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EUROPEAN EXTERNAL ACTION SERVICE



EUROPEAN COMMISSION  
DIRECTORATE GENERAL FOR DEVELOPMENT  
AND COOPERATION - EUROPEAID

# **Programming of the European Neighbourhood Instrument (ENI) - 2014-2020**

## **Single Support Framework for EU support to Armenia (2014-2017)**

# Single Support Framework

## Armenia 2014-2017

### Introduction

Based on OECD/DAC criteria, Armenia is classified as a lower middle income country and according to World Bank data the country had a nominal Gross Domestic Product (GDP) per capita of 3,720 USD in 2012. Growth decelerated to 3.2% in 2013 from 7.3% in 2012 and according to IMF projections is expected to rise to 4.5% in the medium term. These figures show that Armenia continues to recover economically after its GDP shrank by 14 per cent in 2009 in consequence of the global financial crisis.

Armenian authorities have maintained prudent macroeconomic policies and introduced several structural reforms. The fiscal deficit was kept under control in 2013 as a result of the underspending in investments and the improved revenue collection. It increased modestly to 2.5% of GDP in 2013 compared to 1.6% of GDP in 2012 despite the sharp slowdown of the economy. The three year International Monetary Fund (IMF) Extended Fund Facility and Extended Credit Facility arrangements worth SDR 266.8 million (USD 403.8 million) ended successfully in July 2013. As a follow-up a new Extended Fund Facility programme of USD 125 million (SDR 82.21 million) was approved by the IMF on 7 March 2014. The current-account deficit improved markedly, to 8.4% of GDP (2013) from 11.2% in 2012, as exports of minerals and prepared foodstuffs, the country's main export commodities, continued to rise. Current account dynamics also benefited from continued growth in workers' remittances from Russia, the main destination for Armenians working abroad. Armenian exports are prone to significant fluctuations, but growth has slowed markedly overall since 2010-11. The labour market situation is difficult with an unemployment rate in Armenia of 16.2% (in 2013 according to the International Labour Organisation- ILO definition). Also, around 36% of the population still live below the poverty line. Longer-term growth prospects are very uncertain due to lack of diversification, low competitiveness, and closed borders with Turkey and Azerbaijan out of four of Armenia's neighbouring countries.

The last parliamentary elections in May 2012 and presidential elections in February 2013 were symptomatic of the current political situation in the country. While fundamental freedoms are respected in general, the distinction between the State and the ruling party continues to be rather blurred. According to the OSCE Office for Democratic Institutions and Human Rights' observations; misuse of administrative resources, pressure on voters, and a lack of impartiality on the part of the public administration remain pressing issues. However, the government remains committed to align elections with international standards and to make a serious effort to address issues related to fundamental freedoms. In particular, amendments to the election related legislation need to be addressed in an inclusive and transparent process, in line with the OSCE/ODIHR's recommendations.

Among other political issues, there are several pressing needs. First of all, the constitution needs to be revised accordingly in a transparent manner and based on the Venice Commission's recommendations. Public trust in the judiciary continues to be low and public perception of corruption is high. Cases of torture and ill treatment among military conscripts, in prison facilities, and at police stations are not adequately investigated. Furthermore, media independence remains insufficient; and there is no significant progress on freedom of religion and belief, including proper legislation and practice on freedom of conscience. Moreover, comprehensive legislation on

discrimination is not yet in place, while the reactions of the authorities to discriminatory practices are inadequate. Regarding women's rights, legislation criminalising all forms of domestic violence has not yet been adopted. Finally, negotiations within the Minsk Group on the settlement of the Nagorno-Karabakh conflict have demonstrated the need for further efforts by both Armenia and Azerbaijan to achieve substantial progress.

## **1. EU Response**

### **1.1. Strategic objectives of the EU's relationship with the partner country**

EU-Armenia relations are governed by the EU-Armenia Partnership and Cooperation Agreement (PCA) which was signed in 1996 and entered into force in 1999. This partnership provides for closer political and mutually beneficial trade and investment relations as well as economic, social, financial and cultural cooperation. The partnership is intended particularly to promote Armenia's transition to a fully-fledged democracy and market economy.

The objective of the European Neighbourhood Policy (ENP)<sup>1</sup> is to share the EU's stability, security and prosperity with neighbouring countries. The ENP is designed to prevent the emergence of new dividing lines in Europe by offering neighbouring countries closer political, security, economic and cultural cooperation. ENP partners are expected to benefit from closer cooperation with the EU, the chance to participate in EU programmes and a stake in the EU's internal market, which will strongly support their own political and economic reforms. The European Neighbourhood Policy Action Plan for Armenia, adopted in 2006, provides a comprehensive framework for closer cooperation even though it is expected to be updated.

The Eastern Partnership (EaP) policy initiative launched in 2009, aiming to deepen and strengthen relations between the EU and its six Eastern neighbours, is another framework for EU cooperation with Armenia. Within this policy framework, the EU and Armenia completed negotiations on an Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA), in July 2013. However, the parties did not proceed with its initialling, following Armenia's declared intention to join the Eurasian Customs Union (incompatible with the DCFTA). Visa Facilitation and Readmission Agreements between the EU and Armenia entered into force in January 2014.

As declared in a joint statement between the EU and Armenia (at the margins of the EaP Vilnius Summit, November 2013); based on common values, both sides are committed to further cooperation aimed at the continuous improvement of democratic institutions and judiciary, the promotion of human rights and rule of law, good governance, the fight against corruption, strengthening civil society, the further improvement of the framework for enhanced trade and investments, the continued implementation of the mobility partnership and increased sectoral cooperation.

