspondence, which is heavily used in the judiciary. As these impacts will only start to materialise around 2025/2026 or even later, at this stage no quantitative indicators can be used to measure outcomes or impacts, so in the log frame only a process indicator measuring progress in e-justice implementation is included.

Outcome of the Climate Risk Assessment (CRA) screening:

The CRA screening concluded that this action is no or low risk (no need for further assessment). This action relates to the legal sector and anti-corruption sector reforms. It includes constitutional and legal amendments and institutional changes and capacity building and can have no negative climate impacts. It may have some positive impacts on climate changes as it will help to secure compliance with existing or new legislation related to climate and environmental issues.

Gender equality and empowerment of women and girls

As per Organisation for Economic Co-operation and Development, Gender Development Assistance Committee codes identified in section 1.1, this action is labelled as a significant objective (G2). This implies that the action has significant objectives related to gender mainstreaming.

Gender equality is a core value for the European Union. Through the EU's Action Plan on Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III)³⁵, the EU has made strong commitments to accelerate progress on empowering women and girls and push for more and faster progress toward gender equality in the partner countries. In this context, through policy dialogue, technical assistance (TA) and budget support, indicators on gender balance in the judiciary and prosecution will be pursued and significantly improved. In the second instance, improved access to justice will, especially for vulnerable women, will have a very positive impact on gender equality and empowerment of women and girls.

Human Rights

Human rights are covered by a separate strategy, however, the improved rule of law situation induced by the current reforms are expected to contribute substantially to improvement of the human rights situation.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the action does not target disability directly, however, improved rule of law enhances the opportunities for disabled persons to obtain the support they have the right to, and it limits violence and illegal acts that can result in disability.

Democracy

The action does not directly target democratic development, however, the anti-corruption work along with reforms in justice and judicial sectors do contribute strongly to democracy development and strengthening the rule of law through strengthening judicial independence, enhancing professional integrity and accountability of justice sector professionals, and increasing the effectiveness of the overall justice and anti-corruption systems, etc.

Conflict sensitivity, peace and resilience

The action does not directly target conflict prevention and peace, however, the gradual development of a society governed by the rule of law has a strong contribution to peace in the society and resilience against internal conflicts.

Disaster Risk Reduction

N/A

Other considerations if relevant

The action also contributes to trade development through the improvement of the arbitration and mediation systems, and through improved bankruptcy legislation and electronic handling of bankruptcy cases (e-bankruptcy).

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures

³⁵ EU Gender Action Plan III: An ambitious agenda for gender equality and women's empowerment in EU external action, 2020, https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

1- External environment	Escalation of conflict between Armenia and Azerbaijan	Medium	High	Facilitation process put in place by the EU to work towards a peace agreement between Armenia and Azerbaijan.
	Disruption caused by the impact of the COVID-19 pandemic, affecting the pace of reforms.	High	Medium	Adoption of online working methodologies; Ensure safe working spaces for staff in the government institutions, in line with the World Health Organisation (WHO) guidelines on social distancing in the workplace.
	Weakening of the Government's commitment to reforms after snap elections in June 2021, affecting the political direction of the reform process.	Low	High	Facilitate on-going communication with political appointees to promote political results and benefits of justice and anti-corruption reforms. Facilitate consultations with senior civil servants and civil society leaders to promote a broad understanding of justice and anti-corruption reforms to encourage acceptance by administrative elites.
	Insufficient financial and human resources to sustain the reform efforts, impacting on the timeliness and quality of reforms.	Medium	High	Support national institutions involved in the reforms to specify required resources and have these budgeted accordingly, including financial plans. Support (internal and external) strategic communication on the reform strategies to build government and public support for it.
2- Planning, processes and systems	Limited planning capacity and long timeline of justice institutions to properly plan and budget their reforms and improve their service delivery.	High	High	Support planning and budgeting capacities in institutions; Maintain a dialogue with the Government and independent institutions over plans and priorities.
	Lack of institutional capacities and human resources within the Ministry of Justice and other institutions to regularly monitor, evaluate and develop implementation reports.	Medium	Medium	Create understanding in management in justice institutions about proper monitoring and reporting/communication of results; Build capacities of beneficiary institutions to regularly monitor, evaluate and develop implementation reports.
3- People and the organisations	Limited availability of the relevant staff and resources in the Justice institutions to implement the agreed reforms and improvement plans and lack of commitment of staff to reform efforts.	Medium	Medium	Secure that justice institutions develop institutional capacity development plans that secure the implementation of reforms through strategic allocation of staff resources to critical tasks; Apply a change management approach, enabling transparent communication with involved managers and staff, strengthening buy-in for institutional capacity development and building ownership over the reform process.
	Lack of capacity to actively coordinate institutions and donors	Medium	High	Ministerial/institutional leadership provides political support for inter-institutional coordination.

