

## ACTION PROGRAMME 2004/2005 ARMENIA

### 1. IDENTIFICATION

<i>Form of programme</i>	<i>Tacis National Action Programme</i>
<i>Beneficiary Country</i>	<i>Armenia</i>
<i>Budget year</i>	<i>2004</i>
<i>Budget line</i>	<i>190601</i>
<i>Financial allocation</i>	<i>Euro 10 Millions</i>
<i>Legal basis</i>	<i>Council Regulation N. 99/2000</i>
<i>Contracting</i>	<i>All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment</i>
<i>Implementation</i>	<i>The implementation of projects under this proposal must be concluded by 31.12.2009. Therefore, all technical activities provided for under this program and all contracts must end by 31.12.2009. The method of implementation is centralised with the EC as Contracting Authority</i>
<i>Biannual programming</i>	<i>Commission Delegation to Georgia and Armenia and AIDCO headquarters</i>
<i>Related CSP/NIP</i>	<i>NIP 2004/2006</i>
<i>Remarks</i>	<i>No Administrative expenditure will be financed under this programme.</i>

### 2. SUMMARY OF THE PROGRAMME

The National Indicative Programme 2004-2006 for Armenia was approved by the Tacis Committee on 18 September 2003. This Action Programme 2004/2005 is developed fully in line with this strategic document and with the main objective to strengthen the outcomes of the Action Programme 2002/2003 and to prepare the basis for a coherent follow up in the next Action Program 2006.

The Country Strategy Paper 2002/2006 identified for Armenia two main Areas of Cooperation

- **Support for Institutional, Legal and Administrative reform,**
- **Support in addressing the social consequences of transition**

These two selected areas reflect the priorities in terms of PCA implementation and Poverty Reduction Strategy (PRSP) and both of them are of high priority for a smooth transition to a market economy and poverty alleviation.

The following initiatives are proposed under the Area of Cooperation “ **Support to institutional, legal and administrative reforms**” :

### **1) PCA implementation**

- Further support to AEPLAC (Armenian-European Policy and Legal Advice Centre) and Capacity building at the governmental level on PCA implementation
- Create and improve a EU legislation expertise at the national level (EU legislation Chair at the State University of Yerevan)

### **2) Support to Energy Policy**

Support to the Ministry of Energy for the decommissioning of the Medzamor Nuclear Power Plant and support for the development of renewable energies

### **3) Support to regional development**

Further support to Vayots Dzor and Ararat Marzes on strengthening local self-governance and implementation of regional development plans (second phase of AP 2002/2003 project)

### **4) Support to the National Co-ordinating Unit (NCU)**

Further support to the National Coordinating Unit to improve and strengthen the planning and coordination capacity of the Government of Armenia in relation to EU/EC support,

Concerning the Area of Cooperation “ **Social consequences of transition**” , the following projects are proposed :

#### **1) Support to the Ministry of Agriculture**

Improve the management capacities of the Ministry in order to design and implement reform policies in the context of the PRSP and Food Security programmes.

#### **2) Social childcare within social assistance policy**

Support to the Ministry of Labour and Social Issues to assess and implement the social assistance policy, strategy and legislation with a particular focus on de-institutionalization of children living in orphanages

### **Small projects programme**

In addition, support will be provided through the following small project programmes : TEMPUS, Statistics and Customs, Policy Advice. These small projects should complement as much as possible the Action Programme projects and priorities. The programme will also include a small reserve.

### 3. COUNTRY UPDATE

An update on the country analysis can be found in Tacis National Indicative Program 2004/2006 presented to the Tacis Committee in July 2003. Since that time, the following developments took place:

- The Poverty Reduction Strategy Paper (PRSP) was adopted in August 2003.
- Anti corruption strategy: the Government adopted the Anti-corruption strategy paper and plans to organise a broad public discussion on this issue.
- The President, Mr. Kocharian, visited Brussels on 3 and 4 December 2003 : main points of discussion related to the present Action Programme were
  - Armenia's trade regime with the EU: importance of assistance in the fields of legislative harmonisation and standardisation in order to improve Armenia's capacity to trade with the EU.
  - Medzamor Nuclear Power plant decommissioning: the President stressed the importance to diversify gas supply by building a second pipeline from Iran and develop efficient, high technology alternative capacities.
- EC-Armenia working group on the Medzamor Nuclear Power Plant took place on 10 February 2004: despite previous expectations no final decision has been taken on Medzamor closure: the project gas pipeline from Iran remains a strong pre-condition for the Government of Armenia as well as a stable economic impact on alternative energy tariffs.

