



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

Final Report
Volume II – Annexes 1-8

March 2020

Evaluation carried out on behalf of the European Commission

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Annex 1: Evaluation Matrix Summary

Figure 1: Evaluation Matrix

Evaluation Questions				
Code	Short title	Full question	Primary and Secondary DAC/EU Evaluation Criteria	No. of related indicators
EQ1	Relevance	Are the objectives and interventions of the EU assistance still consistent with the EU priorities as set out in the EU external action policy framework?	<ul style="list-style-type: none"> • Relevance • Impact • Sustainability • EU Added value 	
Judgement criteria				
1.1	The overall objectives and result areas of the EU financial assistance are aligned with EU policy and strategic objectives.			4
1.2	The overall objectives and result areas of the EU support strategy are supportive of national policy and development objectives and priorities of the Government of Armenia, reflecting the needs of the population.			3
1.3	The EU support strategy responded flexibly to changes in both broader ENP objectives (e.g. CEPA), and circumstances and priorities within the country.			3
1.4	EU actual programme implementation 2010-2017 is in line with EU strategy and policy, as it evolved over time			3
1.5	The EU policy/political dialogue and the EU financial assistance components of the EU-Armenia cooperation are consistent, timely, complementary and mutually reinforcing.			3
EQ2	Coherence, complementarity, and coordination	To what extent is there coherence and complementarity with other EU policies and interventions of other donors, especially of EU Member States?	<ul style="list-style-type: none"> • Coherence • Relevance • Efficiency • Effectiveness 	
Judgement criteria				
2.1	The EU-Armenia cooperation is well coordinated, coherent and complementary to the strategies and programmes of the EU Member States and of the European Financial Institutions.			3

2.2	Mechanisms exist which provide adequate forum for planning and coordinating EU and other development assistance, led by the Government of Armenia.		3
2.3	EU member states present in Armenia align their assistance in close reference to EU policies and strategies, as well as GoA national strategies.		3
EQ3	EU Value Added	What is the added value of an EU level intervention compared to interventions by other donors, and to what extent is the EU visible in the country?	<ul style="list-style-type: none"> • EU Value Added • Relevance
Judgement criteria			
3.1	The EU policy/political dialogue and the EU financial assistance components of the EU-Armenia cooperation are consistent, timely, complementary and mutually reinforcing.		3
3.2	The GoA positively assesses the role of the EU in Armenia in supporting its national development agenda.		3
3.3	EU Member States representatives positively assess the role of the EU in supporting and adding value to the contributions of member states.		3
3.4	Armenian public has an increasingly positive view of the role of the EU in the country.		3
EQ4	Modalities and Instruments	To what extent was the mix of aid modalities and instruments used by the EU relevant, effective and efficient in the Armenian context?	<ul style="list-style-type: none"> • Efficiency • Effectiveness • Impact • EU Added Value
Judgement criteria			
4.1	The mix of aid modalities was appropriate for the overall attainment of the EU's strategic goals		3
4.2	Budget support programmes were relevant, effective and efficient, and modality was most appropriate for the given objectives.		4
4.3	Twinning programmes were relevant, effective and efficient, and modality was most appropriate for the given objectives and prevailing conditions.		4
4.4	Grant schemes were relevant, effective and efficient, and modality was most appropriate for the given objectives and prevailing conditions.		3
4.5	Service contracts were relevant, effective and efficient, and modality was most appropriate for the given objectives and prevailing conditions.		3

4.6	Components of regional projects implemented in Armenia demonstrated alignment with the national level strategies and programming.	3
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EQ5	Gender	To what extent do policy dialogue, programming and implementation of EU assistance take into account gender issues? Is there adequate recognition of the specific gender issues faced in Armenia, and are these consistently addressed across all areas of EU support?	<ul style="list-style-type: none"> • Relevance • Impact • Cross-cutting – gender 	
Judgement criteria				
5.1	Robust gender evidence is used to inform policy dialogue, programming and implementation of EU assistance in Armenia.			3
5.2	Gender was mainstreamed in all stages of project cycle (formulation, management, monitoring).			3
5.3	Gender specific activities conducted under the EU support (i.e. aiming at enhancing equality between men and women, support to institutions and organisations working for gender equality and women’s empowerment) have contributed to demonstrable/tangible improvements for that particular gender.			7*
EQ6	Democratic institutions, rule of law and reform of the judiciary	To what extent, and how, has the EU assistance to Armenia contributed to strengthening democratic institutions, rule of law and reform of the judiciary?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
6.1	There has been a positive change in functioning of key democratic institutions and procedures, including Judiciary and elections.			7*
6.2	The priorities of the EU programmes meet issues identified in non-EU analyses of the judicial system.			3
6.3	Sample EU programmes have identifiable results which can show a clear link to overall change in the judicial system.			2
6.4	Achieved changes in the judicial system resulting from EU interventions remain in place and are likely to remain over the coming years.			1
6.5	Selected sample interventions delivered institutional change in proportion to their cost, and were delivered on time.			1
6.6	Selected sample projects delivered institutional change according to the agreed plans.			3

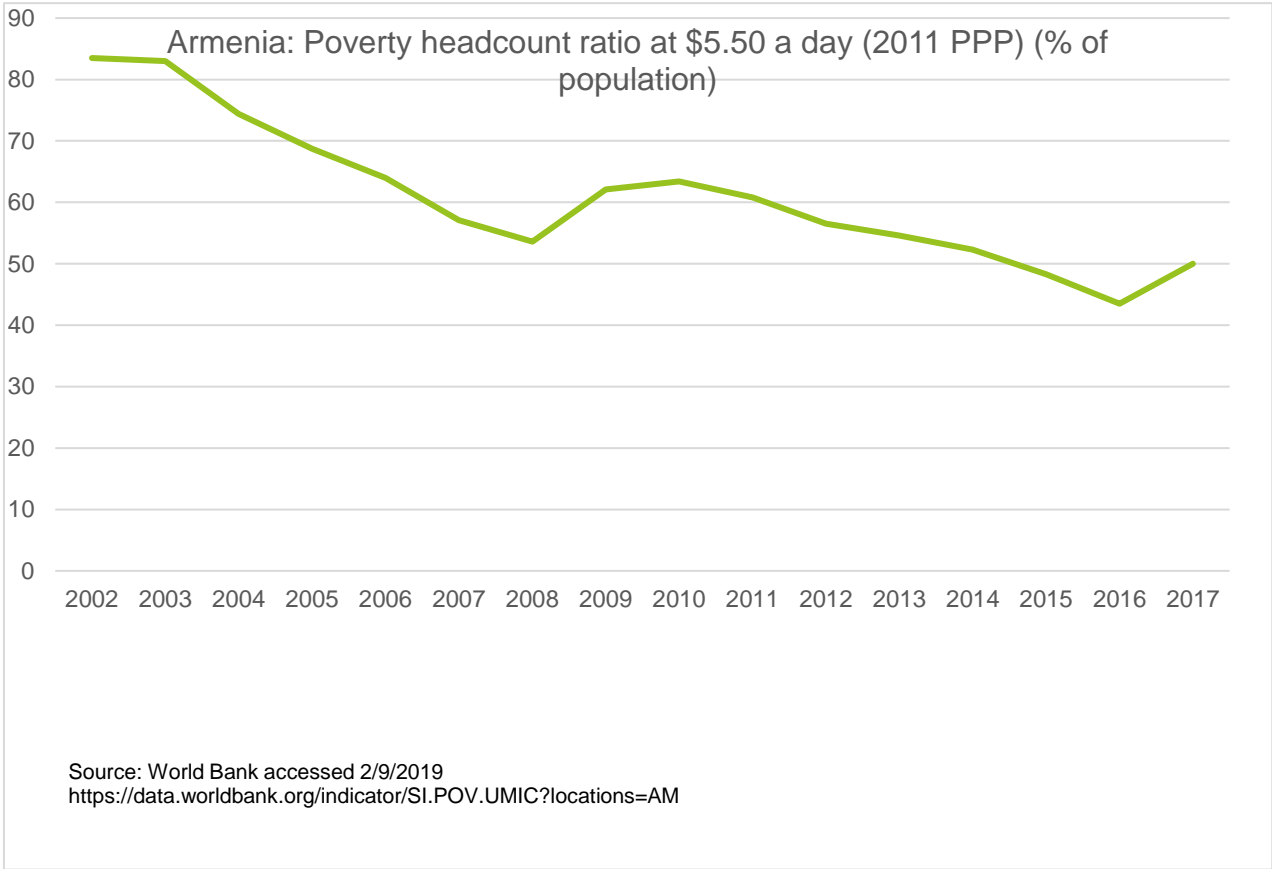
EQ7	Public Administration Reform inc. PFM	To what extent, and how, has the EU assistance to Armenia contributed to improving transparency, accountability and efficiency of the public administration and PFM at central, regional and local levels?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
7.1	There has been a positive change in the functioning of overall government performance, including within Public Finance Management (including budget transparency and oversight) (Good Governance).			4*
7.2	The key changes in the PAR and PFM systems since 2010 are clearly identifiable and there is broad consensus on what these are.			3
7.3	The priorities of the sample programmes meet issues identified in analyses of the public administration and public financial management.			3
7.4	EU-supported interventions contributed to relevant and sustainable changes in the systems of public administration and PFM.			3
7.5	Changes in the public administration/PFM systems resulting from EU interventions are likely to remain over the coming years.			3
7.6	Selected sample interventions delivered institutional change in a timely and cost-effective manner.			3
7.7	Selected sample projects delivered institutional change according to the agreed plans.			3
EQ8	Human rights and civil society	To what extent, and how, has the EU assistance to Armenia contributed to enhancing the protection of Human rights and fundamental freedoms, and civil society development?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
8.1	The priorities of the sample programmes were intended to address challenges and issues identified in independent (i.e. non-EU) analyses of human rights and civil society.			3
8.2	EU-supported interventions contributed to relevant and sustainable changes in the civil society and human rights sectors/spheres.			3*
8.3	Changes in the civil society and human rights sectors resulting from the sample EU interventions are likely to remain over the coming years.			3
8.4	Selected sample interventions delivered institutional change in a timely and cost-effective manner.			3
8.5	Selected sample projects delivered sectoral change according to the agreed plans.			3

EQ9	Trade and Economic Development	To what extent, and how, has the EU assistance to Armenia contributed to promoting key economic reforms, trade, and economic development?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
9.1	There is an overall positive trend in the situation regarding trade and competitiveness since 2010.			8*
9.2	The key changes in the trade and economic development since 2010 are clearly identifiable and there is broad consensus on what these are.			2
9.3	There is alignment between EU interventions and the actual needs of the Armenian economy.			3
9.4	EU-supported interventions contributed to relevant and sustainable changes in trade and economic development.			3
9.5	Achieved changes in the trade and economic development sectors resulting from the sample EU interventions remain in place and are likely to remain over the coming years.			3
9.6	Selected sample interventions delivered sectoral change in proportion to their cost, and were delivered on time.			3
9.7	Selected sample projects delivered sectoral change according to the agreed objectives.			3
EQ10	Connectivity	To what extent and how has EU assistance to Armenia contributed to improving infrastructure, energy and the environment?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
10.1	Overall (i.e. not just EU) investments have resulted in actual improvements in infrastructure, energy and environment since 2010.			12*
10.2	Extent to which EU interventions aligned with the actual needs of the Armenian economy.			3
10.3	EU-supported interventions contributed to relevant and sustainable changes in energy, environmental and transport infrastructure.			5*
10.4	Sample infrastructure projects achieve return on investment and/or have sufficient income streams to continue operation and adequate maintenance.			2
10.5	Cost of sample projects is in line with industry norms and projects were delivered on time and on budget.			3
10.6	The sample projects were completed and delivered results according to planned objectives.			3

EQ11	People to people	To what extent, and how, has EU assistance to Armenia contributed to achieving objectives in the areas of orderly migration and education?	<ul style="list-style-type: none"> • Effectiveness • Impact • Sustainability 	
Judgement criteria				
11.1	Extent to which EU interventions (planned and achieved) align with the actual needs of the situation in Armenia.			4*
11.2	Extent to which sample EU projects achieved their planned goals.			3
11.3	Extent to which sample projects achieved sustainable institutional change/improvement.			4
11.4	Selected sample interventions delivered institutional change in a timely and cost-effective manner.			4

