



HIGH REPRESENTATIVE
OF THE UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

Brussels, 20.5.2019
SWD(2019) 191 final

JOINT STAFF WORKING DOCUMENT

Partnership Implementation Report on Armenia

JOINT STAFF WORKING DOCUMENT

Partnership Implementation Report on Armenia

1. Introduction and Summary

In line with the revised European Neighbourhood Policy¹, this report focuses on the efforts undertaken by Armenia to carry out reforms and to implement the EU-Armenia Comprehensive and Enhanced Partnership Agreement² (CEPA), particularly in the priority areas identified by the EU-Armenia Partnership Priorities³ since the first meeting of the EU-Armenia Partnership Council⁴ of 21 June 2018 and ahead of its next meeting in June 2019.

Following mass peaceful protests in spring 2018 in Armenia (the so-called ‘Velvet revolution’), which brought democratic change in the country, early parliamentary elections were held in December 2018, which respected fundamental freedoms and enjoyed broad public trust⁵. This marked an important difference from previous parliamentary polls marred by malpractice and lack of a genuinely democratic environment⁶. The EU supported the elections with technical and financial assistance as well as actions focused on democratic engagement and civic participation⁷.

The new government committed itself to democracy-building, modernisation of the country with a special focus on building an open economy, and announced a series of reforms in early February 2019 with a new five-year Government Programme. Good governance and fight against corruption as well as the rule of law are indicated as the main pre-requisites for the success of the reforms. The government also reiterated its full commitment to the implementation of the CEPA. Furthermore, enhanced protection of human rights and mobilisation of human capital are among the key priorities. The reform process remains at an early stage. The government’s work on a CEPA Implementation Roadmap will be an important instrument in advancing reform plans.

The new government reiterated that no major shifts were expected in the country's foreign policy⁸ based on its strategic partnership and allied relationship with Russia (Armenia is a member of the Eurasian Economic Union/EEU and the Collective Security Treaty Organisation/CSTO) as well as on developing and deepening its partnership and cooperation with the EU and with the United States, including through the Partnership for Peace with the North Atlantic Treaty Organisation (NATO).

¹ JOIN(2015) 50 final of 18 November 2015.

² https://cdn3-eeas.fpfis.tech.ec.europa.eu/cdn/farfuture/S17QI437S_ttyiGoqFm6o6ecE564mEUsiCPcYbga97s/mtime:1514986780/sites/eeas/files/eu-armenia_comprehensive_and_enhanced_partnership_agreement_cepa.pdf.

³ https://eeas.europa.eu/sites/eeas/files/eu-armenia_partnership_priorities_0.pdf.

⁴ The Partnership Council is the highest body established under the Agreement to supervise its implementation.

⁵ Statement of Preliminary Findings and Conclusions of the International Election Observation Mission (9 December 2018 elections): <https://www.osce.org/odihr/elections/armenia/405890?download=true>.

⁶ OSCE/ODIHR Election Observation Mission Final Report (2 April 2017 elections):

<https://www.osce.org/odihr/328226?download=true>.

⁷ Support provided within the Annual Action Programme 2018 ‘EU4Citizens’: Deepening Democracy: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c_2018_7717_f1_annex_en_v2_p1_1000254.pdf.

⁸ <https://armenpress.am/eng/news/944902.html>.

The EU continued to fully support the confidence/peace-building and conflict prevention activities of the Co-Chairs of the OSCE (Organisation for Security and Cooperation in Europe) Minsk Group. The High Representative of the Union for Foreign Affairs and Security Policy / Vice-President of the European Commission (HR/VP) supported continued efforts towards peace, which included holding bilateral meetings with the leadership of Armenia and Azerbaijan and providing support through the EU Special Representative (EUSR) for the South Caucasus and the crisis in Georgia.

The EU is the key reform partner for Armenia. Over the reporting period, the EU and Armenia have further intensified their relations, demonstrated also by the number of meetings organised recently. The second EU-Armenia High-Level Mobility Partnership meeting took place in Brussels on 23 January 2018. After the first Partnership Council meeting held on 21 June 2018, the first Partnership Committee in trade configuration took place on 25 September 2018 in Yerevan. A Justice Policy Dialogue in support of the ongoing reforms in the justice sector was launched in September 2018. A strategic dialogue on education was launched in March 2019. The fourth meeting of the EU-Armenia 'People to People' Sub-Committee⁹ took place on 11 October 2018. The first Partnership Committee in general configuration followed on 27 November 2018 in Yerevan and discussed the CEPA Implementation Roadmap developed by the new Armenian authorities. The sixth EU-Armenia Sub-Committee Meeting on Energy, Transport, Environment, Climate Action and Civil Protection took place on 11 and 12 March 2019 in Brussels. The first EU-Armenia Sub-Committee on Economic and other sector cooperation took place on 12 March 2019 in Yerevan. The tenth EU-Armenia Human Rights Dialogue and the tenth Sub-Committee Meeting on Justice, Freedom and Security were held on 8 and 9 April 2019 in Brussels.

While remaining strong, Armenia's economic growth moderated in the course of 2018 as a result of a weak agricultural harvest, a tightened fiscal policy and a worsening external environment. The EU remained Armenia's main export market and second largest source of imports.

The EU is the largest donor to Armenia. The Single Support Framework (SSF) for Armenia for 2017-2020¹⁰, which lays the foundations for EU financial support and programming of financial assistance to Armenia, is based on the EU-Armenia Partnership Priorities (adopted on 21 February 2018) and contributes to the implementation of the '20 Deliverables for 2020'¹¹ agreed in the context of the Eastern Partnership (EaP).

2. Strengthening Institutions and Good Governance

2.1. Good Governance, Democracy, Rule of Law and Human Rights

Significant steps were taken to improve good governance and the rule of law following the democratic change brought by the 'Velvet revolution', including early parliamentary elections. According to The Economist Intelligence Unit's Democracy Index 2018¹², Armenia

⁹ EU-Armenia Sub-Committee "People to People" on employment and social affairs, public health, training, education and youth, culture, information society, audio-visual, and science and technology.

¹⁰ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/armenia_ssf_2017-2020_final.pdf.

¹¹ https://eeas.europa.eu/sites/eeas/files/20_deliverables_for_2020.pdf.

¹² <https://www.eiu.com/topic/democracy-index>.

has registered a notable improvement in democracy, having raised its score to 4.79 (from 4.11 in 2017) and moving from position 111 to position 103 (out of 165 independent states and two territories). Also, as reflected in the Freedom in the World 2019 Report¹³, the country has seen the largest surge, with an Aggregate Freedom Score of 51, which places it still among the ‘partly free’ countries.