### **1.2. Choice of sectors of intervention**

The sectors to be supported were agreed upon after extensive consultations among stakeholders including government, the National Assembly, civil society organisations (CSOs), Business membership organisations, international organisations, international financial institutions (IFIs), and

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<sup>1</sup> [http://ec.europa.eu/world/enp/partners/enp\\_armenia\\_en.htm](http://ec.europa.eu/world/enp/partners/enp_armenia_en.htm)

EU Member States. The sectors selected for support are (1) Private sector development, (2) Public administration reform, and (3) Justice sector reform.

The proposed sectors are also included in the Armenia Development Strategy for 2014-2025, which has been adopted by the Government Decree Nr 442-N from 27 March 2014. The choice of sectors has also been informed by the EU's international commitment to the principles on aid effectiveness set out in the Paris Declaration (2005), the Accra Agenda (2008), the Busan Outcome Declaration (2011) and by its own Development Policy (EU Agenda for Change). Although the EU is by far the largest donor, the choice of priority sectors has also been guided by a desire to complement and reinforce the interventions financed by other donors.

### **1.2.1 Sector 1. Private sector development**

In Armenia, the lack of appropriate policies to address low competitiveness of enterprises and to ensure diversification of the economy has prevented the country from reducing socio-economic inequalities. Economic growth is largely concentrated in the capital, leaving significant regional socio-economic, public administrative and infrastructure disparities across the country. This has led to high levels of unemployment or under-employment in different regions as well as high rates of rural to urban migration, and labour emigration from the country. Furthermore, the Armenian economy has shown decreased level of competition and a tendency for the informal economy to grow.

The Armenia Development Strategy (ADS) emphasises that a continuous improvement of business environment and investment climate will remain the main priority of the state framework policy to increase employment, and will aim at facilitating the establishment of businesses. Currently, the main constraints in achieving these goals are inefficiency of the labour market, weakness of the institutional framework, limited access to finance, non-existence of growth poles in Armenian regions, and lack of capacity of farmers' cooperatives. Growth through development of SMEs and rural enterprises is needed in order to allow Armenia to implement its reform agenda and effectively fight against poverty. There is also a crucial need to enhance infrastructure and build the domestic capital market.

In the past, the EU has mainly supported Armenian private sector development through regulatory reforms and the Small Business Act assessment; principally through support to the competition authority, the customs services and other economic inspection bodies. The EU has also supported private sector development through regional initiatives (including Small Business Support Programmes, East-Invest and a small and medium enterprises (SME) Finance Facility). In addition, EU support actions are being prepared to improve competitiveness of Armenian regions through fostering economic growth, job creation and private sector development; and to promote efficient and sustainable agricultural development contributing to the development of farmers associations and cooperatives, and rural private sector activities (through the European Neighbourhood Programme for Agricultural and Rural Development - ENPARD).

Whereas these programmes accompany new reforms on regional, rural development and PPP, further assistance will be required to support the next stages of reforms which are long-term processes. Also, additional needs remain to address the framework for private sector development at the country level.

Through the Neighbourhood Investment Facility (NIF), the EU also provides complementary support in sectors such as energy, transport, water and capital markets, fostering Public Private Partnership (PPP) as well as improving access to finance for the private sector.

The EU and its Member States have an extensive experience in bridging economic disparities between the different European regions through policy, technical and financial instruments, notably its structural funds and cohesion fund, creating a more conducive environment for private sector development. This is an added value of EU support to implementation of Armenian policies in the sector, specifically on regional competitiveness, economic diversification, SME development and labour mobility.

### **1.2.2 Sector 2: Public administration reform**

A number of national strategies related to different aspects of public administration reform are currently implemented or under preparation, demonstrating the priority of the government to pursue reforms in this area. The ADS provides an overall strategic framework for public administration reform, including civil service development, public finance management, local self-governance as well as anti-corruption efforts.

Enhanced public administration reforms are required to improve efficiency and effectiveness of the public service delivery. In this regard, a draft policy paper on civil service reforms for 2014-2020 addresses many shortcomings of the Armenian public service system and suggests introducing a modern public administration. The experience of the EU and its Member States, especially those that have experienced the Soviet administration system, can help approximate the Armenian public administration and service delivery to the EU shared principles of public administration such as reliability, predictability, accountability and transparency, technical and managerial competence, organisational capacity and citizens' participation. Despite the lack of EU regulation in this area, a general consensus on key components of good governance has emerged and is shared by EU countries with different legal traditions and system of governance.

Furthermore, measures in support of the territorial-administrative reform of Armenia are included in the "list of urgent measures" of the Ministry of Territorial Administration. They are supported by the "enlargement of communities and creation of inter-community unions in Armenia" programme adopted by the government of Armenia in November 2011. These strategic documents aim to address the excessive fragmentation of local communities which negatively impacts on the quality and quantity of public services provided to the population. Also, efforts towards participatory decision-making, planning and monitoring with the involvement of non-state actors, is key to enhance the activities of municipalities.

In the area of Public Finance Management (PFM), an overall 2010 – 2020 Reform Strategy that covers areas such as internal audit, procurement, accounting and reporting as well as programme budgeting is being implemented. The 2011 – 2016 Strategic Development Programme for the Chamber of Control is being executed with the aim to implement the provisions of the Lima Declaration<sup>2</sup> and auditing standards approved by the International Organisation of Supreme Audit.

However, continuous efforts in the PFM area that will result in gradual devolution of powers, and efforts to achieve a result-based programme management and budget execution are needed. A second round of reforms in the areas of internal control, accounting, procurement, programme based budgeting and debt management remain to be completed. External audit in Armenia shows many shortcomings in the legal framework, with regard to the level of operational, financial and organisational independence of the Chamber of Control, its broad mandate, and its role in the conduct of external audit.