During recent years, Armenia has made consistent progress in bringing its legal framework into lines with the norms of the single European market. Its recent accession to the WTO (February 5, 2003) is evidence of this achievement and of Armenia's willingness to implement the obligations of membership

On 14 June 2004 the Council decided to include Armenia together with the two other southern Caucasus countries in the European Neighbourhood Policy. This marks a significant step forward in the EU's engagement with this region. Each country will be given the same possibility to develop its links with the EU and will be treated on its individual merits in line with the general policy of the ENP.

### 4. PAST EC ASSISTANCE AND LESSON LEARNT

Total EC Assistance to Armenia, 1992-2002, is about Euro 315 millions. The three principal instruments have been

- TACIS (about 80 million Euro committed)
- Food Security Programme (about 70 Euro committed), and
- ECHO (69 million). In 2001 ECHO withdrew from providing humanitarian assistance to the region other than in response to specific emergencies.

Armenia has and will continue to benefit from the TACIS regional programmes.

The previous Action Program 2002/2003, focused on two priority areas of cooperation (Institutional, Legal and Administrative Reforms and Support to Social Consequences of Transition) identified the following programmes :

- 1) Support to the AEPLAC (phase III)
- 2) Regional Development
- 3) Information Technologies
- 4) Vocational Education Training.

All these programs have been launched and are in their implementation phase. The amount allocated in AP 2002/2003 is nearly fully committed.

#### 1) AEPLAC – Armenian European Policy and Legal Advice Centre

Within the frame of the AP 2002/2003 a third phase of AEPLAC has been launched, starting from August 2003 and for a period of 18 months. The first phase of the project started in March 1998 and until October 1999 the project focussed on supporting Armenia's accession negotiations to the WTO. With the near completion of the negotiations and the entry into force of the PCA, the project shifted its focus to supporting mainly the implementation of the PCA. Over the course of time, AEPLAC has become an independent research and policy advice centre providing legal and economic advice to the Armenian Government as well as the Armenian Parliament on all aspects of Armenian-European relations covered by the PCA.

However, in addition to introducing legal reforms, Armenia has still to set up institutions able to guarantee the smooth functioning of the market economy and to enforce the above mentioned laws and regulations.

In addition, an evaluation of the PCA implementation in Armenia underlined several weaknesses that may compromise its effectiveness and sustainability in the long term

- Lack of awareness, capacities and co-ordination among the main stakeholders (mainly in line Ministries and parliamentary commissions involved in the decision making process). This problem led to the failure in the design and adoption of a strategic National Program on PCA implementation before the end of 2003. It is now foreseen to adopt this Programme middle of 2004.
- Important lack of qualified local expertise mainly on EU legislation. This problem is an important obstacle in the enhancement of the professional capacities and qualification of civil servants involved in this process.
- Involvement of the civil society : lack of standard training in close cooperation with NGOs or universities to a much wider public by providing sufficient ground for the more specific outputs which requires a thorough understanding to avoid rejection

2) Support for Regional Development started with the Action Program 1998. The project was implemented in Lori Marz and had a very deep impact in terms of confidence building at regional administrative level as well as on the civil society participation.