The one-year programme of the government, adopted on 8 June 2018, indicated a strong commitment to the overall democracy-building and outlined an ambitious reform agenda. As a key political development envisaged by the programme, **early National Assembly elections** were held on 9 December 2018. According to the Statement of Preliminary Findings and Conclusions of the International Elections Observation Mission, these elections ‘*were held with respect for fundamental freedoms and enjoyed broad public trust that needs to be preserved through further electoral reforms*’¹⁴. The general absence of electoral malfeasance, good administration and general adherence to procedures were highlighted by the international and domestic observers¹⁵. At the same time, the need for sustaining achievements and continuing the reforms was emphasised. The **EU was the largest single contributor providing support to the elections** in Armenia¹⁶ through technical and financial assistance (EUR 1.5 million), and democracy and civic participation actions in the context of holding free and fair elections (EUR 0.9 million).

Following the elections, a **five-year Government Programme** was adopted on 8 February 2019. The programme outlines main directions and policies in the areas of foreign relations and domestic security; fight against corruption; dignity and freedom of the citizen; competitive and inclusive economy; territorial administration; high technologies, digitalisation and military industries; and public finance management. The programme declares a commitment to a ‘competitive and inclusive economy’, primarily driven by hi-tech industries. The government pledged to significantly improve tax administration, ease business regulations, guarantee fair competition, attract foreign investments, and stimulate exports and innovation. The programme shall be followed by a more detailed sectorial strategy and action plans to be adopted in 2019.

The **human rights** situation was assessed by the Human Rights Watch World Report 2019¹⁷, covering a range of issues associated with the peaceful transition, e.g. elections, accountability for abuses of law-enforcement, disability and women’s rights, treatment of sexual minorities. There is an ongoing EU-funded support to Human Rights Protection in Armenia reflecting the National Human Rights Action Plan for 2017-2019 which is based on the National Strategy on Protection of Human Rights of 2012¹⁸. However, the Plan still lacks clear mechanisms for monitoring, evaluation and coordination. The government indicated its intention to revise the existing Plan in 2019 and update it in view of a new Plan for 2020-2022 and a new Human Rights Strategy, which are expected to be adopted in 2019. The civil society has demanded that the Strategy and the next Action Plan become more ambitious and a driver for more tangible progress with regard to the protection of human rights.

¹³ <https://freedomhouse.org/report/freedom-world/2019/armenia>.

¹⁴ <https://www.osce.org/odihr/elections/armenia/405890?download=true>.

¹⁵ Ibid.

¹⁶ More details in Section 6 (Financial Assistance).

¹⁷ <https://www.hrw.org/world-report/2019/country-chapters/armenia>.

¹⁸ According to quantitative data provided by the Ministry of Justice, half of the targets of the National Human Rights Action Plan (NHRAP) were implemented on time, 35 % were not implemented, 9 % with delay and 6 % were removed from the NHRAP.

The Armenian Human Rights Defender (National Human Rights Institution) was vocal throughout the reporting period on a number of issues, including, *inter alia*, on the revision of the legal framework and on the practice concerning the prevention of ill-treatment and torture, the freedom of assembly, the rights of vulnerable groups and the rights related to the Nagorno-Karabakh conflict.

Ill-treatment, torture, inhuman and degrading treatment are explicitly prohibited by law. Development of specific legislative safeguards (e.g. through amendments to the Criminal Procedure Code, new Law ‘On Pardon’) is underway. Concerns remain with regard to the continuing practice of ill-treatment and torture, particularly in police custody¹⁹, as well as with regard to mechanisms for accountability and opportunities for civic oversight of closed facilities. A death of an inmate in January 2019, which occurred following a hunger strike, should be thoroughly investigated. Following a delay in 2018, under the Support to Human Rights Protection in Armenia programme, 10 pilot police stations should benefit from installed video surveillance systems in interrogation rooms in 2019, which are aimed at decreasing the practice of ill-treatment and torture.

On **media environment**, digital activism and live streaming were critical for the success of the ‘Velvet revolution’ and attested to significantly enhanced freedom of the Internet. According to the 2019 World Press Freedom Index²⁰ Armenia scores 61st out of 180 countries in the world (an increase by 19)²¹. Moreover, Armenia was ranked as ‘free’ in the Freedom House’s Freedom of the Net 2018 review²². As an important progress in fostering transparency, the government reversed the former cabinet’s decision to ban live transmission of the government sessions and opened them for the media. While the new Law on the Freedom of Information is pending adoption in 2019, no progress has been reported in allowing regional multiplex operators’ digital broadcasting.

No cases of intimidation or assault on journalists have been reported. However, in one instance, restrictive action by the national security service with regard to the ‘Yerevan Today’ online media outlet remains to be justified. Complaints were voiced by the journalistic community with regard to the pre-trial detention of one of the large media outlet owners on corruption charges. Cases of intolerant rhetoric bordering on hate speech have been recorded on social media, particularly during the pre-election campaigns as well as hate speech directed at lesbian, gay, bisexual, transgender and intersex (LGBTI) community.

Following the government changes, **freedom of assembly** was generally respected, including during the pre-election campaigns. Trials in connection with the hostage-taking crisis in July 2016 are ongoing. Investigation was renewed into the post-election events of 1 March 2008 involving high-profile suspects, including Armenia’s second President Robert Kocharyan and the CSTO Secretary General Yuri Khachaturov.

Equal treatment and anti-discrimination are enshrined in the Constitution. However, there is no comprehensive anti-discrimination legislation that would provide legal protection to the victims of discrimination. The government is planning to adopt the ‘Law on Ensuring Equality’ in 2019, which will be key to ensure equal treatment for all vulnerable groups in

¹⁹ <https://rm.coe.int/16806bf46f>.

²⁰ <https://rsf.org/en/2019-world-press-freedom-index-cycle-fear>.

²¹ <https://rsf.org/en/armenia>.

²² <https://freedomhouse.org/report/freedom-net/2018/armenia>.

line with Armenia's international legal commitments, the Council of Europe guidelines²³ and in the context of Support for Human Rights Protection in Armenia programme.

Discrimination and hate speech against **LGBTI** persons in Armenia continued, including an assault against nine LGBTI activists in Shurnukh village in August 2018 and death threats against a transgender woman who spoke at the National Assembly in April 2019. There was no adequate reaction by the political leadership. The protection of members of sexual minorities, the meaningful investigation of act of violence and abuse against them, and the provision of remedies to the victims remain issues of concern.

As regards persons with disabilities and national minorities, further legal and practical changes are needed. In particular, employment, education and the right to vote as well as polling stations and attached facilities remain hardly accessible for people with disabilities. The government discusses modalities to address some of these issues in the draft law on the **Rights of Persons with Disabilities**. A draft law on **National Minorities** is being revised following the preliminary opinion expressed by the Office for Democratic Institutions and Human Rights (ODIHR) of the OSCE.