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<sup>2</sup>"Towards inclusive and sustainable industrial development", 15th UNIDO general conference, 2013/122/2

The anti-corruption action plan expired in 2012 and the government needs to prepare a new strategy (or alternatively a series of sector strategies). The on-going policy of reducing opportunities for corruption needs to be supplemented by a stronger lead from the government to ensure greater accountability of public officials. As part of anti-corruption efforts, it is important to introduce e-government systems for services provided by the state in order to improve accountability and transparency, and to reduce direct and personal contacts between public servants and the general public.

Finally, on the basis of international and EU statistical standards and principles, the programme of State Statistical Activities 2013-2015 envisages further improvements in areas such as administrative registers in ministries, specialised agencies and municipal authorities, in the introduction of integrated electronic systems and in the area of business statistics. The National Statistics Service has been applying EU standards to its internal processes and work plans (such as surveys, census, etc.) and considers the EU as the main partner for its institutional reforms. Building upon some limited previous assistance, further EU support is required in partnership with Eurostat in order to sustain such reform efforts.

### **1.2.3 Sector 3: Justice sector reform**

The EU supports the Armenian reforms in the justice sector since 2009, and in the last years some progress has been achieved, particularly through the adoption of relevant legislation. However, progress is still far from sufficient to meet some of the main reform objectives, such as the independence of justice sector, combating corruption in the sector and to ensure proper implementation of laws. Furthermore, a number of human rights related concerns remain to be addressed in Armenia. Recognising that such reforms are long term processes, further EU assistance is justified. The ADS includes development of the justice system, with the aim to ensure a judicial system which is fair, efficient, and accountable to the public, and protects the civil, economic and social rights of the public and their safety. Armenian reform needs are also expressed in the “2012-2016 strategic programme for legal and judicial reforms” that puts emphasis on the following areas: Independent, transparent and accountable justice sector; Efficient and accessible justice; Revision of criminal code and alternative punishment systems; Quality of services to the public; Penitentiary reform.

The Armenian authorities have taken some steps to amend national legislation, such as drafting a new Criminal Procedure Code, introducing amendments to the Criminal Code, and developing programmes and policies for judicial reform. However, concerns remain regarding judicial independence, access to justice and failure of courts to enforce the right to a fair trial, envisaged both in international conventions and related obligations and national legislation. Courts continue to show prosecutorial bias, violating the principles of presumption of innocence, equality of arms and the adversarial nature of proceedings. Furthermore, delays in the justice process, from investigation to judgement and its implementation, are due to numerous reasons including overloading of courts, lack of capacity and corruption of the involved stakeholders, and inefficiencies of procedures. While Armenia continued to address issues related to human rights and fundamental freedoms, further work remains necessary, especially as regards the implementation and enforcement of legislation, as well as protection through the justice system. In 2012 Armenia adopted a Strategy for Human Rights Protection, followed by an Action Plan adopted in early 2014. According to the observations and recommendations of international human rights treaty bodies and Progress Reports on the implementation of the European Neighbourhood Policy<sup>3</sup>, the country still faces significant challenges in fulfilling its human rights obligations, including torture and ill-treatment. Currently

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<sup>3</sup> Latest Progress Report: Implementation of the European Neighbourhood Policy in Armenia Progress in 2013 and recommendations for action SWD(2014)69 final of 27.03.2014

Armenia is not fully compliant with the UN Convention against Torture, with frequent allegations of use of torture by the police and lack of an independent investigation mechanism.

## 2. Indicative financial overview

The indicative allocation for 2014-2020 is EUR 252,000,000 to EUR 308,000,000. The indicative bilateral allocation for the programming period 2014 -2017 is EUR 140,000,000 – EUR 170,000,000. The indicative breakdown by sector is the following:

<b>Intervention area</b>	<b>Indicative allocation (%)</b>
Private sector development	35 %
Public administration reform	25 %
Justice sector reform	20 %
Complementary support for capacity development and institution building	15 %
Complementary support to civil society organisations	≤ 5 %

In addition to programmed bilateral allocations, Armenia may benefit from supplementary allocations provided under the multi-country umbrella programmes referred to in the Neighbourhood wide programming documents. Such supplementary allocations will be granted on the basis of progress towards deep and sustainable democracy and implementation of agreed reform objectives contributing to the attainment of that goal.

Armenia is also eligible for support under a number of other EU instruments, such as the Instrument Contributing to Peace and Stability, Humanitarian Aid, the Partnership Instrument, the European Instrument for Democracy and Human Rights, the Instrument for Nuclear Safety Co-operation, Macro-Financial Assistance, Development Co-operation Instrument thematic programmes and external actions under EU internal programmes for e.g research and innovation, energy, transport, education and youth (Erasmus+) and culture (Creative Europe). Where possible, Member State political action and assistance will also be co-ordinated with EU action, as a way of achieving political leverage and as part of a coherent foreign policy approach. Armenia may also be targeted for specific diplomatic action under the Common Foreign and Security Policy, depending on the specific political circumstances.

## 3. EU support per sector

Support to civil society will be mainstreamed throughout all three sectors of intervention, geared towards promoting civil society engagement in the respective sector, with the ultimate goal of ensuring effective and inclusive policies at the national level. Efforts will be made to support civil society capacities and engagement, as appropriate, in the development, implementation and monitoring of national sector strategies, including through participation in policy dialogues and service delivery schemes.