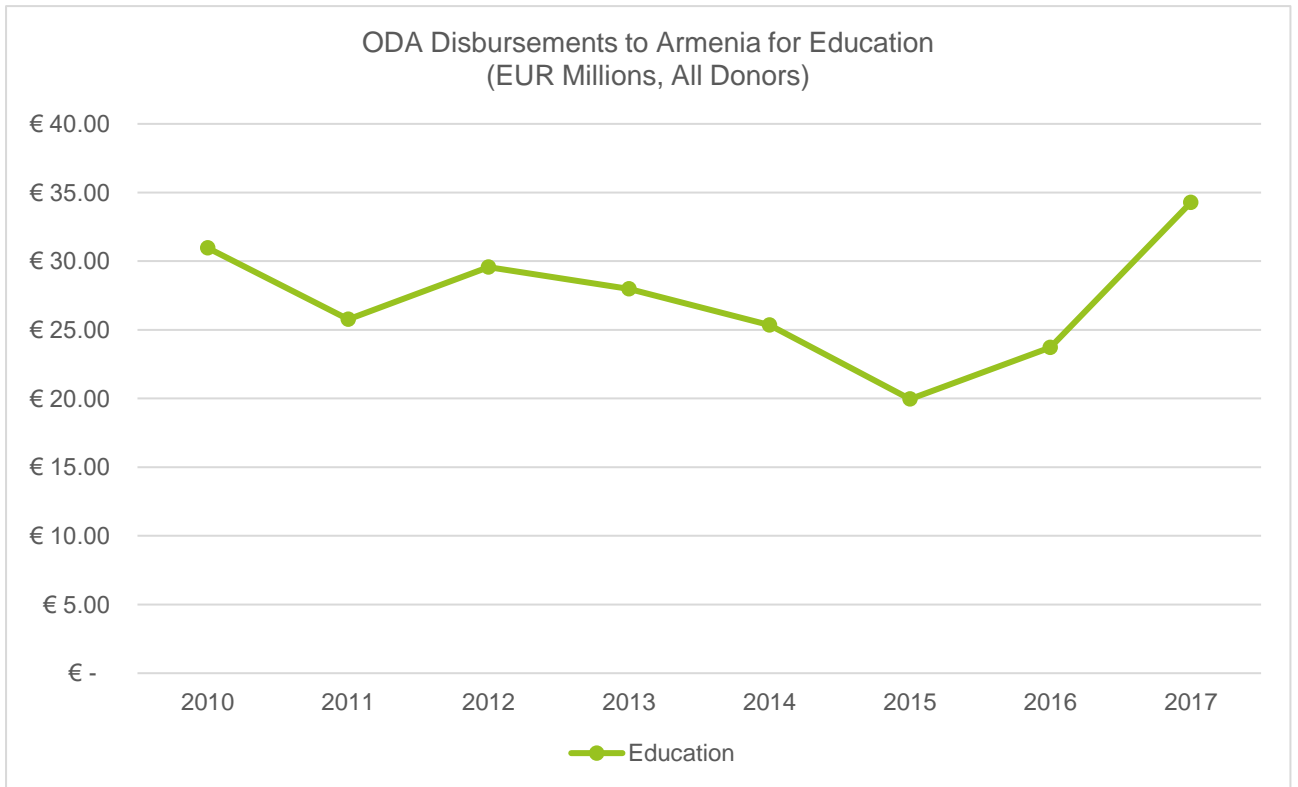
Annex 2: Supplementary Data

Figure 2: Poverty Headcount Ratio



Annex 1 contains supplementary data regarding population, migration and donor contributions to Armenia.

Figure 3: ODA Disbursements to Armenia (Education)