A draft National Strategy and a draft Action Plan on Ensuring **Equality between Women and Men** for the period 2019-2022 addressed some shortcomings in the implementation of the previous Strategy, *inter alia* the lack of measurable targets with timelines²⁴. The law will be adopted in 2019, according to the new Government's Programme. The National Action Plan for implementing the United Nations Security Council Resolution 1325 on Women, Peace and Security was adopted on 28 February 2019. Armenia is a member of the United Nations (UN) Commission on the Status of Women. The 2017 'Law on the Prevention of Violence, Protection of Victims and Restoration of Cohesion within the Family' requires further secondary legislation and amendments for its effective implementation. The Council for Prevention of Domestic Violence was set up by the Prime Minister in July 2018. The Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention) signed by Armenia on 18 January 2018 has not yet been ratified.

Positive trends were observed in terms of promoting political participation of women who were most actively engaged in the protest actions in April-May 2018. Armenia ranked 98th out of 144 countries in the World Economic Forum's Global Gender Gap Index 2018²⁵. The first woman mayor was elected in August 2018. The Yerevan City Council election in late September 2018 resulted in the election of 20 women (31 % of 64 members)²⁶. Thirty-two women (24 %) were elected to the National Assembly in December 2018, slightly exceeding the representation in the previous parliament (20 %), but still below the quota of 25 % established for the party candidate lists.

On rights of the child, poverty and inequality, the ongoing de-institutionalisation reform is meant to address some of the problems of children with disabilities in residential

²³ European Commission against Racism and Intolerance (ECRI) General Recommendations.

²⁴ Recommendations by UN, civil society and other stakeholders to the CEDAW Review and to the Ministry of Labour and Social Affairs; official submission to UN Convention on Elimination of All Forms of Discrimination against Women (CEDAW) by civil society organisations in February 2016:
http://tbinternet.ohchr.org/_layouts/treatybodyexternal/Download.aspx?symbolno=INT%2fCEDAW%2fNGO%2fARM%2f24954&Lang=en.

²⁵ <https://www.weforum.org/reports/the-global-gender-gap-report-2017>.

²⁶ <https://www.elections.am/council/election-27551/>.

institutions²⁷, where their needs are not believed to be addressed adequately. Amendments to the Family Code were enacted from 2018 to allow for the development and strengthening of alternative care system in the country. The government has also adopted a Concept on the Development of Alternative Services (service centres, foster care and adoption mechanisms)²⁸ and considers the possibility of delegating provision of these services to relevant civil society partners. State funding for the foster care was increased. The State funds 43 foster-care families but only three are specialised for children with disabilities. Armenia joined the **Global Partnership to End Violence against Children** as a Path-finding country in 2018.

2.2. Foreign and Security Policy

Armenia's foreign policy prioritises strategic partnership and allied relationship with Russia, including within the CSTO and the EEU, as well as the development and deepening of its partnership and cooperation with the EU and with the United States, including in the framework of the Partnership for Peace with NATO.

The borders with Azerbaijan and Turkey remain closed. Since 2013, the EU has supported projects facilitating people-to-people contacts and dialogue contributing to the Armenia-Turkey Normalisation Process²⁹.

Armenia continues to align itself with EU statements delivered at international fora, as well as with Common Foreign and Security Policy statements. Military experts are actively engaged in a number of training activities in the framework of the EU Common Security and Defence Policy. Armenia attaches great importance to its participation in the UN-led and UN-supported peace operations, e.g. in Afghanistan, Kosovo and Mali.

Regarding the **fight against terrorism**, in 2018 a new methodology on combating money laundering, terrorism financing and proliferation financing was introduced for the training of all law-enforcement agencies.

On the **Nagorno-Karabakh conflict**, the EU has continued to back fully the OSCE Minsk Group Co-Chairs mediation efforts to de-escalate tensions as well as their proposals to advance the peace process.

On 11 July 2018, the Co-Chairs of the OSCE Minsk Group hosted an introductory meeting between the Foreign Ministers of Armenia and Azerbaijan in Brussels. It was the first high-level meeting between the sides in this format since elections in Armenia and Azerbaijan³⁰. On 25-27 September 2018, the Co-Chairs and the Ministers met in New York, where they discussed the situation in the region and sought clarification on statements and incidents of concern. The Co-Chairs cautioned the Ministers about the dangers of escalation and called on the parties *inter alia* to engage constructively and to avoid inflammatory rhetoric. The Co-Chairs underscored that a comprehensive settlement would require compromises on all sides. The Ministers confirmed the importance of taking measures to intensify the negotiation process and take additional steps to reduce tensions.

²⁷ <http://transmonee.org/country/armenia/>.

²⁸ [http://www.ohchr.org/_layouts/15/WopiFrame.aspx?sourcedoc=/Documents/Issues/Disability/Provision Support/NGOs/Save%20the%20Children%20Armenia.doc&action=default&DefaultItemOpen=1](http://www.ohchr.org/_layouts/15/WopiFrame.aspx?sourcedoc=/Documents/Issues/Disability/Provision%20Support/NGOs/Save%20the%20Children%20Armenia.doc&action=default&DefaultItemOpen=1).

²⁹ <http://www.armenia-turkey.net/en/programme>.

³⁰ <https://www.osce.org/minsk-group/387683>.

On 28 September 2018, the Prime Minister of Armenia and the President of Azerbaijan addressed the situation during a meeting on the sidelines of the Commonwealth of Independent States Summit held in Dushanbe.

The Foreign Ministers met again on 6 December 2018 in the margins of the OSCE Milan Ministerial Council meeting where they, together with the Heads of Delegation of the OSCE Minsk Group Co-Chair Countries, adopted a statement on the way forward³¹. The OSCE Minsk Group Co-Chairs visited Armenia on 20 February 2019. On 29 March 2019, the leaders of Armenia and Azerbaijan met in Vienna for the first time under the auspices of the Co-Chairs. The Foreign Ministers and the Co-Chairs issued a joint statement on outcomes of the Vienna meeting³². As a follow-up, the Foreign Ministers of Azerbaijan, Armenia, and Russia, and the Co-Chairs of the OSCE Minsk Group met in Moscow on 15 April 2019³³.

During high-level bilateral meetings with the sides, the EU stressed that the conflict needs a political settlement in accordance with international law, including through a HR/VP statement following the meeting of the first EU-Armenia Partnership Council³⁴. On 18 January 2019, the spokesperson of the HR/VP issued a statement³⁵ welcoming recent developments toward the peaceful settlement of the conflict.