Each sector of concentration will encompass sector-related capacity development and institution building activities, including approximation to EU legislation and technical standards. Relevant cross-cutting issues (including statistical capacities and environment) will be addressed in each sector of concentration by means of mainstreaming and/or ad hoc activities, as appropriate. Specific attention will be devoted to the promotion of gender equality and women’s empowerment.

### **3.1 Private Sector Development (indicative 35%)**

**3.1.1.** The **overall objective** will be to create employment opportunities by enhancing private sector development in Armenia.

The **specific objectives** will be:

1. To improve the national business and investment climate for the small and medium enterprises;
2. To improve the economic competitiveness of Armenian regions.

#### **3.1.2. For each of the specific objectives the main expected results are:**

For specific objective 1

- Result 1.1.1.** Increased business opportunities and access to finance for small and medium enterprises
- Result 1.1.2.** Strengthened public private dialogue and partnership
- Result 1.1.3.** Improved labour market efficiency

For specific objective 2

- Result 1.2.1.** Increased investment and business opportunities in targeted economic sectors and regions
- Result 1.2.2.** Strengthened capacity and performance of farmers associations and cooperatives

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

#### **3.1.3. Donor coordination and policy dialogue**

The EU Delegation is conducting technical donor coordination activities in this area. However, a more structured mechanism for donor coordination needs to be established by the government.

The European Bank for reconstruction and Development (EBRD) finances private sector operations (with privately-owned enterprises and commercial banks), whilst other International Financial Institutions (KfW, World Bank, International Finance Corporation, Asian Development Bank and Eurasian Development Bank) have multi-year programmes with the central government, municipalities and state institutions. EBRD implements about 20 investment operations per year in Armenia. The European Investment Bank (EIB) is providing financial support mainly through loans to modernise infrastructure (road construction, border crossings, water supply and sewage). In terms of support to regional specialisation and competitiveness, GIZ is working with the wine and brandy production sector, USAID provides support to tourism, fruit and vegetable processing, biotechnology, pharmaceuticals and ICT, and the World Bank is planning to support rural development.

#### **3.1.4. Government's financial and policy commitments**

Private sector competitiveness is supported by the government's "Strategy of export-led industrial policy", adopted in 2011. The strategy envisages support of 11 economic sectors, including resource-based, skills-based and knowledge-based sectors, and coordination of public and private sector activities. The main structures responsible for implementation of the strategy are the



Industrial Board under the Prime Minister, the Ministry of Economy, Sector Strategy Boards and the Armenian Development Agency. SME development policy will be mainly implemented through the Ministry of Economy, the Small and Medium Entrepreneurship Development National Centre and the Industrial Development Foundation. The government has also set up specific funds to implement its policies; supporting private sector development and regional cohesion. The regional dimension of private sector development is supported by the recent concept paper on regional development addressing structural problems due to disparities in infrastructure, human capital and SME development. A regional development strategy is being drafted, including the setting up of a Regional Development Fund that will make funds available for targeted private sector initiatives in Armenian regions.

The strategy for sustainable agricultural development also aims to support private sector development and "facilitate well integrated value chains and alternative (rural) employment opportunities, to absorb the surplus farm labour".

The continuous government financial and policy commitment to support reforms in the private sector area will have to be regularly assessed within the Medium Term Expenditure Framework (MTEF). The MTEF for the period 2015-2017 will be of particular relevance. The government will have to clearly link its policy formulation, priorities of the Armenia Development Strategy, and its prospective budgetary allocations.

### **3.1.5. Environmental assessment**

The use of specific environmental assessment methodologies (SEA or EIA) as an essential planning tool for an environmentally sustainable and resource efficient economic development will be promoted and will be carried out when needed. Uncontrolled deforestation, and overexploitation of water resources with an increased risk of desertification, are particular concerns. Climate change mitigation and adaptation need to be considered across relevant policy sectors, and strategic planning capacity needs to be strengthened.

Disaster risk management will be promoted in the preparation and implementation of the programmes and projects, in particular resilience of infrastructure to natural and man-made disasters.

### **3.1.6. Risk assessment of the sector intervention**

The main risk to achieving a successful sector intervention is the lack of government commitment to co-ordination of the relevant policy measures. In addition, the limited involvement of enterprises, youth, civil society and local state actors, and the insufficient capacity of regional and local stakeholders to support and implement innovation initiatives are additional risks that need to be controlled. Moreover, the possible overall worsening of the business climate due to Armenia's future Custom Union integration has to be also considered.

The mitigation measures for these include:

- Close cooperation with the government in implementation and monitoring progress
- Enhanced cooperation among donors, Member States and EU Delegation
- Awareness raising on successful examples of young entrepreneurs, knowledge transfer and innovation
- Exchange of good practices across sectors, regions and local state actors
- Technical assistance and dissemination of best practices

## **3.2 Public Administration Reform**

**3.2.1.** The **overall** objective will be to improve transparency, accountability and efficiency of the public administration at central, regional and local levels.

The **specific** objectives will be:

1. To enhance public administration systems and professionalism of the civil service;
2. To improve the quality of public finance management;
3. To make public service delivery at central, regional and local levels more efficient and effective.

### **3.2.2. For each of the specific objectives the main expected results are:**

For specific objective 1

**Result 2.1.1.** Civil service reform implemented according to EU shared principles

**Result 2.1.2.** Strengthened statistical capacity in the economic, demographic, social and environmental fields at municipal and regional levels

**Result 2.1.3.** Reduced corruption in the public service

For specific objective 2

**Result 2.2.1.** Improved budget credibility and transparency

For specific objective 3

**Result 2.3.1.** Citizen-oriented multifunctional service centres (one-stop shops) established for public service delivery

**Result 2.3.2.** Enhanced provision of e-governance services

**Result 2.3.3.** Optimised and strengthened municipal services, including integrated social services

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex. .