OECD DAC data on official development assistance

Figure 4: Armenia Population 2002-2018

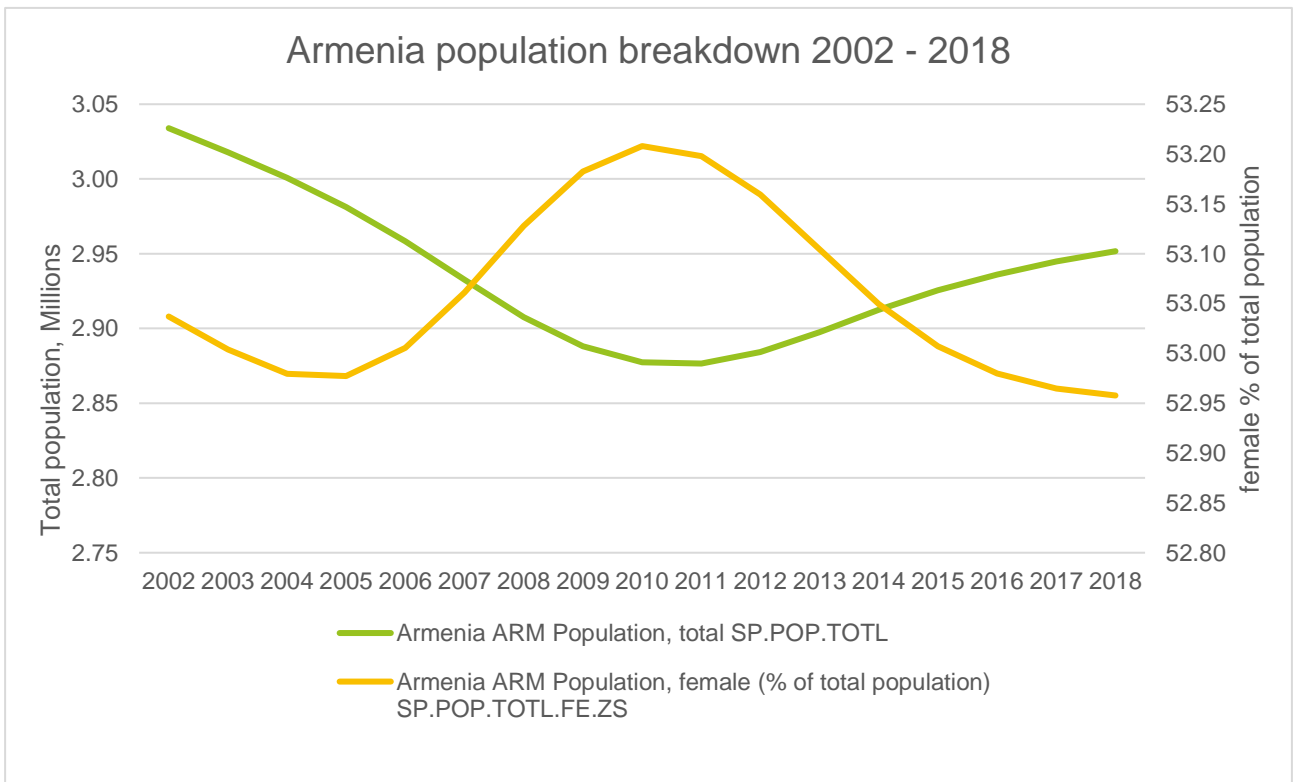


Figure 5: ODA Disbursements to Armenia (Water & Sanitation) by year

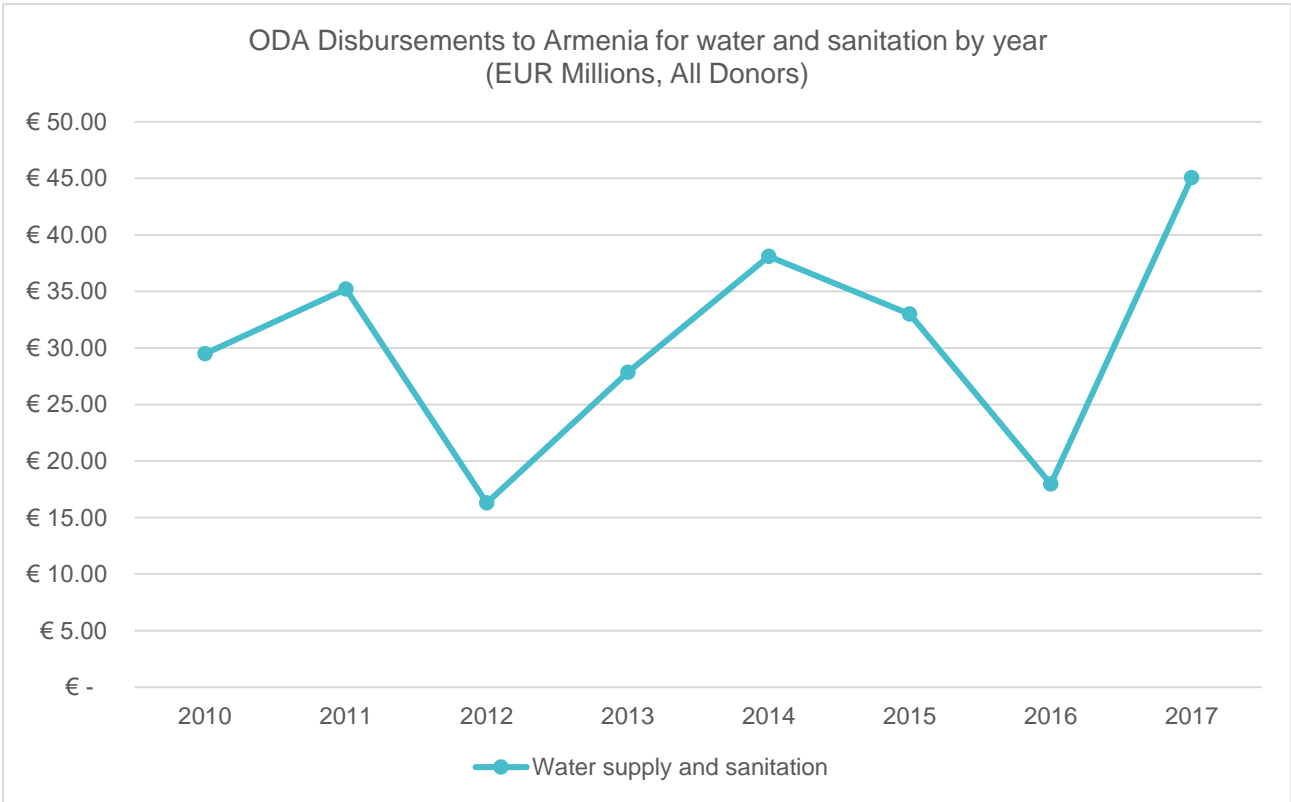


Figure 6: ODA Disbursements to Armenia (Health Sector) by year

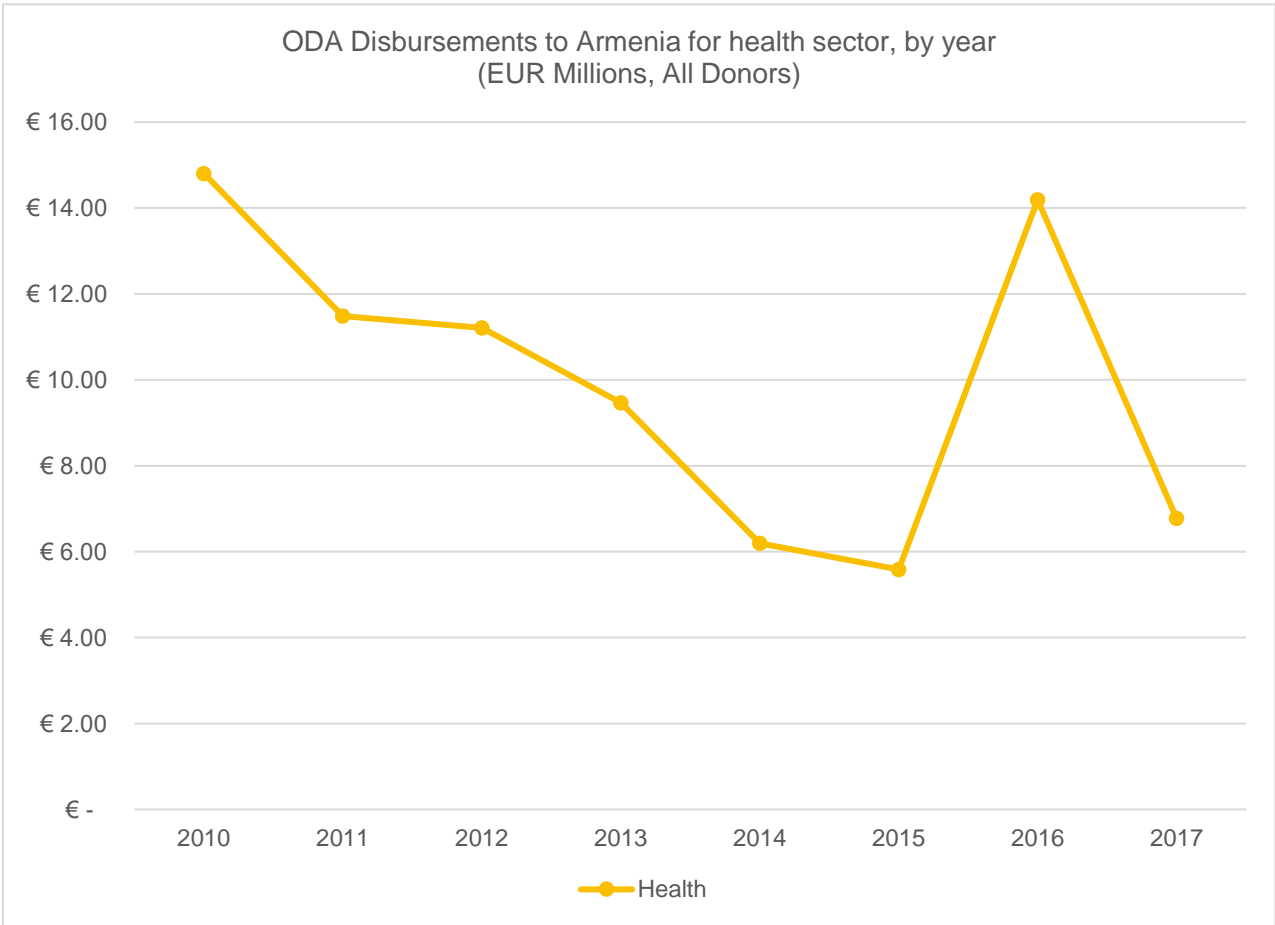


Figure 7: ODA Disbursements to Armenia (Conflict, Peace & Security) by year

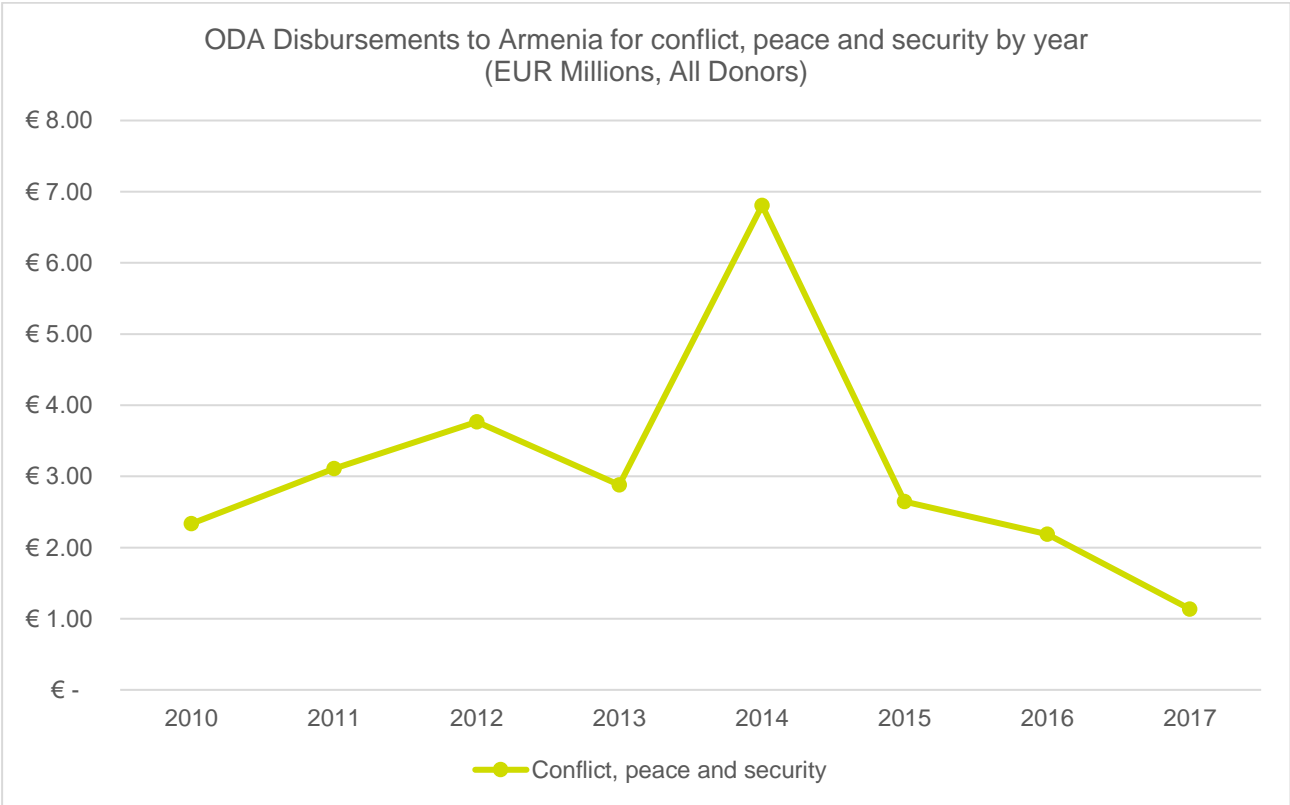


Figure 8: ODA Disbursements to Armenia (Government & Civil Society) by year

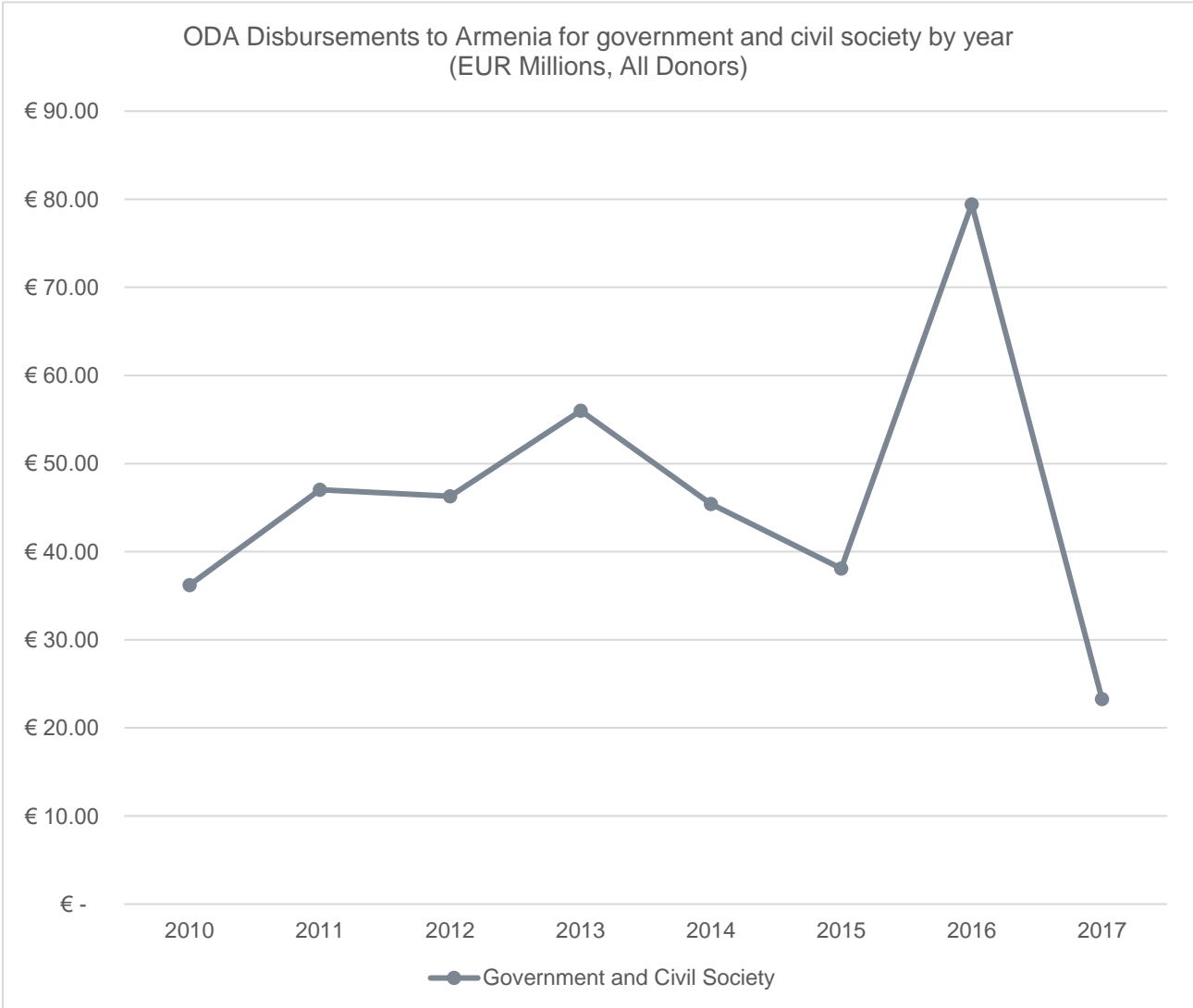


Figure 9: ODA Disbursements to Armenia (Economic Infrastructure) by year