The EUSR for the South Caucasus and the crisis in Georgia visited the region regularly for high-level meetings and maintained frequent contacts with the Co-Chairs and other relevant interlocutors. The EU has continued to call on the parties to refrain from actions and statements that could heighten tensions and undermine the peace process and to promote an environment conducive to settling the conflict by encouraging and supporting activities that promote confidence and people-to-people contacts.

For this purpose the EU has notably made use of the European Partnership for the peaceful settlement of the conflict over Nagorno-Karabakh³⁶.

2.3. Justice, Freedom and Security

Enhancing **independence, accountability and efficiency of the judiciary** has been in the focus of the new government. At the same time, with a view to both addressing systemic issues in the justice sector and conceptualising the strategy for the transitional period, a public discourse on the introduction of ‘transitional justice’ elements in Armenia has been launched by various civil society and academic stakeholders. However, no formal decision on launching transitional justice mechanisms has been made by the government.

Despite the new government’s overall commitment to reforming the justice sector, public distrust in the system’s integrity remained high³⁷. According to Freedom House annual Freedom in the World Report 2019³⁸, the courts face systemic political influence and judicial

³¹ <https://www.osce.org/minsk-group/405479>.

³² <https://www.osce.org/minsk-group/415643>.

³³ <https://www.osce.org/minsk-group/417281>.

³⁴ https://eeas.europa.eu/headquarters/headquarters-homepage/47043/remarks-hrvp-mogherini-joint-press-conference-following-1st-eu-armenia-partnership-council_fr.

³⁵ https://eeas.europa.eu/headquarters/headquarters-homepage/56817/statement-spokesperson-recent-developments-toward-peaceful-settlement-nagorno-karabakh_en.

³⁶ <http://www.epnk.org/>.

³⁷ <https://rm.coe.int/16806c2bd8>.

³⁸ <https://freedomhouse.org/report/freedom-world/2019/armenia>.

institutions are undermined by corruption. Authorities apply the law selectively and due process is not guaranteed in civil or criminal cases.

Strategy and legal policy developments in the justice sector included drafting of the new Justice Reform Strategy 2019-2024 and its Action Plan, which is expected to be finalised by mid-2019. Following the launch of the EU-Armenia Strategic Policy Dialogue in the Justice Sector in September 2018, jointly-agreed Operational Conclusions and a Justice Reform Strategy Roadmap have been put into action to guide the drafting and completion of these documents. EU technical assistance will support CEPA implementation and assessing the initial costs of the reforms and the financial feasibility of the Action Plan as well as providing an impact assessment of past reforms under the previous judicial strategy. Also, diagnostic tools to measure the results of the justice reform are important both for guiding the future reform process and to regain public trust in the judiciary. Armenia participates in the joint justice survey project of the European Commission and the World Bank aimed to show experience and perception-based data about the performance of the justice system. Further resources can be mobilised to assist with a functional review of the justice system in view of a comprehensive reform.

Progress³⁹ has been recorded in the areas of **penitentiary and probation** legislation, with further reforms planned as regards budgeting and implementation. However, challenges with regard to conditions in places of detention remain pressing. A large-scale amnesty announced in November 2018 was applied to approximately 6 500 persons. Efforts have been made to discontinue the practice of excessive use of pre-trial detentions. Restructuring and legal policy review pertaining to the Police service is underway.

Fight against corruption has been highlighted by the new government as one of its main policy priorities⁴⁰. A number of investigations were launched to address the issue of high-profile corruption. A new Anti-corruption Strategy for 2019-2021 and its Action Plan are being drafted, and the establishment of an independent corruption prevention body with operative-investigative functions — the Commission for Prevention of Corruption — is underway. According to the Transparency International Corruption Perception Index, Armenia's score in 2018 placed it on position 105 among 180 countries reviewed⁴¹, showing some improvement over the previous year, when it ranked 107th.

Public administration reform (PAR) remains a key priority. The Civil Service Reform Strategy⁴² and Action Plan for 2016-2020 adopted in 2016 aim at modernising the system. While Armenia Development Strategy 2014-2025 and the Government Programme could be regarded as the overall strategic framework for the PAR, there is no PAR strategy to articulate clearly its vision. A new Development Strategy, which will become the main strategic document till 2030, is still expected to be adopted. In 2018, the EU provided support for Improvement in Governance and Management (SIGMA)⁴³ baseline measurement exercise, which sets the basis for EU-Armenia policy dialogue on PAR in 2019. In 2017 and 2018, the

³⁹ 2015 Report of the Commissioner for Human Rights of the Council of Europe: <https://rm.coe.int/16806db6db>.

⁴⁰ <http://www.primeminister.am/en/press-release/item/2018/05/18/Prime-Minister-Nikol-Pashinyan-introduced-SRC-chairman/>.

⁴¹ <https://www.transparency.org/cpi2018>. The index, which ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and businesspeople, uses a scale of 0 to 100, where 0 is highly corrupted and 100 is very clean. Armenia's score in 2018 was 35.

⁴² <http://www.csc.am/documents/programs/strategy2016.pdf>.

⁴³ SIGMA is a joint initiative of the OECD and the EU, mainly financed by the EU, see: <http://www.sigmaxweb.org/countries/armenia-sigma.htm>.

EU-government dialogue in the field of PAR (including e-Governance and Anti-Corruption) took place mainly in the context of the EUR 20 million Sector Reform Performance Contract (SRPC). Challenges identified by the government are assessed to be of a technical nature, while some delays are considered to be related to the transition from the presidential to the parliamentary system of governance and the ‘Velvet revolution’ of April 2018. The new government has, on numerous occasions, re-committed its support to the PAR.

The legislation on **refugees and asylum seekers** is sound. In 2018, the granting of asylum status increased by about 40 % as compared with the previous year. The construction of a new reception centre is planned for 2019; it will be co-financed together with the Netherlands and Denmark. An inter-agency working group was established to elaborate a new integration strategy for all types of asylum seekers. Paper identity documents previously provided to the asylum seekers were replaced by new computer-printed plastic cards.

In recent years, Armenia has received some 22 000 Syrian refugees of Armenian origin. EU support to Syrian refugees in Armenia continued in 2018 with a new project focusing on improving social and economic resilience of Syrian Armenians as well as of the host population, and on strengthening relevant institutional capacities for economic growth in Armenia.

3. Economic Development and Market Opportunities

3.1. Economic development

Following a very strong growth in the first half of 2018, economic activity slowed down in the remainder of the year. This was due to a combination of tight spending policies by the government, weakening remittances and a poor agricultural harvest. Growth in investments, while remaining solid, also slowed down in the course of last year. Overall, the real GDP growth was 5.2 % in 2018⁴⁴.