	involved in justice and anti-corruption fields.			Building the capacities of the Ministry of Justice and justice institutions for organising and coordinating reform efforts and donor support.
	High rotation of key staff in the Ministry and the judiciary institutions for this programme	High	Medium	Discuss with the leadership in the judiciary the need to provide the right incentives to attract and retain staff.
4-Legal and regulatory issues	Inability of the Government and Parliament to implement the Constitutional reforms required to underpin the implementation of the justice governance structures and regulations.	Low	High	Secure improved communication with the public and justice stakeholders of the importance of the required justice governance reforms. Secure improvement of accountability and independence of the justice institutions and their performance.
5-Communication and Information	Resistance between staff and managers in selected institutions towards increasing transparency.	Medium	Medium	Apply a change management approach, enabling transparent communication with involved managers and staff, strengthening buy-in for strategic communication and consultative approaches with the public and other relevant stakeholders (this will reduce internal resistance and opposition to these initiatives).
	Lack of communication and public outreach capacities of the beneficiary institutions that can threaten effective implementation of the communication strategy.	Medium	Medium	Organise and conduct capacity building activities for beneficiary institutions to enhance their capacities on communication and public outreach.
	Lack of interest in the Government and independent institutions to cooperate closely with Civil Society Organisations (CSOs) in dialogue platforms.	Medium	Medium	Emphasise the need with government stakeholders that an inclusive and participatory approach towards CSOs in monitoring the implementation and impact of the reforms is key to facilitate 'buy-in' and consolidate broad public support for the reform efforts.

External Assumptions

1. The Government maintains the necessary political will to undertake the reforms in the justice and anti-corruption sectors.
2. The Government and Parliament will manage the successful implementation of the Constitutional reforms required to underpin the implementation of justice integrity, governance structures and regulations.
3. The ceasefire and peace talks on the Nagorno-Karabakh conflict will be sustainable

4. The Government of Armenia will allocate adequate financial and human resources to sustain the justice and anti-corruption reform efforts with better sequencing and prioritisation, without impacting the timeliness and quality of reforms.
5. Limited planning, evaluation and monitoring capacities in stakeholder institutions are improved to promote further implementation of reforms in Armenia.
6. The Judiciary, the Ministry of Justice and civil society will be cooperative, and will have aligned goals for reaching higher degrees of independence and accountability of the judiciary, increasing the efficiency and implementing e-justice solutions;
7. The Judiciary, the prosecution and the investigative bodies will be willing to implement the necessary justice reforms overcoming obstacles, aimed at increasing professional integrity and independence.
8. The alternative dispute resolution related legislation will be revised and new mechanisms will be successfully introduced aimed at decreasing the workload of judges and speeding up the dispute resolution time.

3.5. Intervention Logic

The underlying intervention logic for this action is to produce direct outputs related to improved sector policies and coordination, improved sector management practices, improved communication and set a solid basis for effective rule of law in Armenia. It will be delivered through inputs of financial support, sector reform performance contract and policy dialogue. Developmental risks of government effectiveness are mitigated under the inputs of the contract such as regular monitoring of reform implementation, policy dialogue at technical and political levels, and financial and technical inputs.

This action through the policy dialogue and budget support performance indicators is focused on constitutional and legal reforms aiming at integrity checks of all, including sitting judges, prosecutors and investigators on a regular basis. Along with other anti-corruption measures for the justice system, it is assumed that this will eventually result in a justice system free of corruption with strong professional integrity. The intervention will also focus on court efficiency through the introduction of an e-justice system and alternative dispute resolution mechanisms, eventually resulting in the reduction of backlog both in prosecution and courts. The latter will contribute to increased access to justice, including for the most vulnerable groups. There will also be policy dialogue and indicators related to the smooth rollout of the new, more human-oriented and preventive criminal justice legislation.