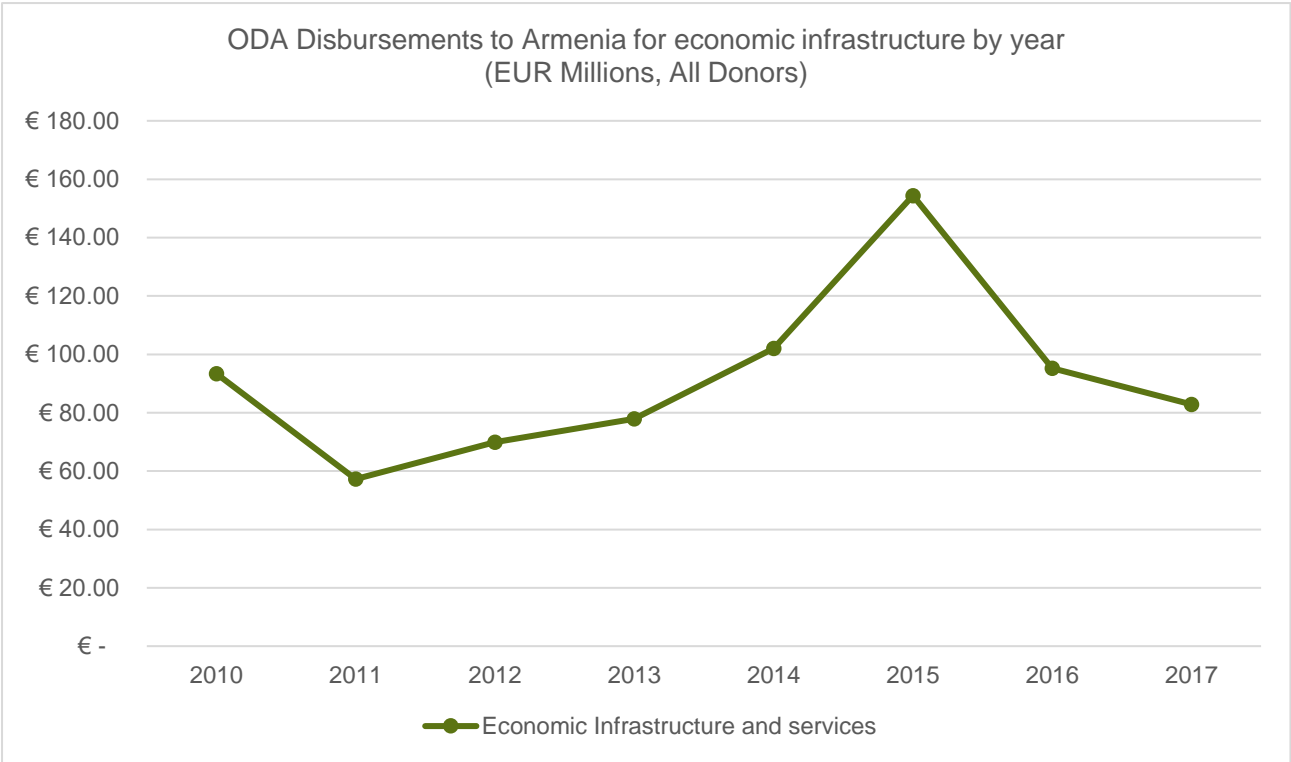


Figure 10: ODA Disbursements to Armenia (Production Sectors) by year

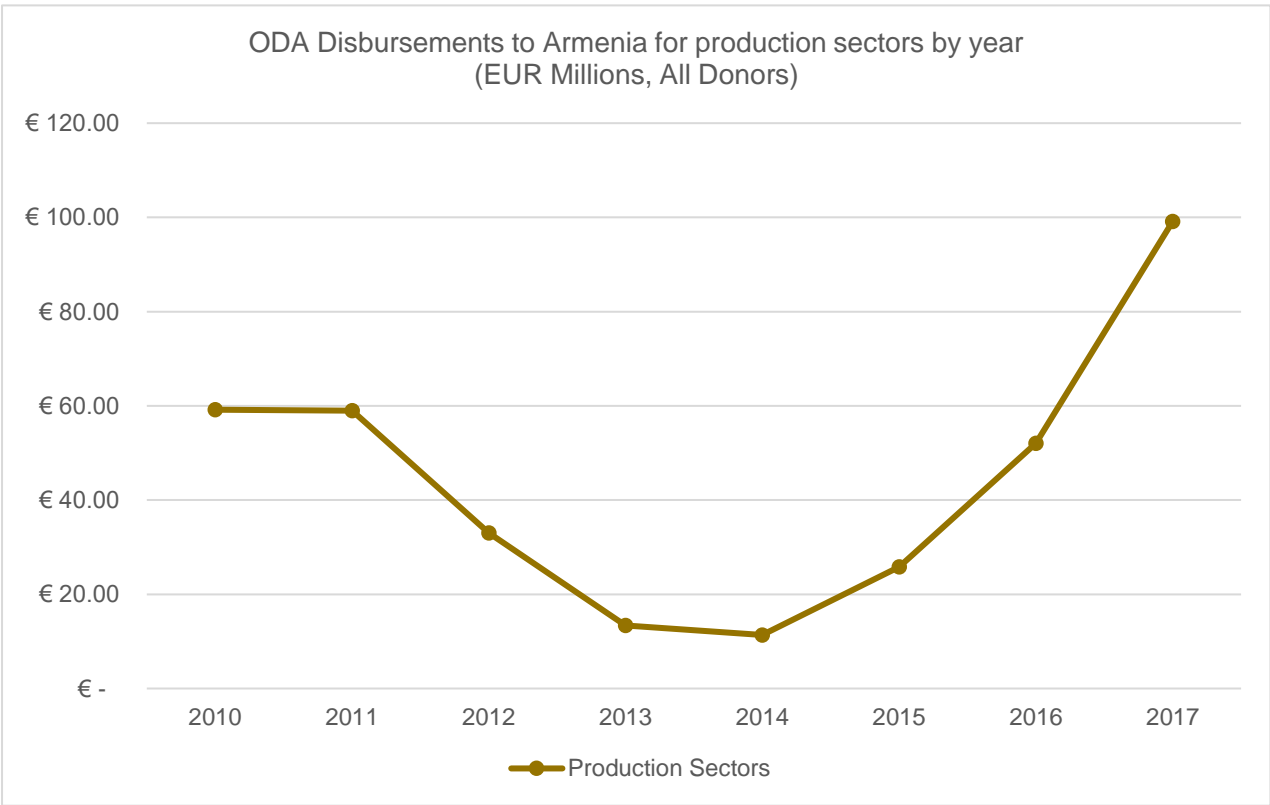


Figure 11: ODA Disbursements to Armenia (Humanitarian Aid) by year

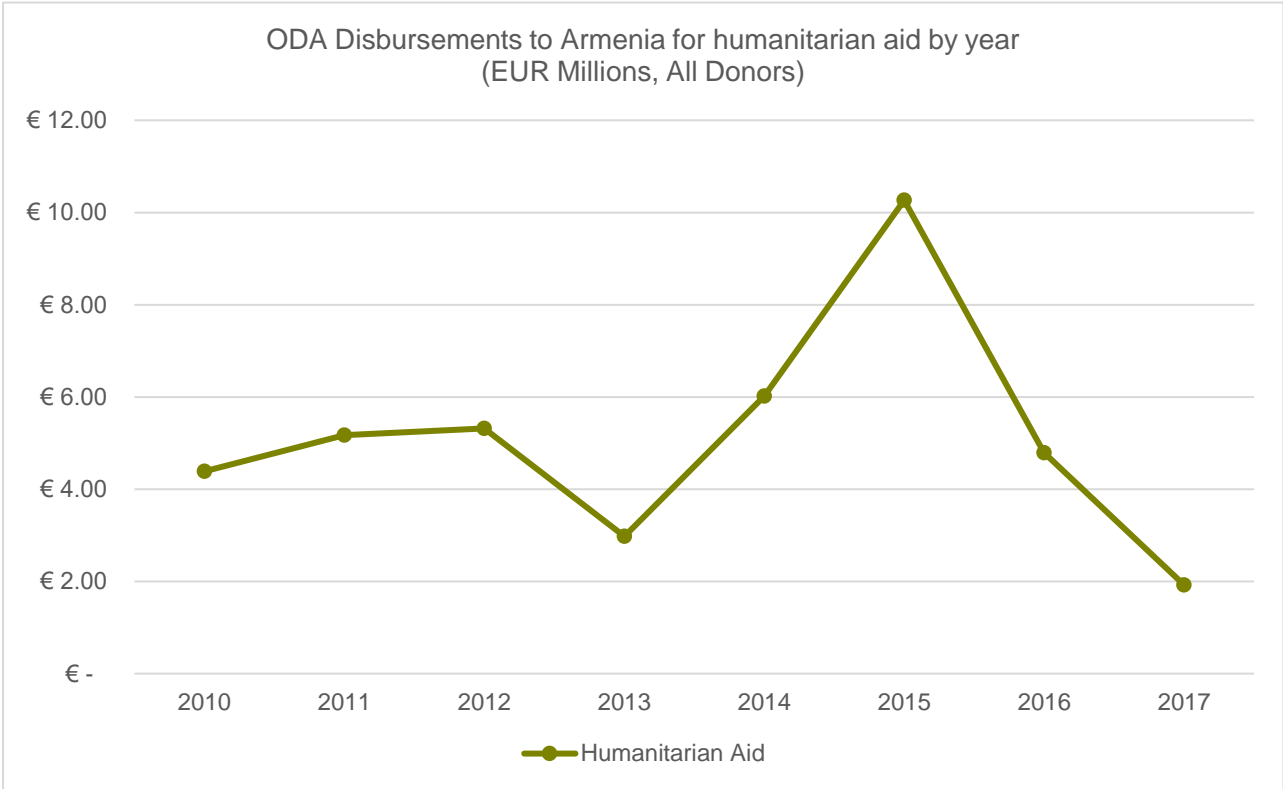


Figure 12: ODA Disbursements to Armenia (Multi-Sector/Cross Cutting Aid) by year

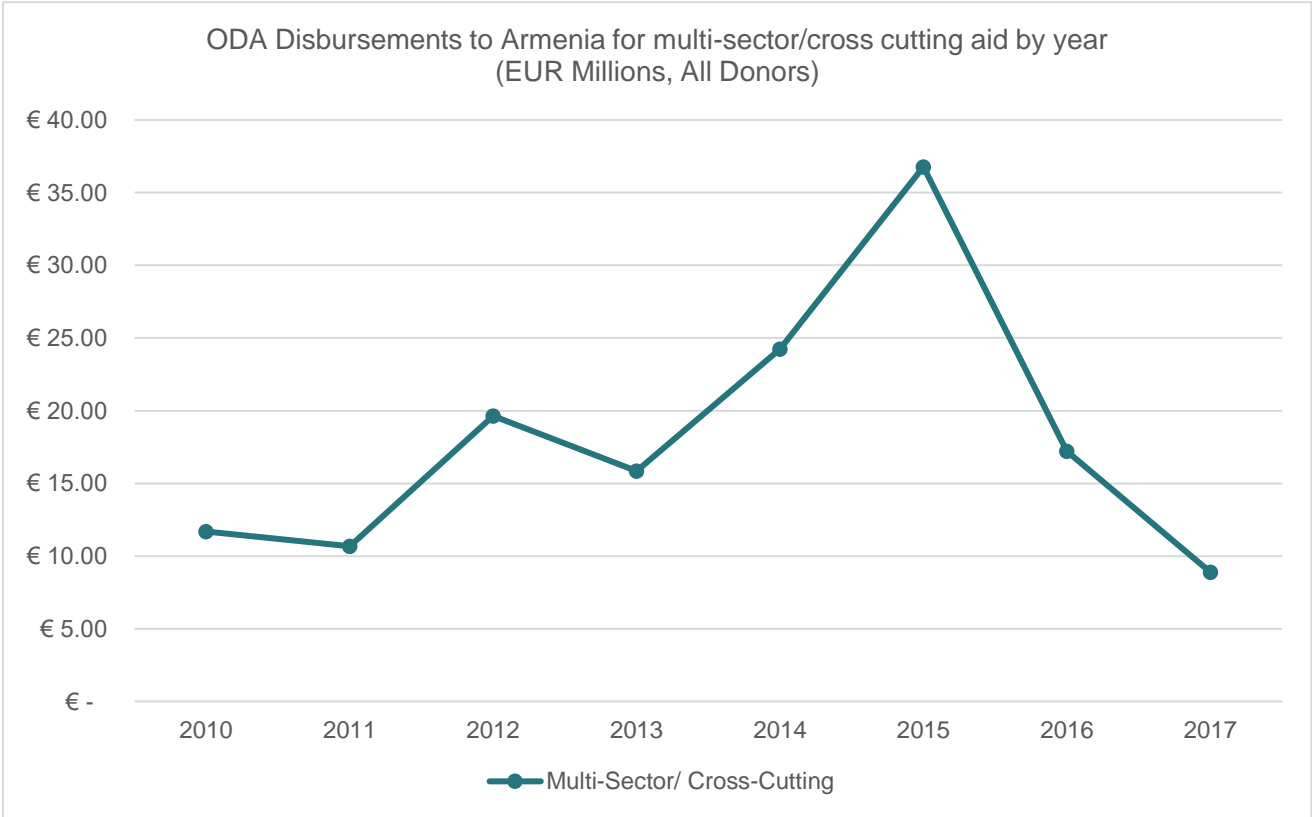


Figure 13: ODA Disbursements to Armenia (Other Social Infrastructure) by year

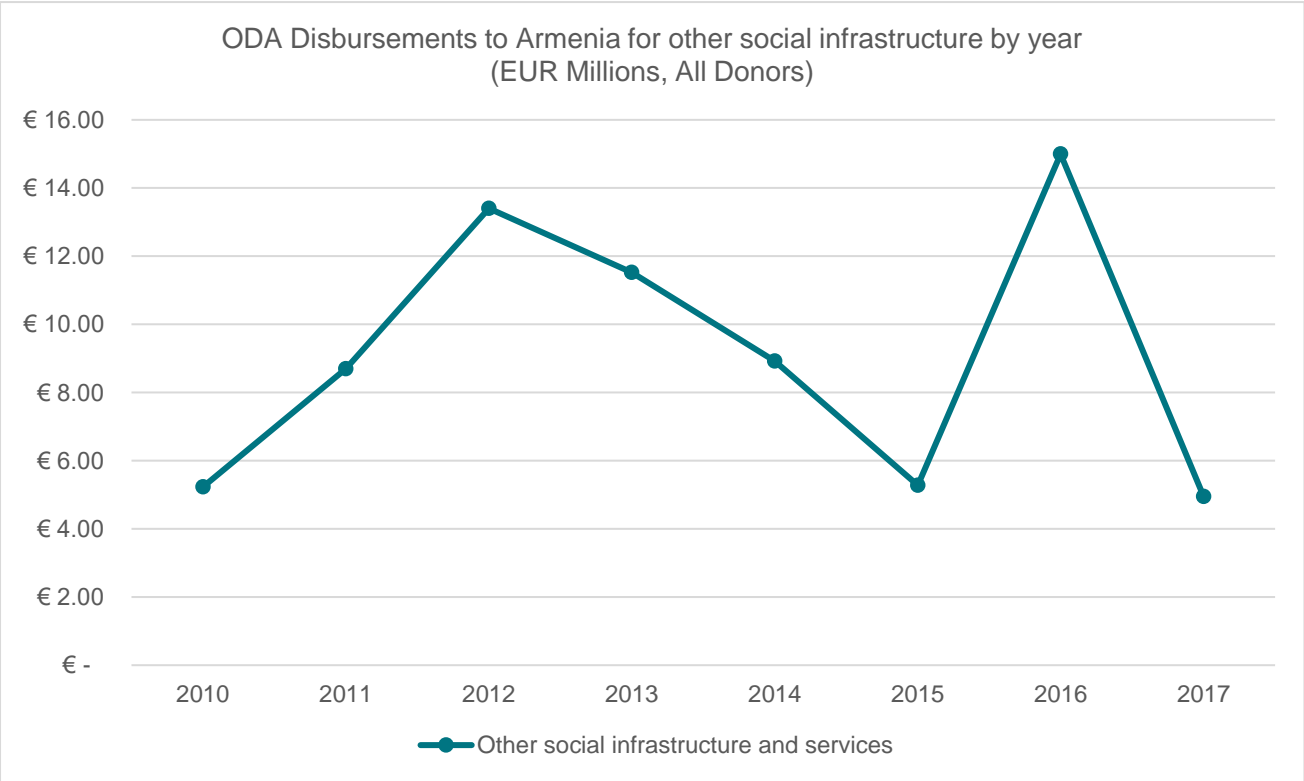


Figure 14: EU Institutions Disbursements to Armenia by year & sector

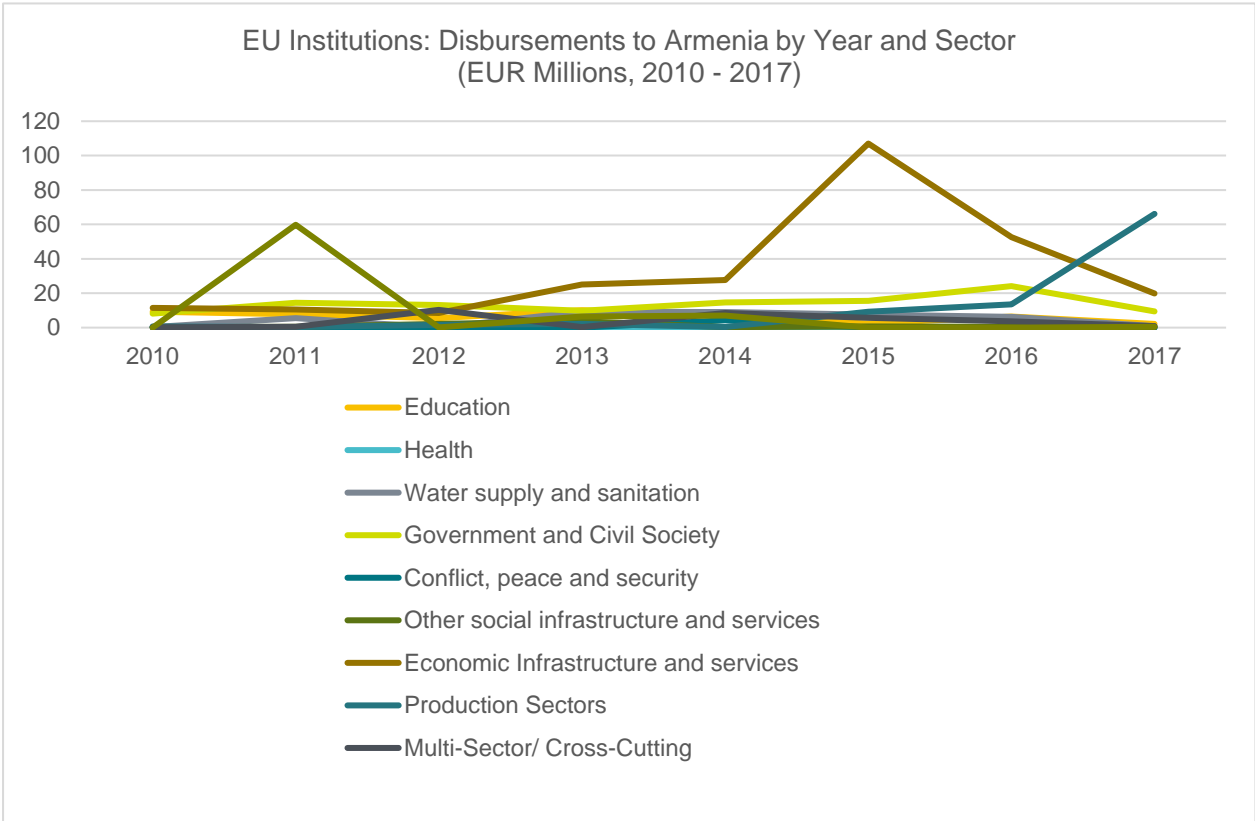


Figure 15: Member State Assistance to Armenia (2007-2018)