In view of the dynamics of the economic activity and subdued external price pressures, consumer price inflation moderated to 1.8 % year-on-year in December 2018⁴⁵, a level that is below the lower band of the target range of the Central Bank of Armenia. In this context, the Central Bank of Armenia reduced its key policy rate by 25 basis points in January 2019 to 5.75 %⁴⁶. Following a considerable improvement in 2015-2017, Armenia’s external position worsened in 2018 as the current account deficit widened to 9.1 % of GDP in 2018 from 2.4 % in 2017⁴⁷. The main contributor was the growing trade deficit that was mainly driven by strong imports of capital goods. Weakening remittances and rising investment income outflows also played a role. As foreign direct investments (FDI) recorded only a moderate increase to 2.1 % of GDP in 2018, the current account deficit was financed mainly by debt-creating capital inflows and a slight reduction of the gross international reserves, which declined by 3 % over the year to EUR 2 billion at the end of 2018.

⁴⁴ <https://www.armstat.am/en/?nid=157&id=643>.

⁴⁵ <https://www.cba.am/en/SitePages/statrealsector.aspx>.

⁴⁶ https://www.cba.am/EN/News/Pages/news_20-06-12.aspx#sthash.VEBK7VVF.dpbs.

⁴⁷ <https://www.cba.am/en/SitePages/statexternalsector.aspx>.

In view of the tight expenditure policies and robust economic growth, the state budget deficit was reduced to 1.8 % of GDP from 4.8 % in 2017⁴⁸. As a result of the fiscal consolidation, Armenia's public debt-to-GDP ratio declined by 3.1 percentage points in 2018 to reach 55.8 % at the end of that year. The 2019 budget assumes a budget deficit of 2.2 % of GDP.

The Armenian financial system is dominated by banks⁴⁹. The **banking sector's** assets equal about 78 % of GDP (2017), and subsidiaries of foreign banks make up a sizable proportion of banking assets. Capital markets are thin and external financing is important for long-term financing, given a small domestic investor base. The Armenian banking sector is recovering from the 2014 economic slowdown, aided by additional capital injected by shareholders, several mergers, and improved regulation and supervision.

The **unemployment** rate declined but remains very high among young people (over 30 %). Activity and employment rates remain very low especially in the case of women (around 52 % and 43 % respectively). There is a mismatch in many sectors between the education provided and the labour market needs. The 2013-2018 Employment Strategy is under review to improve policy coordination. New employment services are being piloted (with EU support) but the overall capacity of the State Employment Agency needs enhancement. Since the labour inspectorate was dismantled, there has been almost no supervision and control of labour standards, rights and working conditions. The intentions of the new government regarding the re-establishment of the inspectorate need to be confirmed.

The overwhelming majority of firms are **small and medium-sized enterprises** (SMEs). They comprise 99 % of all enterprises in the business economy, account for 70 % of the total business employment and for 63 % of both total turnover and value added of the business sector. Moreover, 94 % of Armenian enterprises are micro-enterprises, i.e. enterprises with less than 10 persons employed, and half of these micro-enterprises are non-employers. With one-third of the population living in the capital, Yerevan accounts for half of the enterprises in the country and for 70 % of business employment and turnover⁵⁰. Within the framework of the 2016-2019 'Support to SME Development in Armenia' project⁵¹, the EU contributes to the further development of innovation and the start-up ecosystem in Armenia.

Armenia is a country with a **developing tourism industry**, based on a diverse historical, cultural, religious and natural heritage that provides further opportunities for a growing market. In 2017, the direct contribution of the tourism sector to the GDP was at 4.4 %, with an expected annual growth rate of 4 % until 2028⁵². In terms of employment, the tourism sector in 2017 directly supported 44 500 jobs (3.9 % of total employment), with an anticipated annual growth rate of 1.4 % to 2028⁵³.

In the **agricultural** sector, two of the EU-funded programmes phased out in 2018. The European Neighbourhood Programme for Agriculture and Rural Development improved the agricultural institutions, encouraged development of farmers' associations and improved

⁴⁸ <https://www.armstat.am/en/?nid=12&id=17006&submit=Search>.

⁴⁹ based on <https://www.imf.org/en/Publications/CR/Issues/2018/12/12/Republic-of-Armenia-Financial-Sector-Assessment-Program-Press-Release-Staff-Report-and-46461>.

⁵⁰ OECD Compendium of SME Indicators in Armenia 2018 (link to be added).

⁵¹ <http://www.eu4business.eu/programme/smeda-support-sme-development-armenia>.

⁵² 2018 World Travel and Tourism Council Report: <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/armenia2018.pdf>.

⁵³ Ibid.

access to more affordable food. The Organic Agriculture Support Initiative enhanced organic agriculture as a means to improve rural livelihoods in a sustainable manner.

Moreover, in 2018 Armenia continued intensive **regional development** reforms with EU assistance. The Pilot Regional Development Programme 2016-2020 aims at achieving a more balanced social and economic development among the regions of Armenia, through job creation and increased competitiveness. Additionally, the ‘EU4Armenia’: Regional Development programme will include *private sector growth in the areas of tourism, agriculture and creative industries, in particular in the three focal regions (Shirak, Lori and Tavush)*.

*As regards the **mining sector**, which plays an important role in Armenia’s economy, concerns relating to the environmental impact have been raised, in particular as regards the Amulsar gold mine. Following Armenia’s adherence to the Extractive Industries Transparency Initiative (EITI) in 2017, the first national EITI report was published. The findings of the report should contribute to the improvement of the management, transparency and accountability of Armenia’s mining sector.*

*On **information technology**, in addition to previous cooperation (e.g. e-civil status registry, ‘Mulberry’ paperless ministry, online business registry, e-penitentiary system, e-Apostille, e-draft interactive Portal to Enable Transparent and Easy Discussion over Draft Legal Acts, e-request on-Line Interactive Portal to enable requests, complaints or suggestions to the government, etc.), a new EU-funded project aims at establishing a governmental interoperability platform, enabling simplified and standardised secure connectivity between all organisations of the public administration introducing also a One Stop Shop solution for the border crossing points. A new regional project ‘EU4Digital’ was launched in 2019 to promote key areas of the digital economy and society and establish EU4Digital as a recognised and well-communicated brand, encompassing EU support to the digital economy and society.*

*Armenia adopted a new law on **statistics** in 2018. The country intends to promote the implementation of the law within its administration, including in support of establishing a population register and of the 2020 census.*

3.2. Trade and Trade Related Matters

The EU remains Armenia’s largest export market and second trading partner. EU imports from Armenia increased 14 % year-on-year and stood at around EUR 400 million in 2017. This represented 28 % of Armenia's total exports. EU exports to Armenia increased by 19 % and stood at around EUR 718 million, which represented 22 % of Armenia's total imports. Total EU-Armenia trade increased by 15 % and stood at EUR 1.1 billion. The trade balance was EUR 318 million⁵⁴.