Moreover, the action will work on improving strategic communication that will secure increased transparency, accountability and eventually improved public perception of the justice institutions. Gender mainstreaming and an increased percentage of women judges and prosecutors will be pursued as well through complementary support, policy dialogue and budget support indicators. Finally, the initiation of work on e-justice will eventually result in environmental improvements through substantially reduced paper use, which is a persisting issue in the justice system of Armenia.

All of the above are expected to contribute to boosting the country's development, environmental stability, promoting gender equality and implementing the Government's overall efforts in Justice and Anti-Corruption reforms through reducing corruption, securing integrity and accountability, independence, quality and efficiency of the justice sector, enhancing access to the justice institutions, strengthening public trust in the system and contributing to the overall stability of the country.

3.6. Indicative Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (value and year – 2021 if not otherwise indicated)	Targets by the end of the budget support contract (value and year – 2023 if not otherwise indicated)	Sources of data (1 per indicator)
Indicative Impact of the policy	The Overall Objective (Impact) of this action is to: contribute to achieving international standards in the justice and anti-corruption sectors related to integrity and accountability, independence, quality, efficiency, and access of the institutions to secure adequate services to the population, including vulnerable groups.	Corruption Perception Index score (Transparency International)	The score for 2021 – 49 (out of 100, where 100 is the highest score). With this score, Armenia ranks 58 among 180 countries. Score change since 2020- 0 points.	At least 3-point progress against corruption for 2023.	Transparency International Corruption Perception Index score / GRECO assessment
Expected Outcomes of the policy	Specific Objective (outcomes) 1. Governance Mechanisms (integrity check for all, accountability mechanisms, independence) of the justice sector reached the European standards for the sector, including the judiciary, prosecution, and investigative bodies;	1. Governance structures of the targeted institutions comply with international standards, also allowing integrity checking of sitting judges, prosecutors and investigators 1.2. % of clearance rate and disposition time in the court system 1.3. The ratio of women included in the promotion list of judges. 1.4. The ratio of women represented in the Supreme Judicial Council	1. Governance structures in the sector are not up to (compliant) European standards; 2022 1.2. 63.188 cases or 30.1% of the total number of unsettled cases transferred to 2022 (backlog) 1.3 43% (6 women candidate judges out of 14 in the promotion list of judges) ³⁶ 1.4. Out of 10 members, there is only one woman member of the Supreme Judicial Council	1. Compliant; end 2024 1.2. Target: 20% decrease in the number of unsettled cases transferred to 2024 (backlog) % 1.3. Target: ~ 50% 1.4 Target: 30 %	1. Positive Venice Commission opinions 1.2. Court statistics (CEPEJ data) 1.3. Court statistics (SJC/Judicial Department data) / CoE CEPEJ Dashboard data 1.4. Court statistics (CEPEJ data)
	2. Criminal justice system is brought in line with European standards, including on gender issues;	% of positive evaluation by an expert group with international/COE participation focusing on the correct implementation of the criminal law and codes of criminal procedures, capacities of probation service and	Implementation of the new codes of criminal procedures just started	75% achievement of objectives	Evaluation mission by end 2023

³⁶ Official website of the Judiciary, <https://court.am/storage/uploads/files/vacant-judges-files/cKG5AJ3LNKGnKQyYCR1GF301ZCVTNgBM8VSDya8W.p>