On the basis of these encouraging results a second project was designed for two other regions, in the frame of Action Program 2002/2003. This second project wanted to take into consideration not only the lessons learnt from the previous one, but also to support the implementation of the new law on self-governance adopted in June 2002. The new legislation delegates more authorities to the local government and defined more clearly the scope of rights and responsibilities of the latter. The issue of further reform of the Public Administration sector and regional development is also a priority of the Poverty Reduction Strategy Paper which emphasized that "*absence of regional development*

*strategy and lack of institutional capacity at regional and local levels resulted in severe polarization of regional development”.*

One important lesson learnt in this field is that the assistance to the regional and local Administration, in terms of support to the decentralisation process, should be complemented by concrete development projects and support to small local investment initiatives. This is the aim of the project presented in this Action Program 2004/2005 and should be seen as a coherent follow up in a long term sustainable regional development strategy.

3) Regarding Information Technologies, in December 2000, the Armenian Government declared *the development of IT sector as a main priority. It has the potential to foster the economy, create jobs, raise education standards and importantly to play a crucial role in Armenia’s economic and social development.*

The TACIS project will run for two years (2004 and 2005). The overall objective of this programme is the assessment of the Armenian IT Master Plan with a specific focus on 1) Education and Training and 2) Law and Regulatory Framework. The first component will give support to the European Regional Institute of Information and Communication Technologies in Armenia (ERIICTA) and the second one will introduce and develop e-government through the availability of Armenian regulations and declarations On-line in the Armenian language.

Due to the fact that this governmental priority is supported by numerous donors and numerous initiatives, it is of a great importance to ensure the coordination of the different activities and to **envisage a follow up at a later stage in the Action Program 2006.**

4) Concerning the Vocational Education Training, the program implementation started in October 2003 and will run for 30 months. It is a very complex project, responding to the Human Development component of the PRSP (Education).

The main objectives are:

1. Policy and strategy: improve the quality and relevance of the VET system through reshaping the focus and structure of national VET policy and strategy.
2. VET-institutions: develop the quality of VET delivery by strengthening the capacity of institutions dealing with teaching and learning, its development and assurance.
3. Employment and labour market: approach greater capacity to respond to labour market needs through measures which better integrate both school and working life and initial and continuing VET.

The VET reform process in Armenia will take considerably more time than the actual Tacis project period. On the basis of the design of a “sustainable concept” on VET, and on the basis of outcomes and results of this first phase, **a second phase will be designed in the Action Program 2006.** It has to be underlined that, the main support on VET is given by the TACIS programme in coordination with other Donors supporting Education/Higher Education reforms (World Bank and UNDP)

5) Support to the National Co-ordinating Unit

A National Coordinating Unit (NCU) has been established in Armenia to provide assistance to the National Coordinator in his relations with the European Commission at key stages of the programming cycle. To better reflect the increasingly political relationship and the Government ownership of aid planning, programming and co-ordination, the support to NCU changed accordingly from 2000. The NCU in Armenia is taking wide advantage from the technical

assistance provided in the past, and needs further support in order to improve and strengthen its capacities.

## **5. PROGRAMME COMPONENTS**

In line with the National Indicative Programme, this Action Programme will focus on two areas of co-operation : 1) support for institutional, legal and administrative reform and 2) support for addressing the social consequences of transition

### **5.1. Support for Institutional, Legal and Administrative Reform**

#### **5.1.1. PCA Implementation**

Two main activities are foreseen

- **Further support to AEPLAC** : the Armenian Government will continue to need EC assistance to further the PCA implementation process. The detailed design of AEPLAC IV will of course be dependent in part of the progress made under the current phase III. However, the following key-areas are likely to be :
  - 1) Assist Armenia in meeting its obligations under the PCA (in particular the implementation of the National Program on Approximation), and other international agreements, in particularly the WTO (implementation of TBT agreements, Public procurement rules, Customs..)
  - 2) Assist in the definition of a qualitative and quantitative Benchmarking for the implementation of the National Programme ;
  - 3) Assist the Government in developing policy in PCA key areas and priorities identified in the National Program, in particular those related to the improvement to the investment and business climate in Armenia
  - 4) Assist the Government in the implementation and enforcement of selected policy priorities (in particular secondary legislation). Other TACIS funds as Policy Advice can also be used for this purpose.
  - 5) Publications in the field of legal and economic development, notably the “Armenian Trends”.
  - 6) Develop an information strategy on PCA related issues for the public administration, the business community and the civil society.