### **3.2.3. Donor coordination and policy dialogue**

The EU has been supporting public administration reform in Armenia through various tools such as capacity building activities (e.g. SIGMA, Twinnings, TAIEX) and through budget support (on PFM, civil service reform, anticorruption). In addition to the EU, the most active donors involved in improvement of public administration and PFM include the World Bank (PFM, civil service reform, revenue) and GIZ (PFM, revenue, external audit). EBRD has been leading in supporting reforms in the procurement area. USAID and the Council of Europe are involved in decentralisation operations, while the WB, the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) support the improvement of service delivery at municipal level with the introduction of integrated social services and territorial social plans. The WB, UNDP and USAID are also involved in e-governance projects. UNDP and UNICEF support the promotion and institutionalization of administrative registers at local and regional levels through community database initiatives.

Donor coordination and dialogue in this sector takes place regularly. For policy dialogue, broad involvement of the government, CSO's, parliament, donors, member states and local authorities is essential. CSO's and parliament should also play a crucial role in devising and monitoring the implementation of the reform agenda. Specific funds will be set aside to strengthen their capacity.

### **3.2.4. Government's financial and policy commitments**

The continuous government financial and policy commitment to support reforms in the public administration area will have to be regularly assessed within the MTEF. The MTEF for the period 2015-2017 will be of particular relevance. The government will have to clearly link its policy formulation, priorities of the Armenia Development Strategy, and its prospective budgetary allocations.

### **3.2.5. Environmental assessment**

When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out.

### **3.2.6. Risk assessment of the sector intervention**

The main risks to achieving a successful sector intervention are (1) the lack of government commitment to reforms of public administration, to improvement of governance and of service delivery at local level (2) the lack of transparency on development and implementation of policy and legislation that may jeopardise anti-corruption measures and (3) the lack of political will by the government to engage in constructive and open dialogue with CSO's to monitor progress of reforms.

To mitigate the identified risks, close cooperation between donors, support to the advocacy capacity of CSO's, and strengthening of mechanisms for sector dialogue will be required.

## **3 Justice sector reform**

**3.3.1.** The **overall** objective will be to improve the justice system in Armenia and to enhance protection of Human Rights.

The **specific objectives** will be:

1. To contribute to the development of a more independent, transparent, accountable, accessible and efficient justice system,
2. To promote effective and timely protection of human rights.

### **3.3.2. For each of the specific objectives the main expected results are:**

For specific objective 1

**Result 3.1.1.** Independence and impartiality of the judiciary, prosecution and lawyers

**Result 3.1.2.** More effective and regulated legal process

**Result 3.1.3.** Improved accountability and transparency of judicial proceedings and of nomination and performance assessment of judges

**Result 3.1.4.** Improved access to justice and free legal aid for citizens

For specific objective 2

**Result 3.2.1.** Improved conditions and reduced ill-treatment in penitentiary institutions and police custody

**Result 3.2.2.** A justice system that fully safeguards the universal human right to a fair and impartial trial as established in international and European conventions

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

### **3.3.3. Donor coordination and policy dialogue**

Support by other donors in the justice area is mainly targeted at institutional and technical capacity building. A WB project has provided extensive aid in judicial reform, support to renovation of courthouses, consultancy on judicial governance (including information technologies management systems), legal information, raising public awareness of reforms, and alternative dispute resolution. GIZ is providing assistance in the field of administrative justice, penitentiary reforms and criminal justice, civil law and civil procedure law and a functional judiciary. The German Foundation for International Legal Cooperation is focused on notary law, penitentiary law and training of judiciary personnel. The Council of Europe (CoE) is fostering human rights by supporting penitentiary reforms. OSCE has supported court monitoring in criminal justice, and capacity building of judges, prosecutors, and advocates. USAID focuses on issues of judicial independence with on-going projects with the Association of Judges, as well as on supporting the Chamber of Advocates. UNICEF supports reforms in the juvenile justice system in Armenia. Donor coordination is set to be realised by permanent coordination, led by the Ministry of Justice and with the participation of main national stakeholders, as proposed in the Justice Strategy for 2012-2016.

### **3.3.4. Government's financial and policy commitments**

During recent years successive actions have been carried out to approximate national legislation with the UN, EU, ILO, CoE, and OSCE standards and norms. At the same time, membership of and closer ties with these organizations imply that the State has undertaken commitments to promote democracy, raise the level of governance, and ensure human rights protection and the rule of law. Commitment to reform the justice area is reflected in the current comprehensive Justice Reform Strategy (2012-2016) and in the ADS (2014-2025). The former was elaborated with the involvement of all key stakeholders. It includes a detailed action plan, benchmarks, cost estimate, and implementing agency for each activity and serves as a solid base for continuity of justice reform in the country.

In recent years, Armenia has taken steps that aim at incorporating international standards and norms of human rights in its national legislation. A national strategy on human rights has been adopted and an action plan should be approved.

The financial commitment will have to be regularly assessed in the MTEF. The MTEF for the period 2015-2017 will be of particular relevance. The government will have to clearly link its policy formulation, priorities of the Armenia Development Strategy, and its prospective budgetary allocations.

### **3.3.5. Environmental assessment**

When needed, the appropriate type of environmental assessment (SEA or EIA) will be carried out.

### **3.3.6. Risk assessment of the sector intervention**

The major risks to achieving a successful sector intervention are (1) lack of commitment by government to implement national strategies on human rights and justice reforms and (2) insufficient capacity of key stakeholders to implement and monitor implementation of reforms.

