



The EU's assistance and
development programmes in
Armenia – an introduction
with concrete examples

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Introduction

This short-paper gives an overview of the EU's development projects in Armenia, with the aim of providing an introduction to understanding the EU's cooperation mechanism with its Eastern European neighbours. The background section broadly presents the European Neighbourhood Policy, which provides the framework for EU aid to Armenia. It then briefly outlines the new opportunities presented by the Eastern Partnership initiative. The paper sheds light onto the legal, political and financial tools which translate the ENP into practice, illustrating the method of funding allocation. It provides a list of programmes that are currently implemented in Armenia, with concrete examples of actions funded under those schemes. Moreover, it describes the specific goals and objectives of EU-funded programmes in Armenia.

Background

Following the 2004 enlargement, the European Union launched a new political framework of cooperation with its new Eastern and Southern neighbours,¹ based on the idea of building closer bilateral ties and 'strengthening the prosperity, stability and security of all'.² The **European Neighbourhood Policy (ENP)** targets the EU's sixteen closest neighbours: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Occupied Palestinian Territory, Syria, Tunisia and Ukraine. The ENP aims to establish a 'privileged relationship' between the EU and each partner country and is based on a commitment to a set of shared values (democracy and human rights, rule of law, good governance, market economy principles and sustainable development). Following the launch of the ENP, other regional and multilateral policy initiatives were established under the same umbrella: the **Union for the Mediterranean** in 2008; the **Eastern Partnership (EaP)** in 2009, which includes the three Caucasus States plus Belarus, Moldova and Ukraine; the **Black Sea Synergy** in 2008, which concerns the countries surrounding the Black Sea (Armenia, Azerbaijan, Georgia, Moldova, Russia, Turkey and Ukraine). This allocation reflects a geographical differentiation between the Southern non-European partners, which will always remain 'neighbours', and the Eastern ones, which are part of the European continent and thus have a special meaning for the EU's political dimension.

The EU's Eastern Partnership is the Union's most substantive initiative so far vis-à-vis its Eastern partners, both in terms of political vision and economic integration (to be realised through Association Agreements). Indeed, in its Declaration on the EaP, the Council of the European Union stated that "bilateral cooperation should provide the foundation for the new Association Agreement between the EU and those partners who have made sufficient progress towards the principles and values set out in

¹ European Commission Communication 'Wider Europe – Neighbourhood: a New Framework for Relations with our Eastern and Southern Neighbours', Brussels, 11 March 2003, COM(2003) 104 final (available at http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf, consulted on 5 May 2011).

² http://ec.europa.eu/world/enp/policy_en.htm, (consulted on 5 May 2011).

paragraph 2 and who are willing and able to comply with the resulting commitments, including the establishment of deep and comprehensive free trade areas.”³ This new framework for the EU’s relations with its Eastern partners provides for more substantial political engagement and gradual integration into the EU market, accompanied with measures of visa liberalisation and the establishment of a Deep and Comprehensive Free Trade Area (DCFTA). On 19 July 2010, Armenia opened negotiations of its Association Agreement with the EU. The talks are governed by the following principles: joint ownership and inclusiveness for all partners; differentiation based on each partner’s specific needs and ambitions; and conditionality related to the fulfilment of relevant political, trade and economic criteria.⁴

Tools and instruments: legal, political and financial dimensions

Before the ENP, most of the neighbouring countries already had frameworks for legal cooperation with the EU, through **Partnership and Cooperation Agreements (PCA)**. Armenia signed its PCA with the EU as early as 1996, and it entered into force in 1999. The ENP gave EU-Armenia relations a new political impulse, embodied in the **Action Plan**, a document that regulates their bilateral relations and sets the main targets for cooperation and priority areas. The Action Plan is the ‘working and guiding tool’⁵ of the ENP. It provides the guidelines for action within a timeframe of five years and is periodically reviewed, in order to assess the achievements and provide advice for improvement. The results of this review are published in the **Progress Reports**. The EU-Armenia Action Plan was adopted in November 2006 and has since been reviewed three times (in 2007, 2008 and 2009). In 2009, the activities of the Armenian-European Policy and Legal Advice Centre (AEPLAC), established in Yerevan in 1999, were prolonged for a further 24 months in order to assist the Armenian public administration in implementing the PCA and the AP.