Armenia benefits from the Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+). More than 96 % of EU imports eligible for GSP+ preferences from Armenia entered the EU with zero duties in 2017. Out of the total EU imports from Armenia, 37 % (approximately EUR 135 million) entered under the GSP+ regime. The EU monitors Armenia’s progress and shortcomings as regards the effective implementation of 27

⁵⁴ https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_armenia_en.pdf.

international conventions. The next biennial report on the effects of GSP+, covering the period 2018-2019, will be published at the end of 2019.

Trends in FDI have been mixed, with a rise registered in 2018⁵⁵. The EU has been maintaining a high level of FDI net inflows to the Armenian economy during the reporting period.

4. Connectivity, Energy Efficiency, Environment and Climate Change

The extension of the core **Trans European Transport Network (TEN-T)** to Armenia was finalised as the European Commission adopted a Delegated Act on 9 November 2018 (which entered into force in February 2019). Armenia is currently upgrading several sections of the North-South Road Corridor (on the extended core TEN-T). The future investment priorities shall be aligned with the Indicative TEN-T Investment Action Plan⁵⁶, published on 15 January 2019, which identifies priority investments of around EUR 12.8 billion up to 2030 in the EaP region. Road safety is one of the priorities under this Plan. The need for further road safety improvements was confirmed also by the EaP Road Safety Declaration that Armenia endorsed, together with other five countries, on 27 April 2018 in Ljubljana. The government's approval for Armenia-Iran Meghri border-crossing point modernisation is expected in 2019. The State Revenue Committee has established a working group to steer the process.

In the area of **energy**, the CEPA entails significant regulatory approximation to EU energy legislation (energy efficiency, renewable energy and nuclear safety regulation, electricity market reforms). Energy efficiency has good potential to contribute to energy security, independence and affordability. The EU has provided substantial support under the EU4Energy Programme by strengthening implementation of the existing legislative and regulatory framework in energy performance of buildings. Pilot investments strengthening energy efficiency and street lighting upgrades have also been made through the multi-donor Eastern Europe Energy Efficiency and Environment Partnership (E5P) Fund⁵⁷. The potential of scaling up cooperation with International Financial Institutions (IFIs) in this area is being explored by launching a joint EU-IFIs dialogue with the Armenian government in spring 2019. In addition, renewable energy development has received significant EU financial support, including the construction of the solar power plant in Masrik and innovative projects with integration of solar energy into the grid.

The **nuclear power plant located in Metzamor** cannot be upgraded to fully meet internationally accepted nuclear safety standards, and therefore requires an early closure and safe decommissioning, and rapid adoption of a road map or an action plan to that effect, taking into consideration the need for its replacement with new capacity to ensure the energy security of the country and conditions for sustainable development. The EU has supported Armenia in 2015-2016 in the implementation of EU stress tests, in accordance with the EU technical specifications⁵⁸, and is now planning a follow-up mission at the end of 2019. Based on the conclusions of the 2018 EU-Armenia Partnership Committee, Armenia committed to following up with consultations at technical level and indicating, ahead of the next Partnership Council meeting, a date for the closure of the plant.

⁵⁵ According to the Central Bank of Armenia (<https://www.cba.am/en/SitePages/statmonetaryfinancial.aspx>).

⁵⁶ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/ten-t_iap_web-dec13.pdf.

⁵⁷ <https://e5p.eu>.

⁵⁸ http://www.ensreg.eu/sites/default/files/attachments/2016-07-20_4259241_armenia_stress_tests_report_-_ensreg_template_final.pdf.

In the area of **environment**, the Ministry of Nature Protection drafted the National Strategy and Action Plan for environmental protection and use of natural resources, which is under consideration by the government. With EU support, the Ministry introduced a new policy and legislation on Integrated Pollution Prevention and Control, which includes the prohibition of some single-use plastics by 2020.

With regard to **water management**, the Armenian Water Code was amended in 2018. Strengthening laboratory and monitoring capacities under the EU Water Initiative Plus programme will help Armenia to progress towards a systematic use of international best practices, notably the EU Water Framework Directive⁵⁹. The commitment of the government to co-finance the laboratory equipment is the basis for the full sustainability of this intervention. Armenia has also developed solid waste projects and other projects focused on water in Yerevan and small municipalities, with support through the Neighbourhood Investment Platform (NIP)⁶⁰.

Armenia has advanced on **biodiversity conservation and management of natural resources**, notably regarding the improvement of legislative and institutional framework, especially as it relates to the management and establishment of the new Specially Protected Natural Areas, the development of management plans for national parks and reserves, and the development and implementation of species conservation programmes for rare or endangered species.

Following the fifth and the sixth EU-Armenia Subcommittee meetings on Energy, Transport, Environment, Climate Action and Civil Protection, held respectively in January⁶¹ and November⁶² 2018, and in the aftermath of the Nairit accident⁶³, the EU confirmed its availability to provide assistance to Armenia for a wider plan against hazardous waste.

5. Mobility and People-to-People Contacts

Armenia has continued to implement the **Visa Facilitation Agreement (VFA) and the Readmission Agreement (RA) with the EU** in good faith. It has expressed the desire and readiness to launch a Visa Liberalisation Dialogue and the intention to put in place the set of reforms this process entails. The implementation of the two Agreements was assessed at the fourth meeting of the EU-Armenia Joint Visa Facilitation Committee and the fourth meeting of the EU-Armenia Readmission Committee, held simultaneously on 24 January 2018, as well as at the fifth EU-Armenia Readmission Committee meeting held on 2 April 2019.

As regards the RA, the Member States deemed the practical cooperation with the relevant Armenian authorities satisfactory. The return rate (at 27.2 % in 2017, below the EU average), however, needs to be improved. The launch of an electronic Readmission Case Management System, which is operational since early 2019, should further facilitate the processing of

⁵⁹ http://ec.europa.eu/environment/water/water-framework/index_en.html.

⁶⁰ https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-platform_en.

⁶¹ https://eeas.europa.eu/delegations/armenia/38916/fifth-eu-armenia-subcommittee-meeting-energy-transport-environment-climate-action-and-civil_en.

⁶² https://eeas.europa.eu/headquarters/headquarters-homepage/54509/joint-press-release-european-union-armenia-partnership-committee_en.

⁶³ Reference to the accident which occurred in August 2017 at Yerevan's Nairit chemical plant (an explosion followed by a fire at the lacquer ethanol storage).

applications. This should also allow the Armenian State Migration System to effectively deal with the expected increase in readmission applications in the near future, once the high number of asylum applications lodged by Armenian citizens over the last few years (notably in Germany and France) are processed, and the persons not entitled to asylum are to be returned.