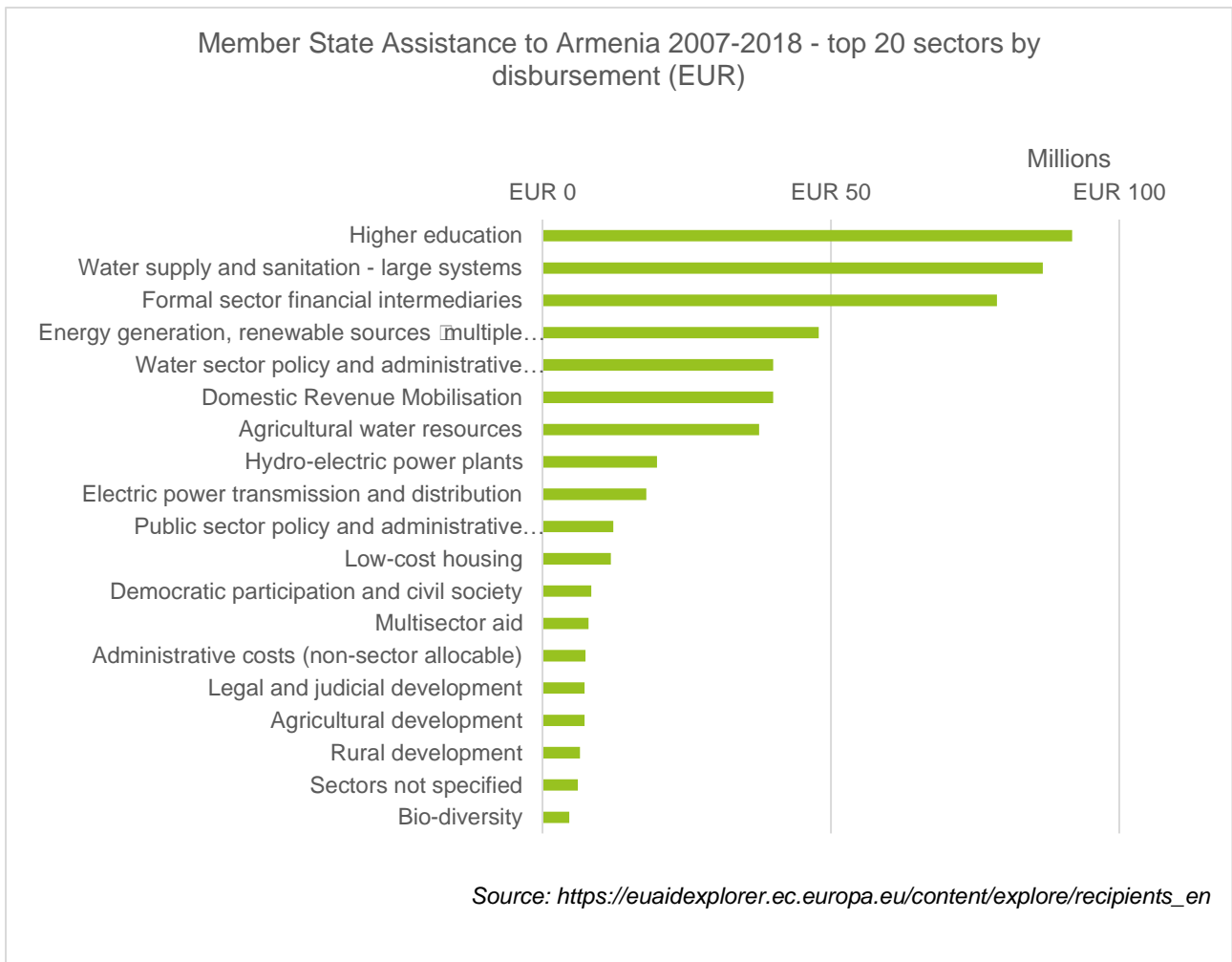
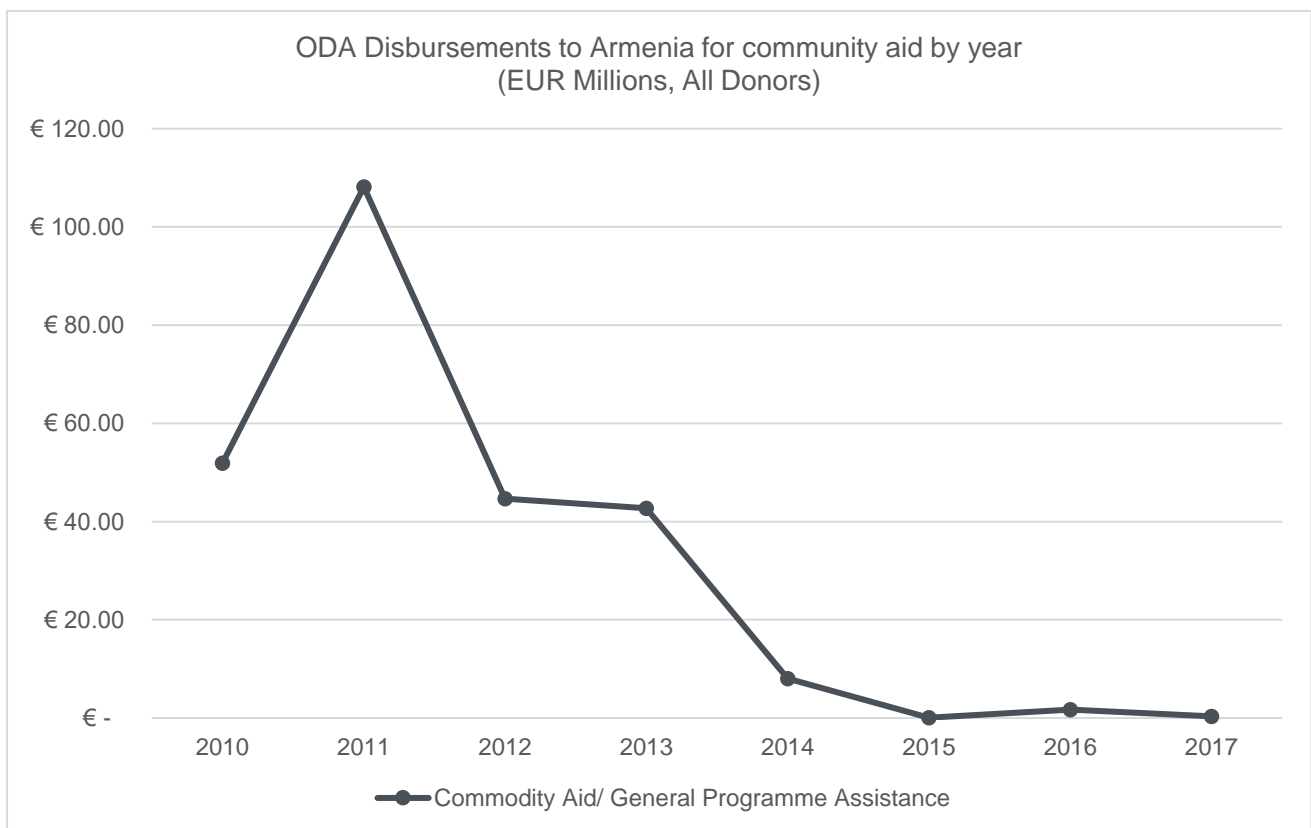