		investigative bodies, as well as other measures to bring criminal justice sector in line with the European standards			
	3. The anti-corruption institutions, including the Corruption Prevention Commission, the General Prosecutor's Office (anti-corruption departments), the Anti-Corruption Committee and the Anti-Corruption Court meet international standards.	% of positive evaluation by an expert group with international/COE participation of compliance with international standards	Capacities of CPC and GPOs specialised departments still being developed. Anti-Corruption Court just now being established.	75% achievement of objectives	Evaluation mission by end 2023
	4. Stakeholders' awareness of the reforms is raised and public support for government's reforms is mobilised.	Public perception of the functioning of justice institutions (perception of efficiency, quality, independence, accessibility)	IRI survey shows only approx. 35% respondents satisfied or partly satisfied with justice institutions Specific stakeholder (CSOs, Lawyers) survey to be implemented as baseline.	Improved indicators by 10 % within lifetime of the programme	IRI surveys Standalone surveys between key stakeholders at the beginning and at the end of the programme – Preferably: WB Regional Justice Survey country report
Induced Outputs contributing to Outcome 1 (or Specific Objective 1):	<p>Output 1.1: Constitutional and other legislative reforms³⁷ implemented to broaden and improve regular integrity checking mechanisms for all judges</p> <p>Output 1.2: Legislative reforms³⁸ implemented to broaden and improve integrity checking mechanisms for all prosecutors</p> <p>Output 1.3: Legislative reforms implemented to broaden and improve</p>	<p>1.1.1 Relevant legal and institutional changes presented to Constitutional Committee for consideration (process indicator), in line with European standards</p> <p>1.1.2 Appropriate measures taken after integrity checks</p> <p>1.2. Percentage of sitting prosecutors who have undergone integrity check during a year in line with European standards</p>	No integrity checking of sitting judges, prosecutors and investigators	<p>1.1.1 MOJ and independent justice institutions present a consolidated proposal for constitutional and legal changes to secure integrity checking, asset checks and quality control of all judges, including sitting judges, in line with European standards</p> <p>1.1.2 Appropriate measure is taken upon results of all integrity checks</p> <p>1.2. Target: 10%</p> <p>1.3. Target: 10%</p>	<p>1.1. MOJ, CPC, SJC and Venice Commission assessment+ GRECO interim report</p> <p>1.2. CPC and CoE peer review assessment+ GRECO interim report</p> <p>1.3. CPC and CoE peer review</p>

³⁷ Referring to Government Program 2021-2026

³⁸ Referring to Government Program 2021-2026

	<p>integrity checking mechanisms for all investigators</p> <p>Output 1.4: Unified E-Justice system has been established to secure efficient case management, data collection and processing and filling</p> <p>Output 1.5: Independent and impartial Arbitration Center established in accordance with international best practices</p> <p>Output 1.6: Modern Human Resource Management policies conducted, reducing staff turnover, and securing gender sensitive approaches;</p> <p>Output 1.7: Effective gender-balanced policies and practices being developed in line with the recommendation of the Council of Europe to ensure women's increased number in promotion lists and representation in the judicial bodies (commissions).</p> <p>Output 1.8: Transparency and integrity ensured in the election process of all members of the SJC, in line with European standards</p>	<p>1.3. Percentage of investigators who have undergone integrity check during a year in line with European standards</p> <p>1.4 Relevant modules are established of the E-Justice portal established facilitating integrated e-justice system</p> <p>1.5 Independent Arbitration centre operational.</p> <p>1.6 HR needs assessment conducted (judges, prosecutors and auxiliary judicial staff)</p> <p>1.7 The ratio of women included in the promotion list of judges.</p> <p>1.8 Legislative or procedural act adopted to ensure transparency and integrity in the election of the non-judicial members of the Supreme Judicial Council, in line with European standards.</p>	<p>1.4 No integration mechanism exists</p> <p>1.5 Arbitration institution does not meet the criteria of independence</p> <p>1.6 No needs assessment, needs not met</p> <p>1.7 43% (6 women candidate judges out of 14 in the promotion list of judges)</p> <p>1.8 No legislative or procedural act adopted</p>	<p>1.4 Portal established and operational</p> <p>1.5 The Statute of the Arbitration Center prescribes strong guarantees for its independence and impartiality;</p> <p>1.6 Need assessment completed</p> <p>1.7 Target: 50%</p> <p>1.8 National Assembly elects non-judicial members of the SJC in procedure that ensures transparency and integrity, in line with European standards.</p>	<p>assessment+ GRECO interim report</p> <p>1.4 Ministry of Justice (MoJ) reporting on E-justice program progress and positive external peer review (CEPEJ)</p> <p>1.5 Arbitration centre report.</p> <p>1.6 CEPEJ data</p> <p>1.7 SJC Data</p> <p>1.8 Venice Commission opinion / CoE assessment.</p>
<p>contributing to Outcome 2 (or Specific Objective 2):</p>	<p>Output 2.1: Effective roll-out of criminal and criminal procedure codes, covering also gender sensitive approaches</p> <p>Output 2.2: Improved capacity of probation service to meet the increased demands emerging from</p>	<p>2.1 % of relevant judges, prosecutors, investigators and advocates who have adequate capacities to implement the new legislation</p> <p>2.2 Ratio of number of staff to number of probationers</p>	<p>2.1 No targeted trainings implemented</p> <p>2.2 Ratio of probationers (3908) to number of probation staffers (107) is 36.5 (2021)</p>	<p>2.1. 80% of all relevant justice stakeholders are trained</p> <p>2.2. 20% improvement;</p>	<p>2.1 Academy for Justice, positive external peer review</p> <p>2.2 MoJ (Probation Service stats and admin data)</p>