From a financial perspective, each beneficiary country prepares – jointly with the European Commission – a **Country Strategy Paper (CSP)**. Drawing from the Action Plan, this document ‘sets out the overall objectives of EU assistance, encompassing all its instruments and programmes.’⁶ The current CSP for Armenia covers the period of 2007-2013, and sets the funding at 98,4m €. ⁷ The **National Indicative Programme (NIP)** translates the CSP’s broad objectives into concrete actions. The first NIP for Armenia was adopted for 2007-2010 and its validity was confirmed following the Mid-Term Review of the CSP in 2010. A second NIP was adopted for 2010-2013 with an indicative funding of 157,3m €. The initiatives set out in the NIP are financed by the **European Neighbourhood and Partnership Instrument (ENPI)**, a single instrument created in 2006 in order to simplify and unify the financial assistance procedure. Previously, these procedures were fragmented and scattered across

³ Presidency Conclusions: 7880/1/09.Rev 1/ Concl 1/ Annex2; Brussels, 29 April 2009, p.20 (available at <http://register.consilium.europa.eu/pdf/en/09/st07/st07880-re01.en09.pdf>, consulted on 10 May 2011).

⁴ Op. cit. p. 19

⁵ http://eeas.europa.eu/delegations/armenia/eu_armenia/political_relations/political_framework/index_en.htm (consulted on 10 May 2011).

⁶ EC, ENPI Armenia, National Indicative Programme 2011-2013, p. 5. http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_armenia_en.pdf (consulted on 19 August 2011).

⁷ Ibid.

different sectoral programmes: MEDA for the Mediterranean countries and TACIS for Eastern Europe and Central Asia. The beneficiaries of the ENPI are the neighbouring countries plus Russia (which nevertheless enjoys a different status in its relations with the EU).

Translating programmes into practice: what the EU is doing in Armenia

The European Neighbourhood and Partnership Instrument is a broad financial tool. In practice, it operates through sub-programmes, targeting specific cooperation sectors. Below is a list of those programmes benefiting Armenia, although the list of examples is not exhaustive.

- **The Cross Border Cooperation (CBC):** Armenia participates in the Black Sea Programme (ENPI-CBC Black Sea Basin programme). It aims to reinforce cooperation and networking among the participating countries, i.e. those neighbouring the Black Sea or closely linked to it. The priorities of this programme are economic development, environmental protection and cultural cooperation. The ENPI budget allocated for the programme is 21 296 515 € for the initial period (2007-2013). Precise details on the projects and allocation of funding are not yet publicly available.
- **The Neighbourhood Investment Facility (NIF):** it covers the financing of capital-intensive infrastructure projects and supports the private sector.⁸ So far, 2 projects financed by the NIF have been approved for Armenia:
 - The Yerevan Metro Rehabilitation, a project submitted through the EBRD (European Bank for Reconstruction and Development) and the EIB (European Investment Bank). It was approved in May 2009 and is still ongoing. The total cost is forecast at 16,7m € : the NIF providing 5m €, the EBRD the other 5m €⁹;
 - The Small Municipalities Water Project, also submitted through the EBRD and the EIB, at a total cost of 21,2m €: with 7,6m € covered by the NIF, and the other 6,5m € by the EIB and the EBRD. It was finally passed in January 2011 and boarded in July 2011. It aims to improve the water supply in small municipalities and refurbish old water treatment plants.¹⁰

Other NIF projects in Armenia are under provisional approval: the second phase of the Yerevan Metro works (last revision: March 2010); a Solid Waste Project in Kotayk (last provisional approval: November 2010) and a Solid Waste Management Project (pending from April 2011). In addition, the Black Sea Energy Transmission System, a 260m € NIF project in Georgia begun in 2009 in order to stabilise the country's electricity grid, is expected to have significant repercussions across the broader region and in Armenia.

- **The Governance Facility:** a bonus to the state budget, given to those countries which have shown special efforts to comply with the agenda set out in their Action Plan. This additional funding aims to encourage the domestic reform process: tackling corruption, promoting transparency, respect for human rights and the rule of law, and supporting competition and

⁸ http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment_en.htm, (consulted on 11 May 2011).

⁹ <http://www.ebrd.com/english/pages/project/psd/2009/39815.shtml>, (consulted on 18 May 2011).