Figure 16: ODA Disbursements to Armenia (Community Aid) by year



Annex 3: Logic Models

Table 1: Democratic Institutions, Rule of Law and Justice Sector Reform

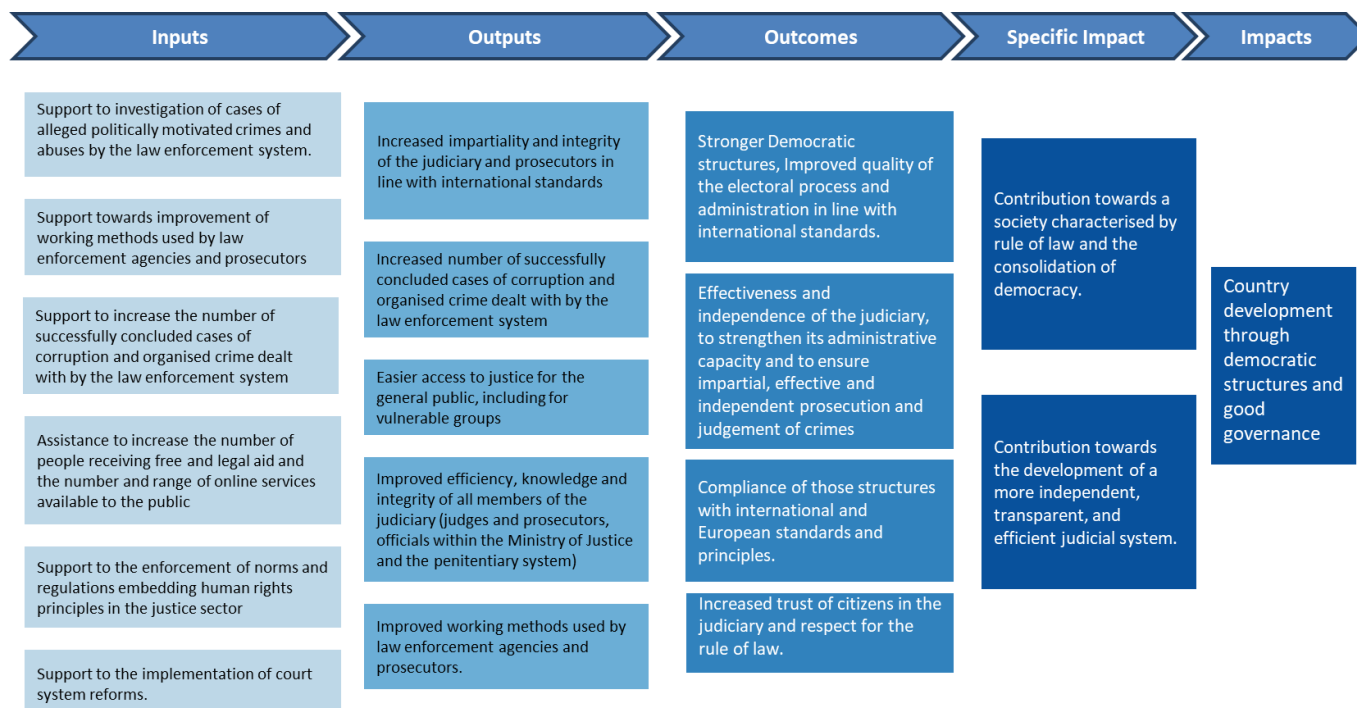


Table 2: Public Administration Reform and Public Financial Management

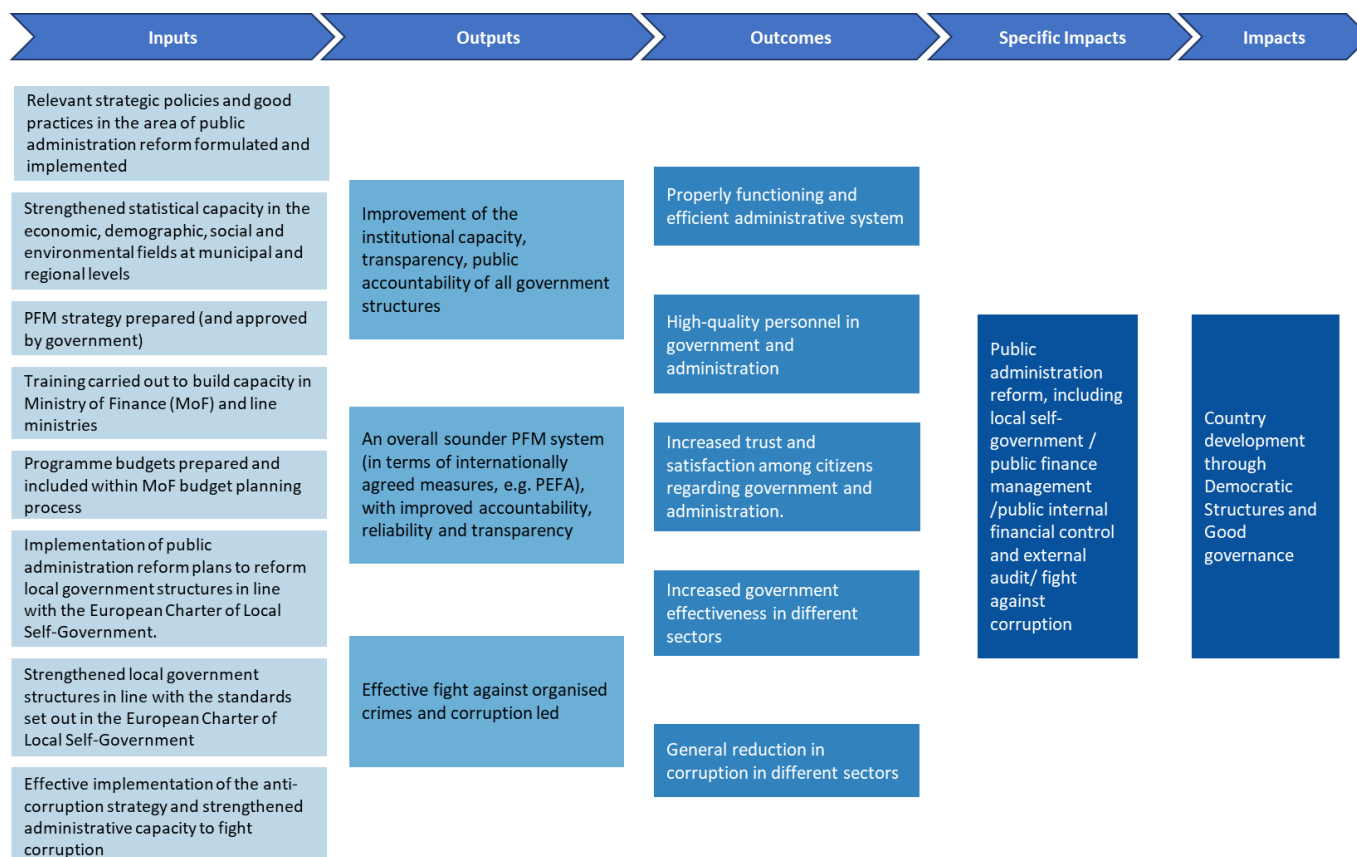


Table 3: Human Rights and Civil Society

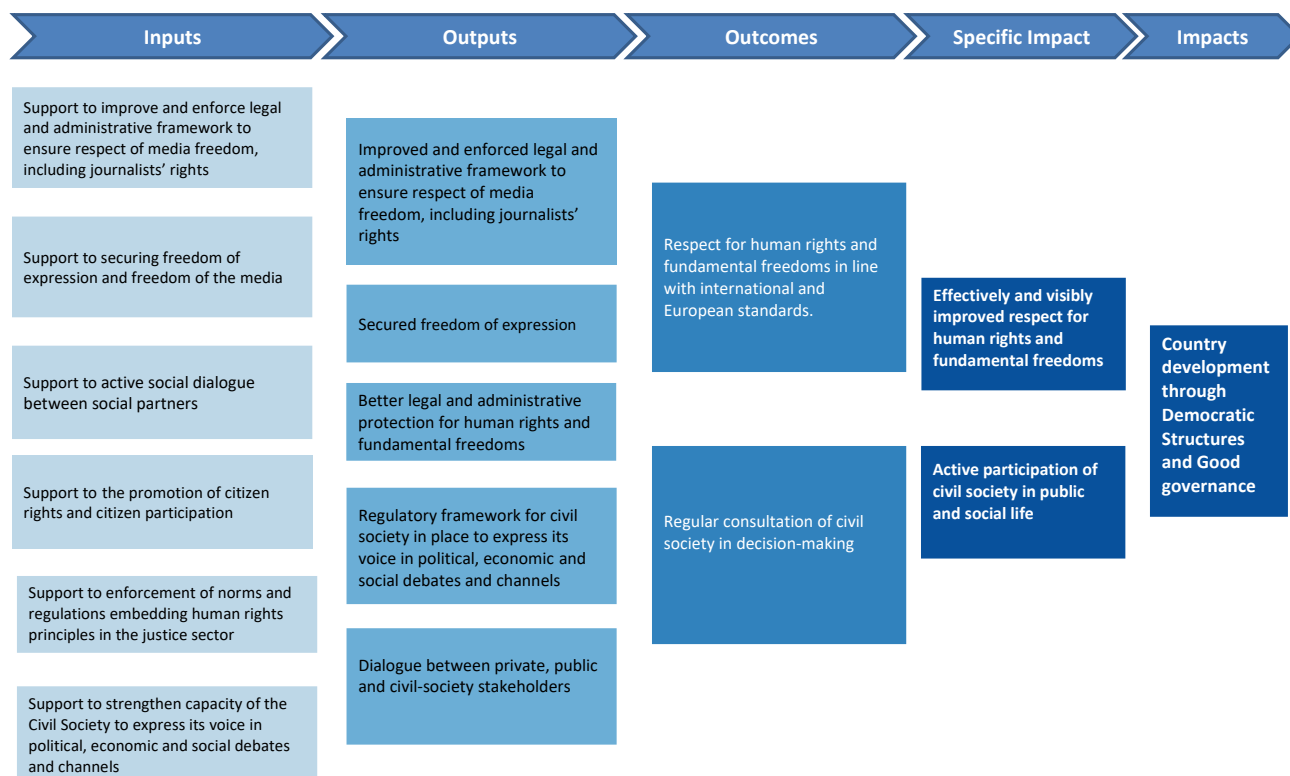


Table 4: Trade and Economic Development

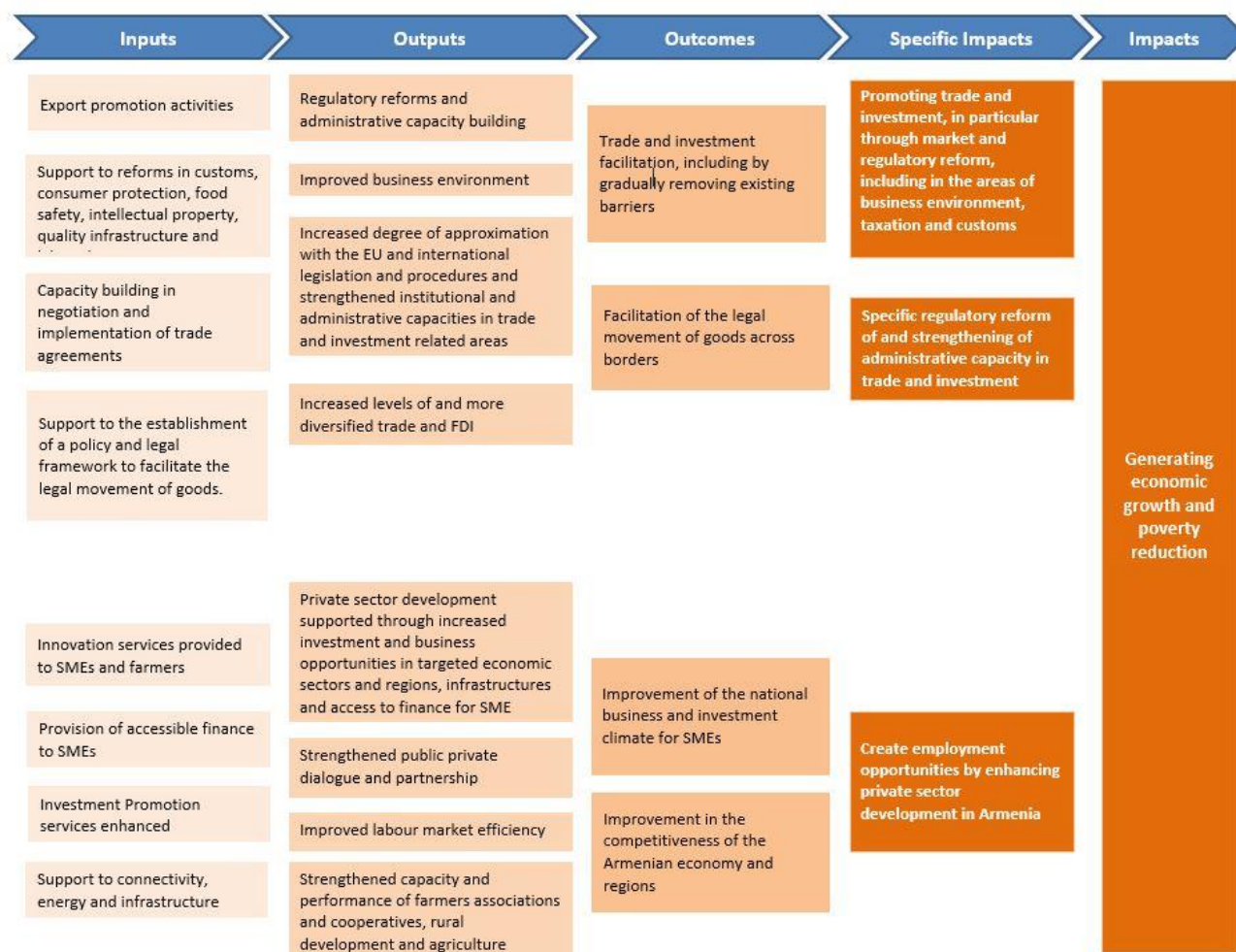


Table 5: Connectivity

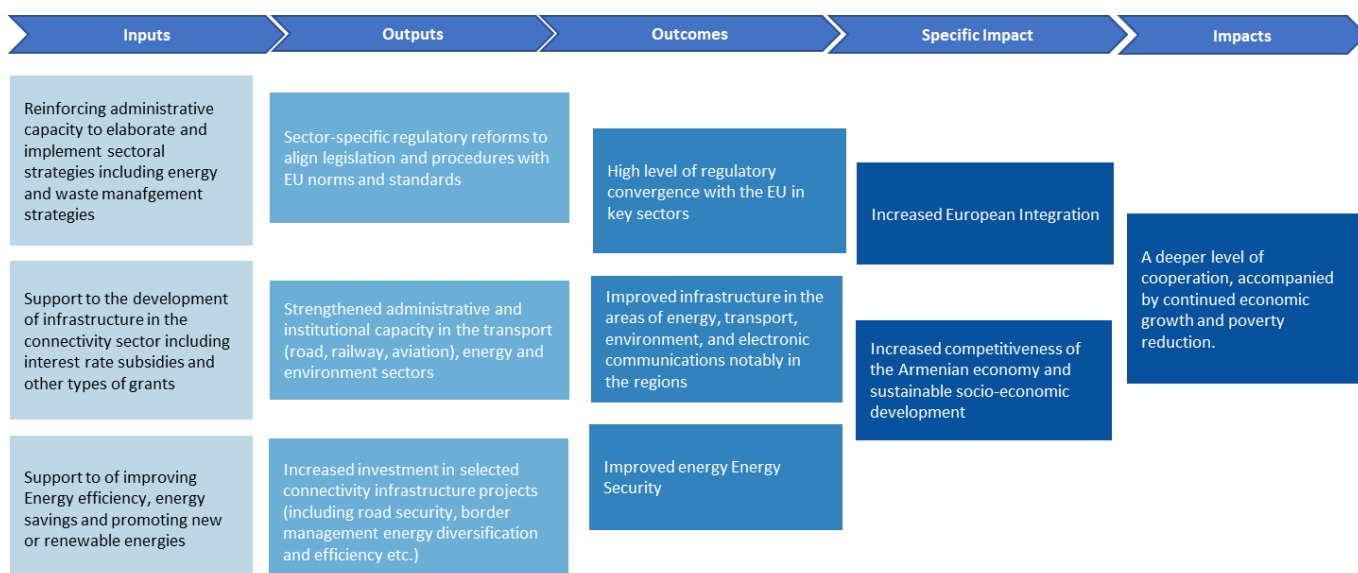
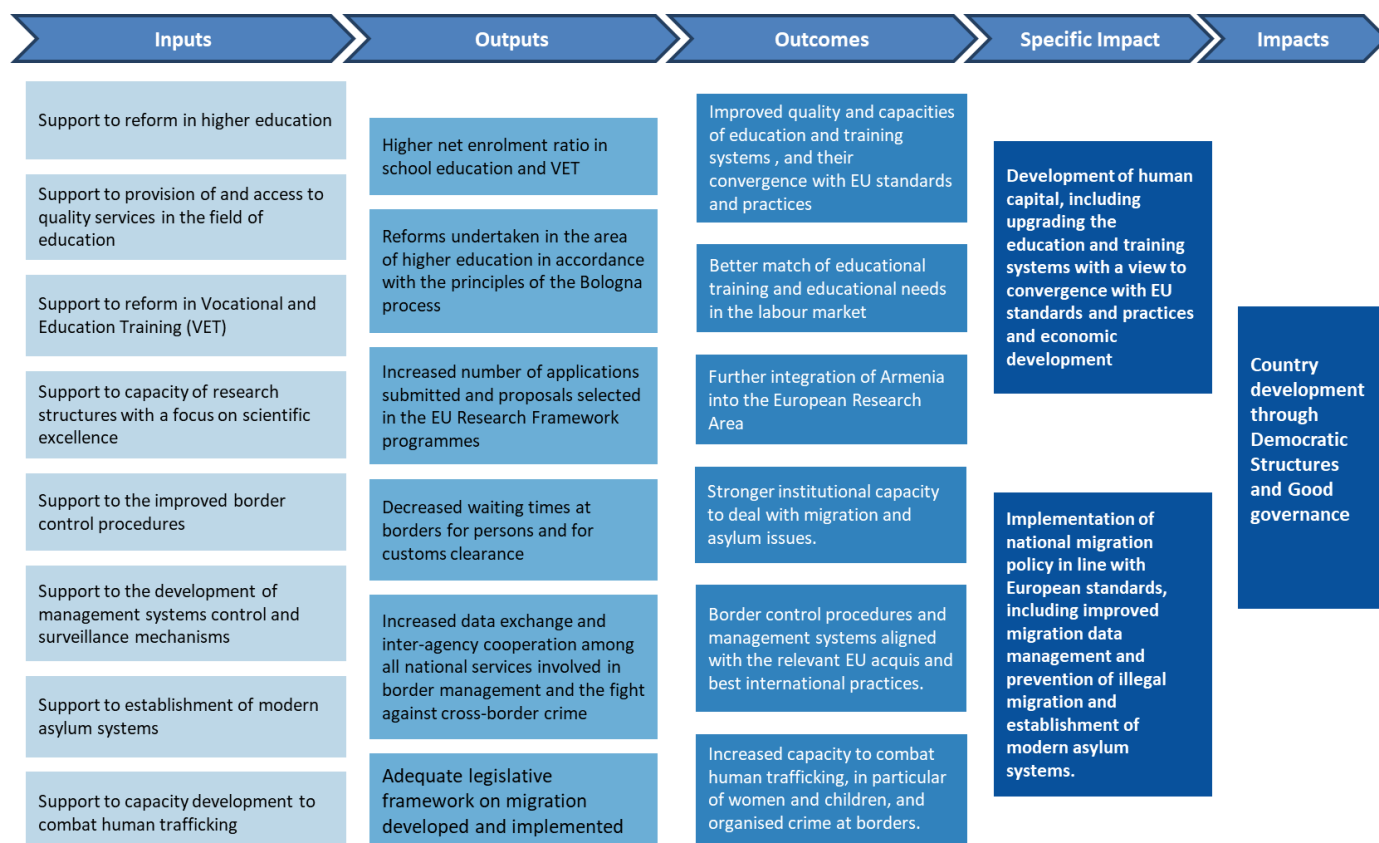


Table 6: People to People

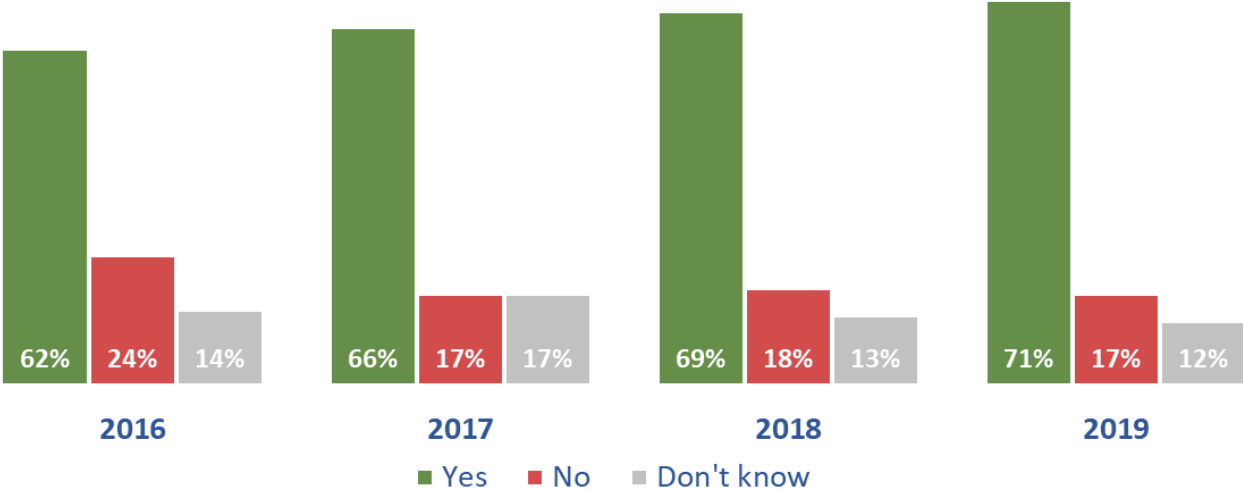


Annex 4: Public Opinion Survey findings

Selected findings from ANNUAL SURVEY REPORT: ARMENIA, 4th Wave (Spring 2019), OPEN Neighbourhood — Communicating for a stronger partnership: connecting with citizens across the Eastern Neighbourhood, MAY 2019

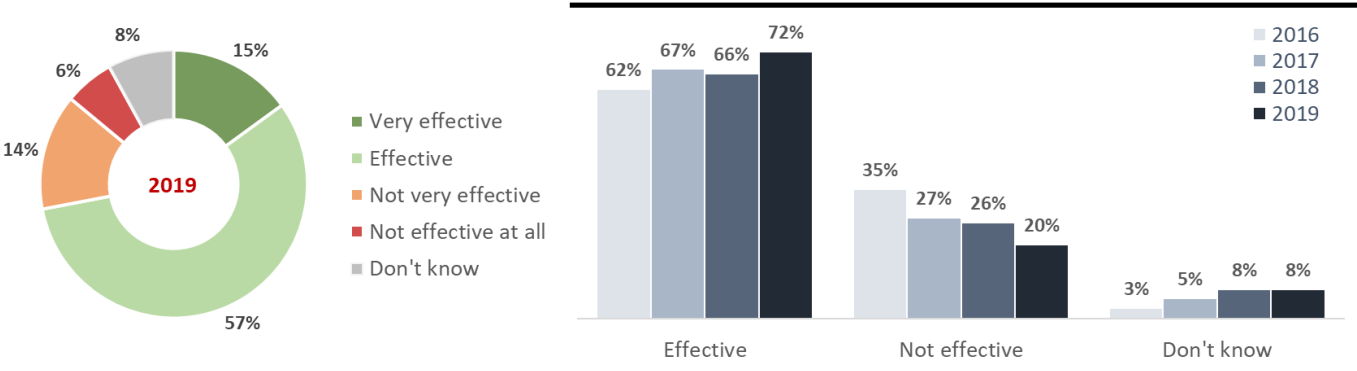
As far as you know, does the European Union provide Armenia with financial support? (Q2.5)

Figure 17: Armenians having heard of the EU



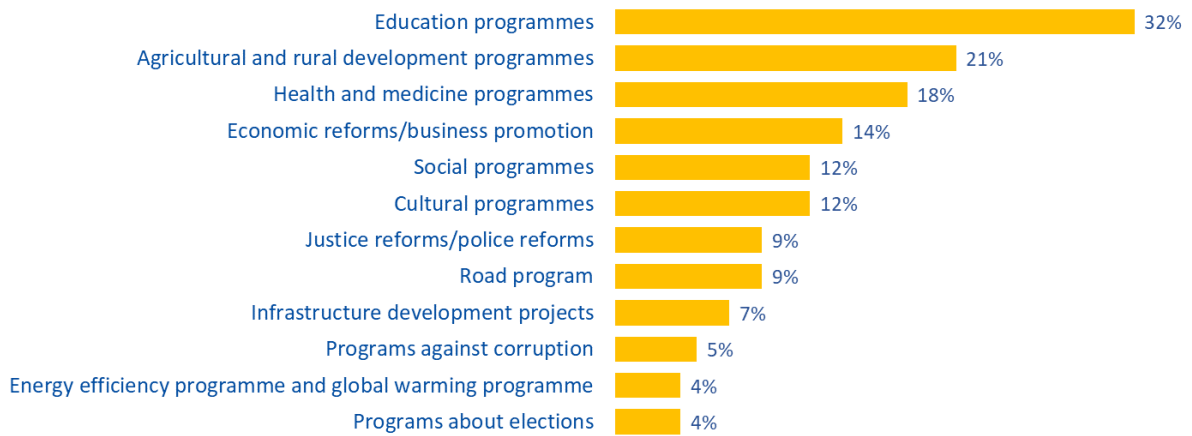
How effective do you think the support has been? (Q2.5.1)

Figure 18: Armenians aware of EU's financial support



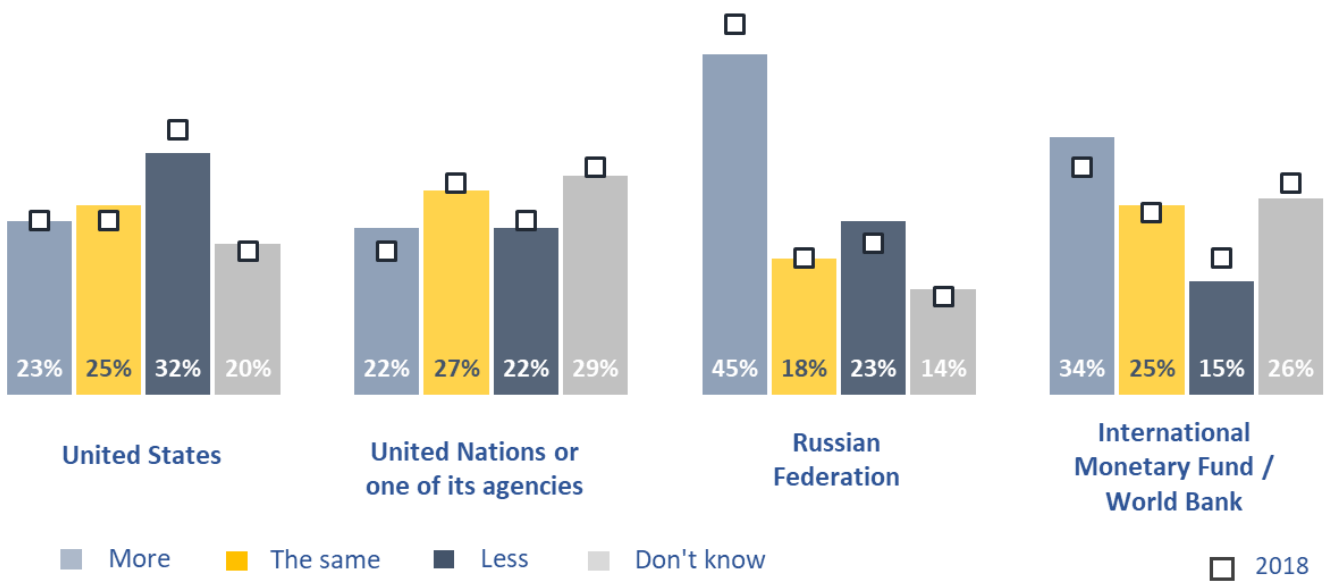
Which specific programme(s) do you know? (Q2.6.1, multiple answers possible)

Figure 19: Percentages refer to Armenians who were aware of specific programmes financed by the EU



As far as you know, for each of the following international institutions, would you say that it provides more, the same, or less financial support to your country than the European Union? (Q2.7)

Figure 20: Percentages refer to Armenians who have heard about the EU



Annex 5: EU Funding instruments

Table 7: EU Funding Instruments

Name	Objectives	Amount available (EUR)	Sum of planned amount	Sum of paid amount
Eastern Partnership Integration and Cooperation (EaPIC) programme (ENPI funding)	<p>The main aim of the new programme is to provide increased support to institutional and sector reforms in the Eastern European partner countries; with a view to accelerating their political association and economic integration with the European Union.</p> <p>EaPIC will target partner countries according to the principle of 'more for more'. This means that the more a country progresses in its internal reforms for democracy, respect of human rights and the rule of law, the more support it can expect from the programme.</p>	130 million		Source: ENPI
NIF Neighbourhood Investment Facility (ENI funding)	<p>To provide complementary funding for infrastructure initiatives</p> <ul style="list-style-type: none"> - better and more sustainable energy and transport interconnections - addressing climate change - promoting smart, sustainable and inclusive growth 			Source: ENI
European Instrument for Democracy and Human Rights (EIDHR) 2007-2013			9,630	9,630