	<p>new Criminal and Criminal Procedure codes.</p> <p>Output 2.3: Criminal justice policy is more focused on rehabilitation and resocialisation and enhanced capacities and resources of the penitentiary service.</p>	<p>2.3 Increase of cases where measures alternative to incarceration are applied by the first instance criminal courts.</p>	<p>2.3 Limited use of alternative sentences</p>	<p>2.3 Target: 10% increase</p>	<p>2.3 MOJ/SJC</p>
<p>contributing to Outcome 3 (or Specific Objective 3):</p>	<p>Output 3.1: CPC's capacities and mandate strengthened</p> <p>Output 3.2: GPO (anti-corruption departments) capacities and mandate strengthened</p> <p>Output 3.3: Anti-Corruption Committee's capacities and mandate strengthened</p> <p>Output 3.4: Anti-Corruption court established and fully functioning</p>	<p>3.1 CPC integrity checking: Number of integrity checks performed by the CPC</p> <p>3.2 GPO anti-corruption departments: Number of cases prosecuted/processed in line with standards/procedures ensuring quality and impartiality of decision</p> <p>3.3 Number of cases investigated (submitted to the GPO) and accepted by the court for examination</p> <p>3.4 ACC: Number of cases heard by the Court/ admitted to the court for adjudication</p>	<p>3.1 Integrity checking is applied only for the promotions and judges' and prosecutors' candidates</p> <p>3.2 798 criminal cases are initiated (2021) by the Department of Supervision over Legality of Pre-trial Proceedings in the RA Anti-Corruption Committee and (GPO Annual Report to National Assembly, p 154³⁹) 55 criminal cases were processed by Department for Recovery of Assets of Illegal Origin (GPO Annual Report to National Assembly, p 235)</p> <p>3.3 340 cases initiated/investigated, 12 cases were accepted by the court for examination</p> <p>3.4 ACC to be established</p>	<p>3.1 Target: 10% increase</p> <p>3.2 5% increase</p> <p>3.3 10%</p> <p>3.4 at least 13 cases</p>	<p>3.1 CPC data + GRECO interim report</p> <p>3.2. GPO report</p> <p>3.3 SJC (Judicial Department) and Anticorruption Committee Report</p> <p>3.4 SJC (Judicial Department) stats</p>
<p>contributing to Outcome 4 (or Specific Objective 4):</p>	<p>Output 4.1: Improved coordination among justice and AC stakeholders and donors on sector reforms</p> <p>Output 4.2: Effective public communication strategy on reform agenda and results developed and started to be implemented</p>	<p>4.1 % of agreed donor and sector coordination meetings take place</p> <p>4.2 Number of key institutions which have comprehensive coms strategies being implemented</p>	<p>4.1 Meeting frequency very irregular except for anti-corruption working group</p> <p>4.2 Target: 0</p>	<p>4.1 80% of all meetings take place</p> <p>4.2 Target: 4</p>	<p>4.1 MOJ admin data</p> <p>4.2 Data from TA projects.</p>

³⁹ GPO Annual Report to National Assembly, <https://www.prosecutor.am/myfiles/files/decrees/Haxordum%20AJ%202021.pdf>