A close monitoring by donors, and ongoing policy dialogue with the government, will help mitigate those risks. Furthermore, enhancing the capacity of stakeholders and dissemination of best EU practices will be required to improve the justice system in Armenia.

#### **4. Complementary support in favour of civil society**

In addition to sector specific assistance additional measures in favour of civil society will be made available under this complementary envelope, through a continuation at country level of the Civil Society Facility 2011-2013.

Funding from this component will be geared towards supporting the role of civil society in building credible and inclusive policy processes, stronger democratic processes and accountability systems, in other sectors than the priority sectors. This can include measures aiming to promote a conducive environment at all levels for civil society participation in public life, measures to boost domestic transparency and accountability, including of the budgetary process. The development of civil society internal professionalism and capacities, including their capacity to form national associations and networks, and improving the delivery of services will also be targeted.

#### **5. Complementary support for capacity development and institution building**

In addition to sector-related assistance, this complementary provision for capacity development and institution building activities will address the implementation of priority commitments deriving from EU agreements and the dialogue on mobility that are not already covered under the three principal priority sectors.

This agreement-driven provision will be especially focused on approximation to EU legislation and technical standards, and complement assistance under the Eastern Partnership “Comprehensive Institution Building” (CIB) initiative.

Capacity development and institution building activities – either through sector-related assistance or from this complementary provision – may also address participation in EU programmes and in the work of EU agencies.

**Annex 1 – Donor matrix**

**Annex 2 – Indicative timetable for commitment of funds**

**Annex 3 – Sector intervention framework**

**ANNEX 1 - DONOR SUPPORT IN ARMENIA 2014-2020 – EU AND MEMBER STATES**

Area of Intervention	Active donor							
	EU	CZ	DE	DK	EL	FR	PL	UK
<b>Political dialogue and reform</b>								
Governance and democracy	■	■	■	■			■	
Rule of law (judicial reform)	■	■	■					
Human Rights	■			■				
Cooperation with civil society	■		■					
<b>Peace and Security</b>								
Conflict Prevention								■
Crises management								
<b>Justice and Home Affairs</b>								
Border Management	■							
Migration and readmission	■		■			■		
Refugees and IDPs								
Organised Crime								
Police and Judicial Cooperation	■							
<b>Economic and social reform</b>								
Macro-economic reform	■							
Employment, poverty reduction & social policy	■	■	■					
Agriculture, forestry and fisheries	■		■		■	■		
Water and sanitation	■							
Rural development	■							
Regional cooperation	■		■			■		
<b>Trade Issues, market and regulatory reform</b>								
Enterprise policy/private sector	■		■					
Public finance management and procurement	■		■					
Technical standards and regulations	■		■		■			
<b>Sector Support</b>								
Transport	■							
Energy	■	■	■			■		
Environment and climate change	■	■	■					
Information society								
Research and innovation								
<b>People to people contacts</b>								
Education	■		■			■		
Culture and Recreation						■		
Health						■		
Tourism and antiquities			■					
Other								

**DONOR SUPPORT IN ARMENIA 2014-2020 – OTHER DONORS**

<b>Area of Intervention</b>											
	<i>Non-EU Countries</i>			<i>IFIs</i>					<i>International organisations</i>		
	<i>Russian Federation</i>	<i>Switzerland</i>	<i>United States</i>	<i>ADB</i>	<i>EBRD</i>	<i>EIB</i>	<i>WB/IFC</i>	<i>IMF</i>	<i>CoE</i>	<i>UN</i>	<i>OSCE</i>
<b>Political dialogue and reform</b>											
<i>Governance and democracy</i>											
<i>Rule of law (judicial reform)</i>											
<i>Human Rights</i>											
<i>Cooperation with civil society</i>											
<b>Peace and Security</b>											
<i>Conflict Prevention</i>											
<i>Crises management</i>											
<b>Justice and Home Affairs</b>											
<i>Border Management</i>											
<i>Migration and readmission</i>											
<i>Refugees and IDPs</i>											
<i>Organised Crime</i>											
<i>Police and Judicial Cooperation</i>											
<b>Economic and social reform</b>											
<i>Macro-economic reform</i>											
<i>Employment, poverty reduction &amp; social policy</i>											
<i>Agriculture, forestry and fisheries</i>											
<i>Water and sanitation</i>											
<i>Rural development</i>											
<i>Regional cooperation</i>											
<b>Trade Issues, market and regulatory reform</b>											
<i>Enterprise policy/private sector</i>											
<i>Public finance management and procurement</i>											
<i>Technical standards and regulations</i>											



<b>Sector Support</b>											
<i>Transport</i>											
<i>Energy</i>											
<i>Environment and climate change</i>											
<i>Information society</i>											
<i>Research and innovation</i>											
<b>People to people contacts</b>											
<i>Education</i>											
<i>Culture and Recreation</i>											
<i>Health</i>											
<i>Tourism and antiquities</i>											
<i>Media</i>											

## Annex 2 – Indicative timetable for commitment of funds

<b>INDICATIVE TIMETABLE</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>SECTOR OF INTERVENTION – Private sector development</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>-</b>
<b>SECTOR OF INTERVENTION – Public administration reform</b>	<b>-</b>	<b>X</b>	<b>-</b>	<b>X</b>
<b>SECTOR OF INTERVENTION – Justice sector reform</b>	<b>-</b>	<b>-</b>	<b>X</b>	<b>-</b>
<b>Complementary measures</b>	<b>X</b>	<b>X</b>	<b>-</b>	<b>X</b>