In addition to the above mentioned activities for AEPLAC **a component on capacity building, aiming to strengthen the institutional and management capacities of actors responsible for the PCA further implementation (including civil servants as well as civil society for broader public) will be designed.**

The wider objective will be to improve the overall capacities in terms of programming, prioritisation, coordination and monitoring the PCA implementation process. The project will therefore focus its activities on human resources development and training. A detailed assessment will be carried out in order to identify the direct beneficiaries of this project at the Ministries level, parliamentary level and civil society level.

- **Establishment of a EU legislation Chair in the State University of Yerevan**

As already mentioned in the previous chapter 4.1 a lack of local expertise in EU legislation is one of the main weaknesses on the PCA implementation process in the long term. In this regard, the objective of this project is to assist the Yerevan State University (YSU) in establishing an interfaculty chair of European Law. The Chair will develop training curricula for the subject in accordance with EU standards and Bologna principles to conduct training in all three levels of higher education (Bachelor, Master and PHD specialization) for the faculties of Law and International Relations.

The Chair will cooperate with AEPLAC to keep its curricula up-to-date and adapted to the development of the legal approximation process in Armenia.

This project will have to be closely co-ordinated with the Tempus programme, which also has, as one of its objectives, the development of higher education systems, through the establishment of new courses and the modernisation of old ones

### **5.1.2. Support to the Ministry of Energy**

The EU has made a commitment to assist Armenia in the context of an international effort in identifying and financing alternatives to the Armenian Nuclear Power Plant (ANPP) of Medzamor. A Strategy Paper for the design of an energy security and diversification plan for the Republic of Armenia and a Financing and Investment Plan for the development of alternative capacities to Medzamor NPP have been elaborated in 2001 and 2002 respectively with TACIS support.

Besides developing alternative sources of energy, the government will have to adapt its overall energy policy to a new context, encourage energy savings and investment in renewable energies, as well as to prepare the normative acts for decommissioning.

The overall objective of this project is to contribute to energy sector reform and allow Armenia to prepare for post-nuclear power system and improve overall energy use efficiently.

The specific objectives will be to support the development of the necessary normative acts for ANPP decommissioning and to support the development of alternative and renewable energies

### **5.1.3. Regional Development**

As in the Phase I, the general objective of the project (Phase II) is to contribute to poverty alleviation in the regions through addressing administrative, social, economic problems in close collaboration and active participation of regional and local authorities, as well as civil society and citizens in general. The project will focus on

- Start implementation of regional development plans in the respective Marzes (Voyotz Dzor and Ararat) ensuring active participation of regional and local authorities and civil society
- Continue development of institutional capacity and human resources of the local government
- Develop and implement micro-projects (based on the findings of Regional development plan designed during phase I) on community level with in-kind contribution of the local authorities and community members to address social and economic problems of communities (mainly micro-credit schemes)

#### **5.1.4. Support to the National Coordinating Unit**

This project aims to further support the National Co-ordinating Unit, in order to improve and strengthen the planning and coordination capacity of the Armenian Government in relation to EU/EC assistance. In the frame of a dialogue-driven approach, the specific objectives of this project will be :

1. to improve and strengthen national inputs for development of IPs and APs through provision of EU and local expertise
2. to enhance capacities of the National Coordinating Unit staff in the implementation of their role of main partner on Tacis assistance within the Armenian Government
3. to enhance the NCU capacities to effectively and efficiently co-ordinate the EU/EC programmes with the national stakeholders and other national and international programmes

#### **5.2. Support for addressing the social consequences of transition**

The two following projects are directly linked to the implementation of the PRSP and the Food Security Programme

##### **5.2.1 Support to the Ministry of Agriculture**

The priority political objective of the Government of Armenia is the implementation of the Poverty reduction Strategy Programme.

The overall objective of this project is to develop a consistent and transparent decision making process of the Ministry of Agriculture through the improvement of its budget, financial and information management system as well as the improvement of the quality of the services provided to the rural population.