Direct Outputs	1. Improved financing of reform implementation through financial support in the form of budget support	% of variable tranche disbursed	85% (2021)	Target: 90%	EUD records
	2. Improved financial management through support to the MTEF and program budget process, including through complementary TA support				
	3. Improved sector policies and coordination through the EU-Armenia justice dialogue and through complementary TA support	Number of EU-Armenia justice forum meetings held yearly	1 (2019)	Target: 4	EUD/MOJ records
	4. Improved visibility and communication of the reform efforts through increased funding for communication and through complementary TA support				
	5. Improved implementation of the government's e-justice strategy through completing an e-justice portal which will serve to harmonise and integrate existing sub systems and as a platform for introducing new sub systems.	5. Implementation of the government's e-justice strategy through completing an e-justice portal			
	6. Arbitration centre established	Number of cases/disputes filed to the Arbitration Centre for adjudication	0	at least 5 cases/disputes	Arbitration Centre reporting / CoE CEPEJ Dashboard data

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

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

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 9 000 000, and for complementary support is EUR 2 000 000. The amount is based on the already existing support to the sector, both project and budget support, as well as on the implementation track record of the justice reforms and implementation capacity. This amount is also based on the 2023-25 Medium-Term Expenditure Framework (MTEF) of Armenia with a projection to 2026 covering the reform period, plus on calculation of specific reform related expenditures not covered by the MTEF at this stage.

The proposed program and amounts build on the positive experience and cooperation with the sitting government on justice reform and justice dialogue, as well as the effective implementation of the budget support programme and its high rates of compliance with conditionalities for the variable tranche in 2021.

The sector 2021 budget and MTEF for the period 2022 to 2024 is as follows⁴⁰⁴¹:

Policy/sector	2021 allocations	2021 Jan-Sep* outturns	2021 Estimated @ 1.33**	2022-24 MTEF allocations		
				2022	2023	2024
Amount, €						
MOJ, of which	31,236.3	20,590.8	27,385.7	30099.44251	40,032.3	53,242.9
<i>MOJ policy-making</i>	3,320.2	2,126.4	2,828.2	3288.287352	3321.501262	3,228.1
<i>Penitentiary</i>	21,852.4	13,955.5	18,560.8	21,767.9	23,334.4	23,397.7
<i>Probation</i>	977.0	620.4	825.1	0.0	0.0	0.0
<i>Bailiffs</i>	4,317.2	3,349.9	4,455.3	4,273.8	4,309.2	4,345.1
<i>Legal Aid</i>	769.4	538.6	716.3	769.4	769.4	769.4
<i>Anti-Corruption policy-making</i>	3,685.9	28.6	38.1	0.0	0.0	0.0
SJC	22,420.0	14,493.7	19,276.6	22,419.9	22,618.2	22,827.3
GPO	11,326.0	7,284.6	9,688.5	11,521.1	11,619.8	11,553.8
CPC	429.9	219.9	292.5	587.1	592.7	598.3
TOTAL, Justice and Anti-Corruption	65,412.3	42,589.0	56,643.3	75,335.6	100,196.4	133,261.2
TOTAL BUDGET EXPENDITURES	3,411,064.2	2,486,240.9	3,306,700.4	3,687,567.9	3,935,526.4	4,260,973.6
* 2021 Annual Budget Report will be released by May, 2022 once officially sent to the Parliament. As of now, Jan-Sep report is available.						
** Estimated 2021 Annual Expenditures with the assumption that expenditures are equally distributed in all quarters. Thus, the estimate in this column is calculated as Jan-Sep actual expenditures multiplied by a coefficient of 1.33.						

The strategy budget is shown in the table below. The financial gap for 2023 is in the range of EUR 23 million, which compare positively to a contribution in EU Budget Support of approx. EUR 11 million.

⁴⁰ Approved by the Government of Armenia by Decree N1171-N, dated 12 July 2021. Available at:

https://www.minfin.am/hy/page/petakan_mijnazhamket_tsakhseri_tsragre/

⁴¹ A budget in addition to above of approx. 2.4 million Dram yearly has been allocated in the new budget draft 2023 to 25 for the Anti-Corruption Committee (independent investigative body).