## Annex 3 – Sector intervention framework

### Sector 1 - Private sector development

**Overall objective: To create employment opportunities by enhancing private sector development in Armenia**

#### Specific objective 1 - To improve the national business and investment climate for the small and medium enterprises

Expected results	Indicators	Means of verification
1.1.1 Increased business opportunities and access to finance for small and medium enterprises	<ul style="list-style-type: none"> <li>Ranking in international comparisons on doing business and competitiveness</li> <li>% of SMEs with access to finance and investment</li> <li>Number of registered and operational SMEs disaggregated by region</li> <li>Implementation status of the national SME Support Strategy and the level of its alignment with best EU / international practices</li> </ul>	<ul style="list-style-type: none"> <li>Legal acts adopted, and/or amended</li> <li>Ministry of Economy and Ministry of Finance reports and statistics</li> <li>Reports by international organisations (WB ‘Doing Business’, WEF ‘Global Competitiveness Index’, EU, etc.)</li> <li>Small Business Act Assessment Report</li> </ul>
1.1.2 Strengthened public private dialogue and partnership	<ul style="list-style-type: none"> <li>Number of projects developed through PPP according to international best practices</li> <li>Status of the legal framework for PPP and level of alignment with international best practices</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Economy and Ministry of Finance reports and statistics</li> <li>Reports from business associations</li> <li>National budget, legal acts adopted, and/or amended</li> <li>Reports by international organisations</li> </ul>
1.1.3 Improved labour market efficiency	<ul style="list-style-type: none"> <li>Average duration of unemployment</li> <li>Percentage of graduates from higher education and VET establishments employed</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Labour and Social Affairs reports and statistics</li> <li>Reports by international organisations (WB, UNESCO, ETF, etc.)</li> </ul>

#### Specific objective 2 - To improve the economic competitiveness of Armenian regions

Expected results	Indicators	Means of verification
1.2.1 Increased investment and business opportunities in the	<ul style="list-style-type: none"> <li>Number of regional cluster and value chain initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Ministry of Territorial Administration reports</li> </ul>

targeted economic sectors and regions	launched and operational in priority sectors to be identified	and statistics <ul style="list-style-type: none"> <li>• Reports by business associations</li> <li>• Reports by international organisations (WB, IMF, etc.)</li> </ul>
1.2.2 Strengthened capacity and performance of farmers associations and cooperatives	<ul style="list-style-type: none"> <li>• Status of the legal framework and alignment with international best practices</li> <li>• Number of farmers and farmers associations with access to capital and financing facilities</li> <li>• Number of new business-oriented farmers groups officially registered and operational, covering both agricultural and non-agricultural activities</li> </ul>	<ul style="list-style-type: none"> <li>• Legislation adopted</li> <li>• Results of the national agricultural census</li> <li>• Ministry of Agriculture reports and statistics</li> <li>• Reports by international organisations (FAO, etc.) and CSO's</li> </ul>

## Sector 2 – Public Administration Reform

**Overall objective: To improve transparency, accountability and efficiency of the public administration at central, regional and local levels**

<b>Specific objective 1 - To enhance public administration systems and professionalism of civil service</b>		
<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
2.1.1 Civil service reform implemented according to EU shared principles	<ul style="list-style-type: none"> <li>• Number of Laws and regulations on civil service that are in line with EU shared principles</li> <li>• Country Policy and Institutional Assessment (CPIA) rating on quality of public administration</li> </ul>	<ul style="list-style-type: none"> <li>• Prime Minister's office and Civil Service Commission reports</li> <li>• World Bank (CPIA) database</li> <li>• Bertelsmann Transformation Index (BTI)</li> <li>• SIGMA reports</li> <li>• Peer reviews</li> <li>• CSO reports</li> </ul>
2.1.2 Strengthened statistical capacity in the economic, demographic, social and environmental fields at municipal and regional levels	<ul style="list-style-type: none"> <li>• Statistical capacity indicators score</li> </ul>	<ul style="list-style-type: none"> <li>• The Bulletin Board on Statistical Capacity (BBSC) developed by the Development Data Group (DECDG)</li> <li>• Reports on the work plan implementation</li> <li>• Ad hoc assessment of EUROSTAT and other peer reviews</li> </ul>
2.1.3 Reduced corruption in the public service	<ul style="list-style-type: none"> <li>• Existence/ implementation status of the Government Anti-Corruption Strategy according to international standards (the UN Convention Against Corruption, CoE, etc.)</li> <li>• Scores in international indicators on Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Prime Minister's office reports and statistics</li> <li>• Istanbul Anti-Corruption action plan reports</li> <li>• World Justice Project reports</li> <li>• World Bank Group - CPIA database</li> <li>• SIGMA reports</li> <li>• Reports by international organisations (CoE, EU, etc.) and CSOs</li> <li>• Peer reviews</li> </ul>

<b>Specific objective 2 - To improve the quality of public finance management</b>		
<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
2.2.1 Improved budget credibility and transparency	<ul style="list-style-type: none"> <li>• Implementation status of the 2011 – 2020 PFM Reform Strategy and the level of its alignment with international practices</li> <li>• Implementation status of the PFM sector strategies and the level of their alignment with international practices (including PIFC, procurement, external audit, programme budgeting)</li> <li>• National PEFA scores</li> </ul>	<ul style="list-style-type: none"> <li>• Public Expenditure and Financial Accountability Assessment (PEFA)</li> <li>• Public Expenditure Tracking Surveys</li> <li>• Government reports and statistics</li> <li>• Methodology for Assessing Procurement Systems (MAPS) by OECD</li> <li>• SIGMA reports</li> <li>• Reports by international organisations (IMF, WB, EU, etc.) and CSO's</li> </ul>