The project will focus on

- Human Resources development, capacities building and training within the Ministry and in the regions.
- Revision and further development of the Management Information Systems of the Ministry's core services.
- in the priority fields identified jointly with the Ministry of Agriculture, provide consultancy and specific training, including support to the improvement of the phytosanitary, animal health and food safety controls

##### **5.2.2. Social childcare within social assistance policy**

This project is designed to support the Ministry of Social Security in assessing the social assistance policy, strategy and legislation of the Armenian Government, with a particular focus on deinstitutionalisation of children currently living in orphanages.

This is a specific priority in the PRSP and a consistent component of the Food Security Programme in Armenia. Cooperation and coordination with FSP is essential for the implementation of this project.

The project will focus on the following components

- Review of the overall social protection policy/strategy and family benefits scheme
- Support to the MoSS in developing legal framework and working models of alternative child care, in order to decrease the number of children in orphanages (in accordance with PRSP)
- Support human resources development, capacity building and training in the Ministry and relevant Institutions on implementing and managing the new approaches at national and regional level
- Support the relevant Institutions for education and training of social workers and managers of social services, the focus being on children
- Increase public awareness and enhance initiatives of local communities to implement alternative forms of child care
- Support the MoSS in setting up sustainable day care centres.
- Implementation of concrete selected activities at community level.

**OTHER PROJECTS** : Allocations are foreseen for the following small project programmes :

**TEMPUS** : Higher education reforms are needed in Armenia. Inadequate funding together with poor managerial and strategic planning capacity and resistance to changes have hampered the implementation of proper education reforms. The overall education system needs to be properly integrated. There is no efficient system in place to link the needs of the labour market to the supply of education although the recently launched EC-funded Vocational Education Training programme is trying to address this issue. The traditional links between universities and enterprises have disappeared. A decline in quality and access to education, including higher education, has been observed, which could be linked to the uncontrolled expansion of private higher education institutions. Corruption (mainly linked to payments made to obtain diplomas) is also a worrying phenomenon that has a negative impact on the quality of higher education.

The Tempus programme is the answer that the EU has developed to support the modernisation of higher education in the Tacis partner countries. It combines bottom-up approaches whereby initiative is left mainly to universities, with a top-down approach, whereby national priorities are established in close co-operation with the national authorities with a view to maximise the impact of the programme on the ongoing reform processes.”

- **Statistic** : Activities should focus on capacity building in official statistics and support to the development of a monitoring system and indicators for PRSP. DG Eurostat will provide technical advice
- **Customs** : support to approximation of legislation
- **Policy Advice** is a useful instruments that allows Tacis to provide quick support to small projects where particular needs are identified outside the preparation of AP (PCA implementation and legal approximation, PRSP..)

## **6. COMPLEMENTARY EC ASSISTANCE outside this AP**

Support to Regional projects in South Caucasus, including Armenia, is also provided under the European Initiative for democracy and Human Rights, in the framework of joint programmes under

OSCE/ODIHR and the council of Europe. This assistance notably targets civil society enhancement and human rights capacity building.

EC Assistance to Armenia in 2004 may also be provided through the following instruments : the Tacis Regional Action Programme, Exceptional Financial Assistance and the Food Security Programme.

## **7. COORDINATION WITH OTHER DONORS**

### ***Support for Institutional, Legal and Administrative reform***

#### PCA implementation

- AEPLAC: This programme, focusing on PCA implementation and therefore mainly on Armenia-EU relations, deals also with issues related to WTO accession, such as standardization, customs and tax reform. In all those fields, Donors community is involved in various level. UNDP provides assistance in many sectors related to economic development, information technologies and decentralisation. It assists particularly the Ministry of Trade and Economic Development in elaborating the 20-year Economic Development Plan. The WB runs many programmes in Armenia, including structural adjustment credits (a 5<sup>th</sup> SAC which started in 2003, focusing on social reforms and business climate) and sectoral credits (energy, transport, water, education...) which are also linked with PCA. The IMF runs an important Poverty Reduction and Growth Facility. USAID provides also technical and financial assistance to some key sectors (customs reforms), as well as the OSCE (anti-corruption).