European Instrument for Democracy and Human Rights (EIDHR) 2014-2020	<p>1 – Support to human rights and human rights defenders in situations where they are most at risk.</p> <p>2 – Support to other priorities of the Union in the field of human rights</p> <p>3 – Support to democracy.</p> <p>4 – EU Election Observation Missions (EOMs)</p> <p>5 – Support to targeted key actors and processes, including international and regional human rights instruments and mechanisms.</p>	1,332.75 million (globally)	0	0
Instrument for Nuclear Safety Cooperation (INSC) (2014-2020)	<p>The promotion of an effective nuclear safety culture and implementation of the highest nuclear safety and radiation protection standards, and continuous improvement of nuclear safety</p> <p>Responsible and safe management of spent fuel and radioactive waste and remediation of former nuclear sites and installations</p> <p>The establishment of frameworks and methodologies for the application of efficient and effective safeguards for nuclear material in third countries</p>	EUR 225.32 million (globally)	1,550,220	1,174,387
IFS-RRM: Instrument for Stability – Rapid Reaction Mechanism			1,992,925	1,992,925
DG NEAR Thematic Strategy (NEAR-TS)	[no information about this – need to find more]		29,172,304	26,677,553
The European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh	Third phase of EPNK May 2016-April 2019	4,732,120	n/k	n/k
‘Peacebuilding through Capacity Enhancement and	The programme is funded by the European Union under the Instrument contributing to Stability and Peace (IcSP).	1,860,000		

Civic Engagement' (PeaCE)	Eurasia Partnership Foundation in Armenia (EPF-Armenia), Eurasia Partnership Foundation in Azerbaijan (EPF-Azerbaijan) through Caucasus Research Resource Centre in Georgia (CRRC-Georgia), and International Alert (IA) have been implementing the PeaCE programme since January 2017. The duration of the PeaCE program is 36 months			
Tempus				
Erasmus +				

Annex 6: Grant Schemes

Table 8: Grant Schemes

Name	Total allocation (EUR)	Reference
EIDHR country-based support scheme 2009/2010	600,000	EuropeAid/129805/L/ACT/AM
Non-State Actors and Local Authorities in Development (Actions in partner countries) and Neighbourhood Civil Society Facility (European Neighbourhood and Partnership Instrument)	1,600,000	EuropeAid/132945/L/ACT/AM
Support to the EU Delegation to Armenia and RA Ministry of Territorial Administration for preparation of Actions in Regional Development	1,000,000	EuropeAid/133373/C/SER/AM
EIDHR country-based support scheme in Armenia 2011	1,800,000	EuropeAid/132766/L/ACT/AM
Non-State Actors and Local Authorities in Development - Actions in partner countries (Lots 1 &2) and Neighbourhood Civil Society Facility - European Neighbourhood and Partnership Instrument (Lot 3) - Armenia -	1,030,000	EuropeAid/135-778/L/ACT/AM
Capacity Building of CSOs in Armenia while Promoting Innovation	3,750,000	ENPI/136-624

Civil Society Organisations and Local Authorities in Development - Actions in partner countries (Lots 1 &2) - Armenia -	2,950,000	NEAR-TS/137009
Pilot Regional Development Programme (PRDP) - Armenia	7,000,000	EuropeAid/150426/DD/ACT/AM
Civil Society Facility (Armenia) – Support to Capacity Building of Civil Society in Armenia	4,000,000	EuropeAid/151410/DD/ACT/AM
Support to Pilot Social Entrepreneurship Initiatives for CSOs	700,000	EuropeAid/151886/DH/ACT/AM
European Instrument for Democracy and Human Rights (EIDHR) CBSS Armenia	1,622,000	EuropeAid/151465/DD/ACT/AM
AAP 2013: Framework Programme in support of EU-Armenia Agreements Reinforcing Civil Society in Armenia	1,500,000	EuropeAid/155046/DD/ACT/AM
Civil Society Organisations and Local Authorities in Development - Actions in partner countries (Lots 1 &2) - Armenia	2,900,000	EuropeAid/155045/DD/ACT/
Pilot Regional Development Programme (PRDP) - Shirak	700,000	EuropeAid/154644/DD/ACT/AM

AAP 2013: Framework Programme in support of EU-Armenia Agreements Reinforcing Civil Society in Armenia	1,500,000	EuropeAid/155046/DD/ACT/AM
	32,652,000	

Annex 7: Budget Support Programmes

Table 9: Budget Support Programmes

BSPs 2010-2017	CRIS No.	Planned amount (Euros)	Allocated Between BS, CS etc. (Euros)	Allocated complementary support	Budget support disbursed (at May 2019)	Complementary support disbursed	Financing Agreement signed
Support to justice reform in Armenia	ENPI-AAP 2008	18,000,000	16,000,000	2,000,000	15,400,000	2,000,000	September 2009
Continuation of VET*	ENPI/2009/021-066; approved amended TAPs in Addendum no.3 to the FA (14/02/2014)	15,000,000	14,000,000	1,000,000	13,600,000 (report 16/12/2014)	3,000,000	December 2010
Continuation of VET (EaPIC)*	Added an additional EUR 6m under EaPIC "more for more" initiative: ENPI/2012/024-345	6,000,000	5,000,000	1,000,000		Included in above	Amended FA in 2012 to include additional EUR 6m from EaPIC
Support to GoA for implem of ENI AP (MSBSP, I)**	ENPI/2010/022-039	21,000,000	20,000,000	1,000,000	17,600,000		November 2011
Support to GoA for implem of ENI AP (MSBSP, II)**	ENPI/2011/023-094; ENPI/2013/025-029	45,000,000	36,800,000	8,200,000	17,800,000	n/k	2013
Food Security Programme***	DCI-FOOD/2007/019-124	3,086,000	3,000,000 (single fixed tranche)	86,000	3,000,000	86,000	November 2010 (agreed 26/12/2008)
Support to justice reform in Armenia, phase II	ENPI/2012/023-600	29,000,000	25,000,000	4,000,000	19,825,000	4,000,000	November 2013
ENPARD	ENPI/2013/024-483	25,000,000	20,000,000	5,000,000	19,300,000	5,000,000	October 2014
Better Quals for Better Jobs	ENI/2015/038-246	15,200,000	13,000,000	2,000,000	0		December 2016
Public Finance PRP****	ENI/2015/038-229	10,075,000	8,000,000	2,000,000	2,700,000?****		2015?
Support to Human Rights	ENI/2014/032-771	17,275,000	15,700,000	1,300,000	0****		2014?

Sub-total (BSPs)		180,722,000			106,225,000+		
Macro-financial assistance		100,000,000			100,000,000		
TOTAL		280,722,000			206,225,000		

+includes the €2.7 M under the BSP PFPRP

Notes:

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

** This BSP originally fell under the AAP 2011 (€24 M) and, subsequently, Eastern Partnership Integration and Cooperation (EaPIC) funds were added in 2013 and, overall, provided 'Support to the GoA for the ENP Action Plan, phase II'. Thus, in effect, two BSPs were merged into one via an Addendum to the original one.

'Support to GoA for implementation of the ENP Action Plan – phase II' (Multi Sector Budget Support Programmes 2011-EaPIC 2013)", Addendum No. 1 to FA ENPI/2011/023-094 plus for EaPIC (ENPI/2013/025-026 and ENPI/2013/025-029); Total €45M (€24M from ENPI AP 2011 and €21M from ENPI 2013 Special Measure, EaPIC): €36.8M BS and €8.2 Complementary Support). Total EU Contribution: EUR 45 million, of which: EUR 24 million from the ENPI Annual Action Programme 2011 part II in favour of Armenia (ENPI/2011/023-094) - EUR 21 million from the ENPI 2013 Special Measure "EaPIC" (Eastern Partnership Integration and Cooperation) programme (ENPI/2013/025-026 and ENPI/2013/025-029)

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

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

No reports are available on disbursement, although in a meeting with Paulius at the EUD on Tuesday May 2019, he informed the team that Euros 17.8M has been disbursed (48% of the total available for disbursement) and that a final review mission was being planned later in 2019.

***FSP – A Note by D. Avakian, EUD, 13 March 2011, confirms that all €3.6 M was disbursed. However, an EU note, 6/6/13, confirms that €3M was disbursed.

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

*****€0.075M was co-financed from grant beneficiaries. €1M was recommended for disbursement (out of €2,5M) by the review mission reviewing compliance with the first variable tranche (see report September 2017). A further review mission was in Yerevan in May 2019.

Annex 8: Extract from SIGMA report 2019

Baseline Measurement Report: The Principles of Public Administration, ARMENIA, March 2019

Available at: <http://www.sigmaweb.org/publications/Baseline-Measurement-Armenia-2019.pdf>

This extract is intended to provide additional information to support the findings regarding public administration reform and public finance management (EQ 7).

This Baseline Measurement Report covers the current state of play (as of December 2018) and main developments between January 2017 and December 2018. As the Report demonstrates, in several areas new regulations have been introduced too recently to be able to objectively observe and evaluate results. The full impact of the current reforms has yet to be understood, and more changes are expected.

The **strategic framework of public administration reform** is incomplete. The quality of the strategies related to PAR is weak - they often lack clarity in setting reform objectives with corresponding outcome-level indicators and targets, and do not sufficiently provide costings nor monitoring and reporting arrangements. As a result of shortcomings in PAR monitoring, it is not possible to assess progress against the strategic objectives nor on implementation of the strategies. Responsibility for PAR is assigned at the political but not organisational level.

The legal framework for **policy development and co-ordination** is in place, but is not comprehensively supported with guidance from the centre of government. The quality of strategic planning and monitoring is poor and lacks well-defined policy objectives, outcome-level indicators or detailed cost estimates. While the transparency of the Government's decision-making is commendable, internal enforcement of the requirements for procedural policy development and consultation is not consistent. The quality of regulatory impact assessment is weak, while public consultations are centred on draft laws and are not fully integrated within policy making. As measured by a SIGMA-commissioned survey, the perception of businesses regarding the clarity and stability of government policy making is not wholly favourable. Both primary and secondary legislation are available online and free of charge.

The new Law on the **Civil Service** has significantly expanded the scope of the civil service but certain special groups of public servants and top-level positions are still excluded. Most of secondary legislation was adopted by the end of 2018. The wide use of discretionary bonuses compromises the fairness of remuneration. Although the institutional and legislative framework adopted in 2017 and 2018 to promote integrity and prevent corruption covers the whole public service and provides for adequate institutions and tools, implementation, including creation of a new Commission for the Prevention of Corruption, has not begun.

In terms of **accountability**, the structure of the state administration does not have a consistent and rational design. The serious imbalances between agencies' autonomy and ministerial guidance are an obstacle in executing Government policies. Private law foundations are widely used as delivery vehicles in priority policy areas such as digital services and tourism but there is minimal supervision and control of their activities, and insufficient transparency. The legal framework and institutional set-up for administrative justice is adequate. However, the efficiency of the administrative courts is a key concern, as indicated by a significant backlog of cases.

While the Government's policy framework for **service delivery** in general has not yet been defined, the policy framework for digital service delivery is laid out in the Strategy Programme on Electronic

Governance (e-Gov Strategy). The Government has decided to abolish the Digital Armenia Foundation, but it has not yet been decided who will take over its responsibilities. Although there are promising examples of digitally available services, overall service delivery for citizens and businesses has yet to be improved. Tools for user engagement are only infrequently applied and monitoring of service delivery performance is not in place.

The legal and operational framework for implementing **public financial management** (PFM) is established. The public finance sector is comparatively small and fluctuates at around 26% of gross domestic product. The Medium-Term Expenditure Framework for 2019-2021 provides for a general Government deficit of 2.7% in 2018, and 2.3% in both 2019 and 2020. A Medium-Term Budgetary Framework has been developed for a three-year period but it is based only on central government data and is not entirely credible in the medium term. A specific legal Financial Management and Control (FMC) framework does not exist. The legal framework for internal audit (IA) is in place and operational. However, the IA profession in the public sector is still at a developmental stage.

Public procurement is currently regulated by the Public Procurement Law (PPL) adopted in December 2016 and several other pieces of secondary legislation. The PPL broadly corresponds to international practice, with the exception of the review system. A new procurement review body was established in 2017 but abolished in March 2018 and the “review persons” are now members of the Ministry of Finance. This is in clear and manifest contradiction of the requirement for independence set out in the PPL, the CEPA and the Government Procurement Agreement of the World Trade Organization. In practice, the objectives of economy, efficiency and transparency in public procurement are called into question by the weakness of the local supply market, the lack of procurement skills in many contracting authorities and concerns over the integrity of procurement processes.

For external audit, the Supreme Audit Institution, the Audit Chamber (AC), is anchored in the Constitution. The 2018 Law on the Public Audit Chamber is an improvement on the 2006 Law on the Chamber of Control, but it does not satisfactorily define the AC’s independence, mandate and access to information. The audit activities of the AC do not yet comply with international standards. The core of the AC audit work is still a form of compliance audit, with a focus on defining irregularities. Guidance has been developed for financial and compliance audit, but staff training on the new audit approaches, and the development of quality control and assurance systems are not yet satisfactory.