	Summary of Cost Estimates per Expenditure Categories/Types, EUR million					
	2022	2023	2024	2025	2026	TOTAL
Constitutional Reforms and Legislative Amendments	310.7	755.6	724.3	411.0	388.9	2,590.4
Investments to increase or improve service provision	1,727.8	9,141.0	1,455.9	1,640.2	3,391.0	17,355.9
Salary increases	1,497.4	2,873.2	2,873.2	2,873.2	2,873.2	12,990.0
IT systems, platforms etc.	692.6	6,782.0	1,234.8	1,382.2	921.5	11,013.1
Trainings	10.9	102.1	120.9	0.0	0.0	233.9
TOTAL	4,239.3	19,653.9	6,409.0	6,306.6	7,574.5	44,183.3

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions.

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

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

b) The performance indicators for disbursement that may be used for variable tranches may focus on the following policy priorities:

- Anti-corruption measures in justice institutions including integrity checking of sitting prosecutors and investigators;
- Development of alternative dispute resolution (ADR) mechanisms;
- Implementation of the new criminal code and increased use of alternatives to imprisonment as punishment;
- Improved communication and dialogue capacities in the justice institutions with civil society and the general population.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action.

c) Modifications.

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

In exceptional and/or duly justified cases, for instance, where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the

following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

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

4.3.3. Budget Support Details

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

4.4. Implementation Modalities for complementary support to a Budget Support

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 measures⁴².

4.4.1. Direct Management (Procurement)

The procurement will contribute to the 4 specific objectives of this Action as listed in section 3.1.

4.5. Scope of geographical eligibility for procurement and grants

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

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

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support - cf. section 4.3	9 000 000
Procurement – total envelope under section 4.4.1	1 800 000
Evaluation – cf. section 5.2	150 000
Audit – cf. section 5.3	50 000
Contingencies	N/A
Totals	11 000 000

⁴² 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.

4.7. Organisational Set-up and Responsibilities

The implementation of the Justice Reform Strategy and the component in the Anti-Corruption Strategy supported by this action will be overseen and coordinated by the MOJ. The relevant action plans of the Justice strategy and the Anti-Corruption strategy indicate for each activity which institution will be responsible for implementation.

Oversight of the overall programme will be entrusted to a Steering Committee chaired by the Minister of Justice of the Republic of Armenia and co-chaired by the EU Delegation. Among others, the Steering Committee may include the Deputy Prime Minister's office, the Ministry of Finance, representatives of all key sector institutions involved in the implementation of this programme (Supreme Judicial Council, Justice Academy, etc.) and representatives of relevant non-state actors (Public Council under the Ministry of Justice). This set up will ensure a structured policy and technical dialogue and close coordination among all stakeholders during implementation.

The Committee will meet at least once a year to review the progress made and decide on any proposed modification to the programme.

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

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

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

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

Roles and responsibilities for data collection, analysis and monitoring:

Apart of the action plans, which contain annual milestones for reform program implementation, a number of performance indicators derived from the policy's priorities with relevant outcome indicators will be established for the government and partners to follow the outcomes and impact of the reforms.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: to secure close monitoring of implementation, especially of progress against tranche performance targets, a technical working group (WG) will be established. This WG will meet semi-annually, be chaired by the MOJ and have participants by the relevant sector institutions, civil society representatives and the EU. The TA team contracted by the EU will support the work of this WG. WG members will be responsible for briefing WG members of reform progress within their field and for reporting progress against budget support tranche targets.

The statistical data collection will be coordinated by the MOJ, while the relevant institutions will be responsible for data collection. With the development of the e-justice system, statistical data capacities are planned to substantially improve. TA will be provided to align sector statistics according to CEPEJ recommendations.

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

5.2. Evaluation

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

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

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

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

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

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

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

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

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

For budget support, efforts will be made to coordinate these communication and visibility activities with the Government of Armenia's communication on justice and anti-corruption reform strategies aiming to raise stakeholder's awareness and mobilise public support. Strengthening the capacities of Armenian institutions to communicate on these reforms will be a primary consideration in this context.