¹⁰ <http://www.ebrd.com/english/pages/project/psd/2011/40718.shtml>, (consulted on 30 August 2011).

strengthening the market economy. Significantly, the EU particularly appreciated Armenia's progress in the struggle against corruption, in human rights dialogue with the EU institutions, in the role of the Ombudsman, and in the recent handling of the consequences of the internal political crisis of 2008.¹¹ In this framework, Armenia became the first country to which an **EU Advisory Group**, a team of high-level EU advisers, was deployed. Its role is to support local reforms in the abovementioned sectors and to assist with the ENP Action Plan implementation and the process of negotiations of an Association Agreement with the European Union, including the setting up of a DCFTA.

- **TAIEX (Technical Assistance and Information Exchange), Twinning and SIGMA (Support for Improvement and Governance Management):** in the framework of TAIEX and Twinning, the EU Member States' officials are sent to the beneficiary country, in order to enhance the cooperation with the public administration, to give legal advice and to help prepare the implementation of the 'acquis communautaire'.¹² Twinning projects are implemented in Armenia since 2007, with a budget of 11,5m € for an initial period of three years.¹³ Currently, 13 twinning projects are ongoing in Armenia. They are at different implementation stages and cover key areas such as environment (1m € project to help the Ministry of Nature Protection introduce a system of Integrated Pollution Prevention and Control – IPPC), human rights (in 2009, 1m € was allocated to strengthen the Office of the Ombudsman), tourism, civil aviation, business (in 2009, 1,1m € was distributed to the Ministry of Economy to introduce a regulatory management programme) and regional development (since 2003, the EU is sustaining the economic development of the Armenian regions of Ararat and Vayots Dzor). The latest twinning project launched in 2008 foresaw a budget of 2m €, consecrated to fund: the Armenian National Statistical Service, for the approximation and harmonisation of Armenia's relevant legislation with the EU, and the Commission for Protection of Economic Competition, to implement a strong competition policy in Armenia. Since 2006, almost 50 projects envisaging study visits, missions and workshops have been organised in Armenia under the TAIEX umbrella, thus bringing expertise from the EU Member States in key sectors such as food safety, agriculture, energy efficiency and judicial statistics.

SIGMA, a joint EU-OECD initiative, aims to support public administration reforms in the beneficiary countries. It has been operating in Armenia since 2008, with five projects so far; in the areas of public procurement, financial control, governance, public-private partnership and licensing.

To assist with the implementation of the CBC, TAIEX, Twinning and SIGMA projects in Armenia, a Programme Administration Agency (PAA) was established under the Ministry of Economy in 2008. It provides the main country-based reference point for all information regarding the programmes.

¹¹ http://ec.europa.eu/world/enp/pdf/progress2010/sec10_516_en.pdf, (consulted on 19 May 2011).

¹² http://ec.europa.eu/europeaid/where/neighbourhood/overview/twinning_en.htm, (consulted on 12 May 2011).

¹³ European Neighbourhood and Partnership Instrument in Armenia, Quarterly Newsletter, February 2010. Available at: http://eeas.europa.eu/delegations/armenia/documents/eu_armenia/newsletter_n1_eng.pdf, (consulted on 12 May 2011).

Apart from the ENPI, the EU's external cooperation acts through other financing mechanisms, targeting specific sectors and extending worldwide. In Armenia, 3 of them are operating:

- **The Instrument for Nuclear Safety Cooperation (INSC):** since 2007, the EU has provided strong support for Armenia's nuclear safety. Several projects have been launched and are still ongoing, involving monitoring, research, radiation protection and inspection, with an overall budget of more than 7m €. These projects include the "Boron Concentration & Neutron Flux Monitoring Systems, Metsamor, Armenian NPP" project (budget of 1 813 107 €), the "Radiation Protection System Upgrade for Armenian NPP" project (1 299 928 €), and the "Primary Circuit In-service Inspection - Medzamor NPP" project (749 860 €).¹⁴ The INSC's priority has been the integrity and safe decommissioning of the Medzamor nuclear power plant, first with a budget of 350 000 € for a Pipe Integrity design,¹⁵ and recently with a new tender for Nuclear Materials Accountancy and Control.
- **Tempus and Erasmus Mundus:** the EU aims to develop and support education in surrounding countries. Two programs have been launched for this purpose: Tempus and Erasmus Mundus. The Tempus program supports co-operation between higher education institutions based in the EU and its neighbours. Its goal is also the modernisation of higher education in the partner countries. Simultaneously, Tempus aims to increase convergence between EU-based higher education institutions and those in neighbouring countries, especially through the harmonisation of the Bologna process. The Tempus budget for 2010 was 150 000 €.¹⁶ Meanwhile, Erasmus Mundus promotes the mobility of students and academic staff, fostering dialogue and understanding between people and cultures through co-operation, and enhancing the quality of the educational output. In addition, by increasing mobility between the EU and these countries, it contributes to the development of human resources and the capacity of higher education institutions in third countries to cooperate internationally.¹⁷
- **The European Instrument for Democracy and Human Rights (EIDHR):** aims to promote democracy and human rights by working with the civil society, which allows it to operate outside the framework of established development cooperation projects,. In Armenia, projects funded by the EIDHR have been implemented since 2003, when a first grant of 500 000 € was made to local non-profit NGOs. Since then, cooperation in the human rights sector has continued, especially in the fields of child protection (in 2009 alone, projects for more than 1m € were launched) and penal justice. Armenia also benefits from the EIDHR at the regional level, through the EU's effort to foster dialogue and mutual comprehension in the whole South Caucasus by promoting cross-country projects that also involve Georgia and Azerbaijan. One example is "The South Caucasus Mediation & Dialogue Initiative for Reignited Peace Processes".¹⁸ Started in 2009, the project sets