<b>Specific objective 3 - To make public service delivery at central, regional and local levels more efficient and effective</b>		
<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
2.3.1 Citizen-oriented multifunctional service centres (one-stop shops) established for public service delivery	<ul style="list-style-type: none"> <li>• Number and range of services delivered by the service centres (one-stop shops)</li> <li>• Average time-cost reduction attributed to provision of services through one-stop shops</li> </ul>	<ul style="list-style-type: none"> <li>• Prime Minister's office reports and statistics</li> <li>• Citizen surveys</li> <li>• Public expenditure reviews</li> </ul>
2.3.2 Enhanced provision of e-governance services	<ul style="list-style-type: none"> <li>• Number and range of public e-services delivered</li> <li>• Number of citizens using public e-services</li> </ul>	<ul style="list-style-type: none"> <li>• E-Government Development Index (EGDI)</li> <li>• Country's E-Readiness ranking</li> <li>• National Statistics Service and Prime Minister's office reports and statistics</li> <li>• Citizen surveys</li> </ul>
2.3.3 Optimised and strengthened municipal services, including integrated social	<ul style="list-style-type: none"> <li>• PEFA (sub national level) scores</li> <li>• Number and range of public services provided at local level</li> </ul>	<ul style="list-style-type: none"> <li>• Public Expenditure and Financial Accountability</li> </ul>

services	<ul style="list-style-type: none"> <li>• Number of agreements (territorial social plans) among the municipal service providers, CSO's and business organisations</li> </ul>	<p>(PEFA) sub-national assessment</p> <ul style="list-style-type: none"> <li>• Reports and statistics by government and regional authorities</li> <li>• Surveys of beneficiaries and stakeholders</li> <li>• Public expenditure reviews</li> <li>• Citizen surveys</li> </ul>
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### Sector 3 – Justice sector Reform

**Overall objective: To improve the justice system in Armenia and to enhance protection of Human Rights**

<b>Specific objective 1 - To contribute to the development of a more independent, transparent, accountable, accessible and efficient justice system</b>		
<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
3.1.1 Independence and impartiality of the judiciary, prosecution and lawyers	<ul style="list-style-type: none"> <li>• Number of disciplinary cases dealt with by the judges' self-regulating body (per year)</li> <li>• Percentage of judges with guaranteed tenure until retirement</li> </ul>	<ul style="list-style-type: none"> <li>• International (CoE, EU, etc.) reports</li> <li>• Reports by international and national watchdogs, CSO's</li> <li>• Perception surveys</li> <li>• Ministry of Justice reports and statistics</li> </ul>
3.1.2 More effective and regulated legal process	<ul style="list-style-type: none"> <li>• Number of cases resolved using alternative dispute resolution mechanisms</li> <li>• Average time it takes for a case from being lodged to the judgement being issued</li> <li>• Time spent in detention before court hearings and sentencing</li> </ul>	<ul style="list-style-type: none"> <li>• International (CoE, OSCE, EU etc.) reports</li> <li>• Reports by international and national watchdogs, CSO, perception surveys</li> <li>• Ministry of Justice reports and statistics</li> </ul>
3.1.3 Improved accountability and transparency of judicial proceedings and of nomination and performance assessment of judges	<ul style="list-style-type: none"> <li>• Public availability of information on disciplinary procedures, nomination of judges and performance of courts</li> <li>• Number of trials or other judicial proceedings open to the public</li> </ul>	<ul style="list-style-type: none"> <li>• Courts Management Information System (MIS)</li> <li>• Reports by international and national watchdogs, CSO's</li> <li>• Perception surveys</li> <li>• International (CoE, EU etc.) reports</li> <li>• Ministry of Justice reports, statistics, personnel records</li> </ul>
3.1.4 Improved access to justice and free legal aid for citizens	<ul style="list-style-type: none"> <li>• Number of people receiving free and legal aid</li> <li>• Number and range of online services available to the public</li> <li>• Number of courts per capita and geographic spread</li> </ul>	<ul style="list-style-type: none"> <li>• International (CoE, EU etc.) reports</li> <li>• Reports by international and national watchdogs, CSO's</li> <li>• Ministry of Justice reports and statistics</li> <li>• Perception surveys</li> </ul>



<b>Specific objective 2 - To promote effective and timely protection of Human Rights</b>		
<b>Expected results</b>	<b>Indicators</b>	<b>Means of verification</b>
3.2.1 Improved conditions and reduced ill-treatment in penitentiary institutions and police custody	<ul style="list-style-type: none"> <li>• Number of implemented recommendations of the National Preventive Mechanism (of UN Convention on Torture)</li> <li>• Ratio of prisoners to cell space</li> <li>• Number or % of prison population with access to vocational education and training / medical care</li> </ul>	<ul style="list-style-type: none"> <li>• UN/CoE/OSCE/EU reports</li> <li>• Reports by international and national watchdogs, CSO's and Ombudsman</li> <li>• Ministry of Justice reports and statistics</li> </ul>
3.2.2 A justice system that fully safeguards the universal human right to a fair and impartial trial as established in international and European conventions	<ul style="list-style-type: none"> <li>• Number of human rights cases brought to court and examined within a regulated time-frame</li> <li>• Number of judgements taken to the European Court of Human Rights on the grounds of a violation of the universal right to a fair and impartial trial</li> </ul>	<ul style="list-style-type: none"> <li>• UN/CoE/OSCE/EU reports</li> <li>• Reports by international and national watchdogs, CSO's and Ombudsman</li> <li>• Ministry of Justice reports and statistics</li> </ul>

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

The base line reference for indicators will be specified at the stage of preparing the corresponding EU support actions.