The Joint Visa Facilitation Committee also confirmed the overall satisfactory implementation of the VFA by the Member States issuing visas in Yerevan⁶⁴. No specific hindrances were raised by Armenia or by the Member States. Statistical data show that the number of visa applications lodged in Armenia has substantially increased compared with 2013, when the VFA had not entered into force yet. The rate of multiple entry visas issued represented 31.7 % of the total number of visas issued in 2017 and is also constantly increasing (18.4 % in 2013; 26.5 % in 2017). The refusal rate has slightly decreased in 2018 (11.8 %; 12.8 % in 2017) and remains in line with the average in the region⁶⁵. The most common reasons for refusal appear to be the lack of reliable proof of purpose of travel to the Schengen area and the impossibility to prove the intention to return to Armenia before the expiry of the visa.

The Mobility Partnership has enhanced approximation of migration and border management to EU standards, increased security and facilitated trade. The second High Level Meeting of the EU-Armenia Mobility Partnership took place on 23 January 2018.

Under the project ‘Support to Migration and Border Management in Armenia’, the EU supports training on migration governance/management of remittances, asylum and integration, document security, border management and trade facilitation.

The current Armenia Development Strategy identifies the **education** sector as a fundamental tool for the sustainable development of the country. Based on initial exchanges with the new government, this will continue to be the case and the EU-Armenia Education Policy Dialogue launched in March 2019 could contribute to further positive developments. Increasing quality assurance, effectiveness, relevance and access at all levels are top priorities.

Higher education reforms have taken place in line with the Bologna process. With the support of the **Erasmus+** capacity building projects, Armenian universities have been able to upgrade their administrative and organisational structures and modernise study programmes with a view to improving the match with labour market needs. More than 2 700 students and university professors have been involved in EU-Armenia academic exchanges and mobility through Erasmus+ since 2015, along with 40 grantees under Erasmus Mundus since 2015. Furthermore, 4 out of 30 students from among the EaP countries attending the **Eastern Partnership European School** during the first academic year 2018/2019 came from Armenia.

Considerable progress has been registered with EU support in the **Vocational Education and Training** (VET) sector, in particular in terms of standards development, revision of qualifications and professions, teacher training, rehabilitation of 17 VET colleges and their transformation into Regional Centres of Excellence. The ongoing EU-funded SRPC on ‘Better Qualifications for Better Jobs’ aims at improving the efficiency of the labour market

⁶⁴ As of January 2013, EU citizens are exempted from the visa requirement for short-stays in Armenian territory.

⁶⁵ The comparison with regional data is made with Azerbaijan (13.1 %) and Georgia (18 % - until 28 March 2017 – before visa exemption decision for biometric passport holders).

and the employability of the workforce with a particular emphasis on agricultural VET training.

In 2018, four regional projects under the **‘EU4Youth’ initiative** have been launched in Armenia. Their focus is on employability and business skills of (disadvantaged) youth. This adds to 20 projects implemented as Erasmus+ capacity building in the field of youth and involving more than 50 youth organisations from the country.

At the end of 2018, a new ‘EU4Innovation’ programme worth EUR 23 million was launched focusing on youth. The EU together with the government aims to address the mismatch between knowledge and skills of university graduates and the labour market needs. The first of the two components will review all Science, Technology, Engineering and Mathematics (STEM) curricula and textbooks for secondary education and retrain all teachers in minimum one of our focal regions (Tavush) on new techniques of delivering STEM knowledge, including the use of education technologies. The second component will develop this education technology material further (higher education). Notably, it will create an EU4Innovation TUMO⁶⁶ Centre for universities and an EU Convergence Centre (EUR 12.5 million) with the aim to bring together universities and private sector around work-based projects and around shared-lab facilities. It will be complemented by an incubator for technology start-ups.

The **Young Expert Scheme ‘YES Armenia’ Programme**, piloted since 2017-2018, provided an opportunity to 21 young Armenians aged 25-35 from diaspora and from Armenia to work in different ministries and government agencies alongside Deputy Ministers and heads of agencies on key reforms. 21 projects were implemented in eleven different sectors, covering diverse areas such as education, agriculture, energy, health, environment, tourism and public investment. Among other achievements, the young experts participated in developing of around half a dozen laws and many by-laws, including developing government decisions. The continuation and scaling up of the ‘YES Armenia’ Programme, to also include support to local authorities, is currently under discussion.

In 2018, around 500 new **European Young Ambassadors** were selected from among EaP and EU countries, with 44 of them coming from Armenia. The EU is the biggest donor to **civil society in Armenia**. The establishment of the Civil Society Platform envisaged under CEPA is under preparation.

The national policy on **culture**⁶⁷ provides for measures aimed at supporting individual artists and the creation of cultural products, enhancing cooperation with international networks. As of 1 January 2018, Armenia joined the Creative Europe Culture sub-programme and cross-cultural strand. The **Creative Europe Armenia desk** was established and became fully operational in 2018. The first grant was awarded to Armenia under the 2018 Creative Europe call for cultural cooperation projects. Armenia was active in highlighting the European Year of Cultural Heritage 2018 via various cultural events and activities in Yerevan and in the regions of Armenia (e.g. the European Film Festival). The EU National Institutes for Culture Armenia Cluster has been established with the participation of National Institutes and EU Member State embassies accredited to Armenia, which — together with the EU Delegation — will support the cultural cooperation with Armenia.

⁶⁶ <https://tumo.org/en/>

⁶⁷ See Chapter 24: Culture in the Development Strategy for Armenia for 2014-2025: https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf.

Armenia's participation in the Horizon 2020 programme⁶⁸ has contributed to the country's integration into the EU **research and innovation** systems. Armenia, fully associated to the programme since 2016, received an EU contribution amounting to EUR 1.2 million during the past three years under Horizon 2020. In April 2019, the Horizon 2020 Policy Support Facility⁶⁹ specific support was launched, at the request of the Armenian authorities, to provide advice and recommendations on reforms linked to the evaluation of public research institutions, improvement of performance-based funding system and of science-business links. Armenia expressed interest to join the EURAXESS network addressing barriers to the mobility of researchers and enhancing scientific collaboration between Europe and the world. The country is represented on the Board of Governors of the EU Commission Joint Research Centre through the State Committee of Science of the Republic of Armenia.

6. Financial Assistance

The EU is the largest donor to Armenia and provides substantial financial assistance to support concrete reforms in the country based on the pace of their implementation. With the '20 Deliverables for 2020', the Partnership Priorities agreed in 2018 and the 2017-2020 Single Support Framework, an ambitious agenda has been in place allowing for a delivery of tangible results for citizens, including through the swift implementation of the CEPA.