#### Capacity building for main stakeholders:

Numerous small-scale capacity building programmes have been or are currently implemented by Donors Community, but essentially on a bilateral basis (assistance to a specific administration, twinning). However, WB is about to launch a USD 12.3 million “Public Sector modernization project”, supporting mainly administrative and civil service reform, reform of public expenditure, financial management and procurement, and anti-corruption. The main beneficiaries will be Law and Justice and public administrations (central government and sub-national government administrations). The implementing agency of the World Bank project will be the Ministry of Finance and Economy of Armenia.

- Establishment of a EU legislation Chair in the State University of Yerevan (YSU)

The Open Society works on the “student’s clinics” – consultancy centres for students. USAID provides assistance to YSU in different fields, related to the EU project i.e.: elaboration of future development plan for YSU, e-library development, establishment of computer centre, support on different curricula development and upgrading the lecturers in the Berkley University, as well as the provision of desk publishing facility for training materials.

- **Support to the Ministry of Energy**

The Donors community is deeply involved in this field. All the major donors support in different ways Armenia in developing alternatives to Medzamor NPP, mainly hydropower and thermal capacities. In October 2003, an informal meeting in Yerevan dedicated to the possible

creation of a Revolving Fund for developing renewable energies confirmed the readiness of USAID, WB, EBRD and KfW for a financial commitment to this cause in the coming years. The working group on Medzamor organised by the EC in Yerevan in February 2004 was an occasion to discuss the possibility to set up an alternative fund to Medzamor. However, the Armenian authorities failed to take the firm commitment to close down Medzamor. In the meantime, US Department of Energy provides assistance for guarantying NPP safe operation, whereas USAID has been financing assistance to Armenian authorities for energy sector reform (least cost study, privatisation, regulatory agency and legislation, renewable energies). KfW focuses on rehabilitation of small HPPs, in possible cooperation with EBRD. A new 200 MW TPP is likely to be built next year in Yerevan on Japanese Government loan. Small pilot projects (wind energy, mainly) are carried out in various remote areas, by NGOs or small organisations essentially.

- **Support to regional development**

DFID started a project (May 2003) in the marzes of Tavush and Gegharkunik similar to the Tacis Regional Development of Marzes. Actually, the high consideration they developed for the Lori project led them to design a very similar intervention in other two regions. While the goals and aims of the projects have some similarities, they differ in methodology and some approaches. The projects, however, set up an effective mechanism for coordination and information exchange/sharing.

GTZ has been very active on the Intermunicipality Unions at least in one region, Syunik. Moreover, GTZ through its programme of promotion of local authorities is organizing training activities at local (municipal level).

USAID –Urban Institute is implementing Local Government Programme which is based on the Implementation of actions in pilot municipalities, mostly in the field of management of local assets.

### *Support in addressing the social consequences of transition*

- **Support to the Ministry of Agriculture**

The agriculture is comparatively new field of Tacis intervention so the project should build on the results of previous and ongoing work performed by other donors. Thus USDA MAP project supported the agricultural press in the regions (marzes), provided consultancy and training. Project Harmony provides training and computerization of villages, which could be useful for information feed-back scheme. WB provides expertise and consultancy in new technologies and supports agricultural monthlies. FAO created agricultural web-page and works on general agricultural strategy development. In cooperation with the TACIS project, DFID, WB and FAO are planning to support the Ministry in the improvement of the Management Information System.

- **Support to the Ministry of Social Security**

With support of grant from Japanese Social Development Fund, the WB and GoA have recently launched a pilot project. Its main objective is to improve the childcare system in Armenia through de-institutionalization of children coming from vulnerable social groups and establishment of sustainable "day care centres". The project will also tackle legislative issues related to social protection of children.

## 8. PROGRAMME IMPLEMENTATION

### 8.1 Time limit for signing the financing agreement

The financing agreement must be concluded at the latest by 31 December of the year following that in which the corresponding global financial commitment was adopted. Failing this, the funds assigned to it will be cancelled.

