

EVALUATION OF THE COMMISSION'S COUNTRY STRATEGY FOR ARMENIA

(*For details on the recommendations please refer to the main report)

Recommendations	Response of Commission services	Follow-up (one year later)
<p>Strengthen the link between policy dialogue and co-operation</p> <p>To impact on the content and quality of cooperation, and in particular to allow a move from traditional project aid to a sectoral approach of aid and to budget support, the policy dialogue carried out in the framework of the institutions created by the Partnership and Cooperation Agreement, must be continued, consolidated and filled out with detail through permanent contacts between the Commission and government officials.</p>	<p>The Commission is developing the Neighbourhood Action Plan 2007 (ENP AP) with the Armenian Government. That document is expected to be concluded in the autumn 2006. It will consolidate the policy dialogue and "operationalise" (through the use of objectives and indicators) the implementation of the PCA</p>	<p>Building on 10 years of successful experience of budgetary support via the Food Security Programme, the Commission has initiated first sector policy support programmes supporting the areas of Vocational Education Training (VET) and Childcare reforms under the TACIS AP 2006. Further support to VET is foreseen under the first ENP AP 2007. The EC and other Donors highly assess capacity of the Armenian public finances to handle budget support type assistance. Sectoral strategies are being defined in most of the areas covered by the ENP AP, paving the way to a generalization of this type of assistance.</p>
<p>Ensure full consistency between the PRSP priorities and the Commission's cooperation strategy</p> <p>The policy dialogue between the Government of Armenia and the Commission should help ensuring that the Commission is taking in the implementation, monitoring and further development of the PRSP a role that is commensurate to its position in the donor community.</p>	<p>While developing the ENP AP, the Commission is also drafting the new Country Strategy Paper (CSP) for the 2007-2013 period, and the National Indicative Programme (NIP) for the 2007-2010 period. Those 2 documents set the main priority areas for EC assistance to Armenia. Poverty reduction will indeed be one of the top priorities in this context.</p>	<p>The PRSP is in Armenia the main forum of cooperation between Donors. The ENP AP is fully in line with its content, as are the Country Strategy Paper (CSP) and the National Indicative Programme (NIP) for Armenia, adopted on 7 March 2007.</p> <p>The main Priority area of the AP 2007 (VET) is fully in line with PRSP and efficiently complements other Donors activity in the field of education, fight against unemployment and reduction of poverty.</p>

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<p>Integrate all financing instruments in the Country Strategy and in the National Indicative Programmes and Action Programmes</p> <ul style="list-style-type: none"> • In the context of a dialogue-driven cooperation relying on donor co-ordination led by the Government, and to ensure coherence of Commission interventions, the Commission's strategy and programmes should present a comprehensive view of the total volume of resources mobilised by the Commission and of its areas of intervention. • Should other financial instruments than the ENPI be used, these instruments should be included, or at least reflected, in the Commission strategy paper and in its programmes. 	<p>The CSP and NIP will present a comprehensive view of all instruments, besides ENPI, to which Armenia could be eligible (Stability instrument, Community programmes). It is also expected to mention a wide range of aid delivery mechanisms newly made available under the ENPI, such as Budget support, TAIEX and Twinning.</p>	<p>TAIEX operations have started in Armenia, while the twinning-related structures are being put in place. In this respect, the Head of the National Coordinating Unit (NCU) has been appointed as Head of the twinning Programme Administration Office (PAO) (to be established in mid-2007).</p> <p>Despite some structural difficulties in terms of coordination from the Armenian side, those instruments are well known and expected to be widely used in the coming months.</p>
<p>Evolve from Food Security Programme to full-fledged sectoral approach and budget support</p> <p>The conditions, which had led the Commission to implement in Armenia a Food Security Programme do not exist any more. The Food Security Programme evolved over</p>	<p>The ENPI will allow, as stated above, for an intensification of the use of budget support. The latter will follow the related Commission guidelines, which are currently being revised and updated.</p>	<p>As briefly developed under point 1, the delegation has built on 10 years of successful experience of budgetary support (BS) via the Food Security Programme and good performance of the Armenian Public Finance Management (PFM) system to extend the BS from traditional FSP areas (agriculture, social affairs) to Education and childcare reforms.</p>

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<p>time towards a budget support programme, however without fully adopting the approach and procedures that the Commission applies to such programmes elsewhere in the world. There is no more reasons for maintaining this difference.</p>		<p>With the finalization of sectoral strategies in most of the areas covered by the ENP and PCA, the use of Sector Policy Support Programmes will be intensified.</p>
<p>Make of democratic progress, respect of human rights and enforcement of the rule of the Law a priority of the Commission's cooperation strategy</p> <p>The Partnership and Cooperation Agreement between the EU Member States, the Commission and the Republic of Armenia strongly underlines the commitment of all parties to democratic principles, the respect of human rights and the enforcement of the rule of Law. Any revision of the Commission's country strategy for Armenia should adequately reflect the importance that the Commission gives to this issue and democracy be considered as a transverse issue to be taken into account at the identification and formulation stage of all Commission interventions.</p>	<p>Support to democracy reforms has always been the background of EC interventions in Armenia. Over the last years, a special attention has been paid to institutional reforms and reforms of the judiciary system to foster the rule of law.</p> <p>"Strengthening of democratic structures and good governance" is foreseen as 1 of the 3 priority areas of the CSP/NIP, which reflects the importance given by EC to this matter. In addition, democracy and good governance appear to be an issue that can naturally be addressed in a transversal manner in the other EC interventions, particularly in those related to the 2nd foreseen priority area, the "support to regulatory reform and administrative capacity building".</p>	<p>As outlined above, the main focus of the AP7 will be support to the VET reform. However, "strengthening of democratic structures and good governance" is considered, in the ongoing discussions, among the areas that could be covered by the twinning programme.</p>