The programmed EU assistance to Armenia under the **European Neighbourhood Instrument (ENI)** amounts to indicatively EUR 252 - 308 million over seven years (2014-2020). In the first five years of the ENI, Armenia's assistance package amounted to EUR 164.5 million.

Under the **SSF 2017-2020**, the EU assistance to Armenia was indicatively programmed to reach between EUR 144 and 176 million. The EU's current portfolio comprises approximately EUR 300 million of ongoing and EUR 100 million of upcoming grant projects, which includes projects within the NIP in the form of blended loans and grants for energy, water infrastructure, irrigation as well as agriculture and transport sectors. Since 2014, Armenia has benefited from EUR 70 million of grants from the Neighbourhood Investment Facility leveraging EUR 412 million of investment, notably in infrastructure. This brought the current portfolio of ongoing blended investments up to EUR 800 million.

In 2018, the EU committed EUR 46 million under **bilateral cooperation programmes**, including EUR 10 million under the NIP. Additionally, in 2018, together with Ukraine and Georgia, Armenia has benefited from umbrella funds⁷⁰ (+ EUR 10 million). The indicative baseline allocation planned for 2019 stands at EUR 40 million. This amount does not include the likely additional allocation of umbrella funds based on the country's performance in 2018.

Support to economic development and market opportunities through the ongoing projects in Armenia amounts to EUR 51 million. The 'EU4Business' initiative addressed economic development and market opportunities with EUR 31.8 million focusing on improving business skills, strengthening the policy and regulatory framework, and improving the access to markets and to finance. Most recently, economy and private sector development needs have been addressed with the programme 'EU4Armenia': Regional Development. The programme

⁶⁸ <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>.

⁶⁹ <https://rio.jrc.ec.europa.eu/en/policy-support-facility/specific-support-armenia>.

⁷⁰ https://eas.europa.eu/headquarters/headquarters-homepage_en/8410/Financing%20the%20ENP.

encourages shared and inclusive private sector growth in the areas of tourism, agriculture and creative industries, with particular focus on the three Northern regions of the country (Shirak, Lori and Tavush) that have been selected by the government as focal regions.

In addition, EUR 51 million of EU assistance helped **strengthen institutions and support good governance** in Armenia. Support to human rights protection was introduced by an EUR 17 million pioneering Sector Reform Performance Contract, which aims at addressing shortcomings in the election process in the country, advancing the adoption of a law on preventing and combating domestic violence, assisting with the adoption of a legal package to provide social services to children with disabilities and amending the criminal law to align it with the relevant UN Conventions. The EU supported the holding of the early parliamentary elections on 9 December 2018 with a substantial package of EUR 2.4 million, which included technical assistance covering Information Technology hardware (voter authentication devices and cameras), livestreaming from polling stations (EUR 1.5 million from ‘EU4Citizens’: Deepening Democracy) and democracy and civic participation actions, including civil society monitoring (EUR 0.9 million, also comprising financing from previous programmes).

A major EU contribution of EUR 20 million provided for the period 2017-2020 has been supporting **public administration reform** in Armenia and is focusing on a better service delivery through a more efficient and responsive public administration. EU support is now being made available in the form of technical assistance for the consolidation of the **justice** system in Armenia (EUR 4 million). Further resources can be mobilised to fund a more comprehensive reform through a sector reform performance contract. The EU is ready to assist with further assessment through the EU-funded ‘Justice Survey’ project and a comprehensive functional review of the justice system depending on the needs and priorities of the Armenian counterparts.

Connectivity, energy efficiency, environment and climate change are, *inter alia*, supported by an ambitious EUR 10 million EU programme focusing on irrigated agriculture development. It puts in place innovative sustainable mechanisms in the Ararat and Armavir regions to address the constraints of irrigated agriculture economic development and is developing financing tools to help farmers, farmers’ groups and cooperatives to invest in agricultural equipment and irrigation technologies. The EU programme ‘EU4Energy’, implemented by the Energy Community and the Energy Charter, provides technical assistance to enhance the energy efficiency policy frameworks. Additionally, in December 2018, the NIP Board adopted decisions on the modernisation of the Meghri border-crossing point (EUR 3 million) and the construction of the Masrik solar power plant (EUR 11 million).

Mobility and people-to-people contacts have been addressed by a EUR 15 million EU programme on ‘Better Qualifications for Better Jobs’ focusing on agricultural vocational educational and training. A new ‘EU4Innovation’ initiative (EUR 23 million) will concentrate on enhancing education, focusing on science, technology, engineering and mathematics. Both actions aim at addressing key growth constraints related to the quality of education and matching skills and labour market needs. Through EU support to Armenian entities for participation in Horizon 2020, several Armenian entities participated in various calls for proposals. One company was funded under the SME Instrument Phase 1 and is the first one in the EaP region.

Civil society in Armenia has been supported by a series of actions, including by enhancing civil society organisations’ (CSO) contribution to governance and development processes

between CSOs and local authorities, with a contribution of EUR 2.3 million as well as by actions funded under the European Instrument for Democracy and Human Rights (EUR 1.6 million) and via a EUR 4.7 million Civil Society Facility.

7. Concluding remarks and outlook for the future

Since the recent political transition, Armenia has stepped up its efforts to reinforce and enhance its partnership with the EU, including with its Member States bilaterally, and has repeatedly acknowledged the significant role the EU can play in the smooth implementation of Armenia's reform agenda, with the CEPA at its core.

The new Armenian government has shown increased determination, substantiated by real action but still in need for a structured approach, in terms of the fight against corruption, consolidation of good governance, establishment of an independent, accountable and efficient judiciary, eradication of monopolies and creation of a competitive business environment. The new government has committed itself to implementing crucial reforms, as also reflected in the draft CEPA Implementation Roadmap⁷¹, especially in combating corruption, eliminating poverty and ensuring the positive dynamics for sustainable growth and good governance. Yet implementation remains key. The real impact of the new, enhanced partnership between the EU and Armenia will depend largely on the further determination of the Armenian stakeholders to pursue concrete political, economic and social reforms, and to consolidate the respect for the common values that constitute the foundation of the EU-Armenia relationship.

The EU's cooperation with Armenia aims at supporting the country's resilience, security and prosperity built on democracy, human rights, the rule of law and sustainable economic growth as well as at strengthening transport connectivity, mobility of people and people-to-people contacts with the EU and the region. The EU stands ready to continue engaging in Armenia and providing support through political dialogue, financial and technical assistance, including blended investments to support the Armenian government ambitions to undertake further reforms for the benefit of the citizens of Armenia and of EU-Armenia cooperation.

⁷¹ https://eeas.europa.eu/delegations/armenia/54509/joint-press-release-european-union-armenia-partnership-committee_en.