¹⁴ http://eeas.europa.eu/delegations/armenia/projects/list_of_projects/projects_en.htm, (consulted on 23 May 2011).

¹⁵ http://armenia.eubusinessgrants.com/tender/286_pipe_integrity_design_a10107a1a_for_armenian_npp_metsamor.html, (consulted on 29 August 2011).

¹⁶ http://tempus.am/index.php?option=com_content&view=article&id=1257&Itemid=605, (consulted on 25 August 2011).

¹⁷ http://eacea.ec.europa.eu/erasmus_mundus/programme/about_erasmus_mundus_en.php, (consulted on 25 August 2011), http://ec.europa.eu/education/external-relation-programmes/doc70_en.htm, (consulted on 25 August 2011).

¹⁸ http://eeas.europa.eu/delegations/georgia/documents/projects/overview_post_conflict_ec_assistance_may10_en.pdf, p.7 (consulted on 25 August 2011).

aside 1,87m € and also involves Nagorno-Karabakh, Abkhazia and South Ossetia. Another example is the “Strengthening Women’s capacity for Peacebuilding in the South Caucasus Region” project, which was also launched in 2010 with a budget of 1,32m €. ¹⁹ And finally, the “Transnational Human Rights Network for Conscripts”, is organised in partnership with the London School of Economics and funded by the EU with 1,34m €. ²⁰

In April 2011, the European Commission and the Government of Armenia agreed to develop jointly a partnership for reform, which would support political and economic reforms stemming from Armenia’s participation in the EU’s Eastern Partnership program. ²¹ The EU and Armenian officials have worked out a document, which identifies a plan of reforms to be carried out in 2011-2013. The “national indicative program” of the partnership has not yet been made public. The European Union has pledged to provide Armenia with 157 million €.for the implementation of the program. ²²

Conclusion

The range of EU assistance instruments deployed in Armenia, and illustrated above by concrete examples, is diverse in nature and pragmatic enough to meet the challenges of the country’s ongoing deep and comprehensive transformations. The EU can rightfully claim to be the key source of reforms and investments in the areas of human rights, democracy, environmental protection, good governance and administration. Yet none of these projects could be implemented without Armenia’s declared goal and policy of pursuing this path. Armenia does not pursue it merely to please Europe – the Armenian government is aware of the value and importance of the reforms and investments and is convinced that they contribute to its own policies. Nevertheless, in some areas the EU’s goals do not fully coincide with those of the Armenian administration. In these cases, mechanisms of debate and consultation have been established. The next ambitious threshold in EU-Armenia relations is the successful conclusion of the ongoing Association Agreement negotiations. Its implementation will constitute a milestone and an unprecedented upgrade in Armenia’s way to Europe. It will foster stability and progress to the benefit of Armenia, the South Caucasus region and the EU itself.

¹⁹ <http://www.care-caucasus.org.ge/en/main.php?id=1266845296> (consulted on 25 August 2011).

²⁰ http://ec.europa.eu/europeaid/what/human-rights/documents/contracts_table_2009_for_publication_for_website_en.pdf (consulted on 25 August 2011).

²¹ http://www.mfa.am/u_files/file/docs/declaration_eng.pdf (consulted on 25 August 2011).

²² <http://www.yerevanreport.com/3406/eu-finance-armenian-reform-plan/> (consulted on 25 August 2011).