### 8.2 Performance period

- (a) The implementation period of the financing agreement starts with the entry into force of the financing agreement and ends 31.12.2011.
- (b) This performance period falls into two separate phases :
  - (i) Operational implementation of the main activities. This phase starts with the entry into force of the financing agreement and ends 31.12.2009.
  - (ii) A closure phase during which the final audits and evaluation are carried out along with technical and financial closure of the contracts implementing the financing agreement. This phase starts with the end of the operational implementation phase and close at the end of the performance period.
- (c) Expenditure arising from the main activities is not eligible for Community financing unless it is incurred during the operational implementation phase: Expenditure arising from final audits and evaluation and from closure activities is eligible until the end of the closure phase.
- (d) Any remaining balance of the Community contribution will be cancelled automatically six months after the end of the performed period.

### 8.3. Procedures for the award of contracts and of granting of subsidies

All contracts implementing the financing agreement must be awarded using the standard Commission procedures and documents for implementing external operations in force as the time the procedure is initiated.

	<b>Project Title</b>	<b>Indicative Tendering Procedures</b>	<b>Indicative Contracting Calendar</b>
1	AEPLAC IV and Capacity Building Support to Improve PCA	Restricted Tender	Forecast by 1 December 2004 / Contracted per 1 July 2005 (follow-up of AEPLAC phase III)
2	Establishment of EU Law Chair in Yerevan State University	Restricted Tender	Forecast by September 2004 / Contracted per January 2005
			Forecast by September

3	Support to Energy Policy in Armenia	Restricted Tender	2004 / Contracted beginning 2005
4	Regional Development of Marzes	Restricted Tender	Forecast by beginning of 2005 / Contracted end of 2005 (follow-up phase II)
5	Support to the NCU	Restricted Tender	Forecast by end 2004 / Contracted by mid 2005
6	Support to the Ministry of Agriculture	Restricted Tender	Forecast by second half 2004 / Contracted first half 2005
7	Social childcare within social assistance and policy	Restricted Tender	Forecast by second half 2004 / Contracting first half 2005

#### **8.4. Contracts implementing the agreement**

- (a) The contract which implement the financing agreement have to be signed by the two parties within three years of the Commission's adoption of the financial commitment. This deadline may not be extended. At that date any non-contracted funds will be cancelled.
- (b) Any contract that has not given rise to any payment within three years of its signing will be terminated automatically and the funds cancelled.

## 8.5. Monitoring, evaluation and audits

Appropriate planning and regular monitoring throughout implementation in the form of regular reports will take place. Evaluation during implementation and at the end of the programme, audit of programme will also take place.

Point 8.4 (a) does not apply to audit and evaluation contracts, which may be signed later.

## 9. COST AND FINANCING (10 millions Euros)

The Programme will be financed through a Community grant of 10 Million Euro, allocated as follows among the different actions :

<b>1. Area of Co-operation</b>	<b>Millions euros</b>
<b>Support for Institutional, Legal and Administrative reform</b>	<b>5.9</b>
1.1 AEPLAC/PCA Capacity building	
1.2 EU Chair to the State University of Yerevan	
1.3 Support to the Ministry of Energy	
1.4 Regional Development	
1.5 Support to the NCU	
<b>2. Area of Co-operation</b>	<b>2.0</b>
<b>Social Consequences of Transition</b>	
2.1. Support to the Ministry of Agriculture	
2.2. Social childcare within social assistance policy	
<b>3. Small Projects Programme</b>	<b>2.0</b>
3.1 TEMPUS	0.7
3.2 Statistics/Custom	0.5
3.3 Policy Advice	0.8
<b>RESERVE</b>	<b>0.1</b>
<b>TOTAL</b>	<b>10 Million</b>

## 10. GOVERNMENT COMMITMENT AND CONDITIONALITIES

Assistance is provided on the basis of existence of the necessary elements for the continuation of co-operation through assistance, in particular respect of democratic principles and human rights, as well as the obligation of Armenia as set out in the Partnership and Co-operation Agreement.