



ANNEX 3

of the Commission Implementing Decision on the Annual Action Plan 2019 of the Republic of Armenia

Action Document for Local Empowerment of Actors for Development (LEAD)

ANNUAL PROGRAMME

This document constitutes the work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Local Empowerment of Actors for Development (LEAD) CRIS number: ENI/2019/042-041 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	Armenia The action shall be carried out at the following location: Armenia	
3. Programming document	Single Support Framework for EU support to Armenia 2017-2020	
4. Sustainable Development Goals (SDGs)	Main Sustainable Development Goals (SDGs): 17. Partnerships for the Goals Other significant SDGs: 5. Gender Equality 8. Decent Work and Economic Growth 9. Industry, innovation and infrastructure 10. Reduced inequalities 13. Climate change 15. Life of land	
5. Sector of intervention/ thematic area	(1) Economic Development and Market Opportunities	DEV. Assistance: YES ¹

¹ Official Development Assistance is administered with the promotion of the economic development and welfare of developing countries as its main objective.

6. Amounts concerned	<p>Total estimated cost: EUR 14 000 000</p> <p>Total amount of European Union (EU) contribution EUR 14 000 000</p> <p>This action is expected to be co-financed in parallel by:</p> <p>- an entrusted entity for an amount of EUR 1 000 000.</p>			
7. Aid modality(ies) and implementation modality(ies)	<p>Project Modality</p> <p>Indirect management with the entrusted entity(ies) to be selected in accordance with the criteria set out in sections 5.3.1 and 5.3.2.</p>			
8 a) DAC code(s)	<p>430 – Other Multisector; 43040 – Rural development, 43050 - Non-agricultural alternative development</p> <p>150 – Government and Civil Society</p> <p>15150 – Democratic participation and civil society</p>			
b) Main Delivery Channel	<p>Multilateral organisation – 40000</p> <p>Donor government - 11000</p>			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships				

SUMMARY

Through piloting innovative methods and processes, the Local Empowerment of Actors for Development (LEAD) aims to bolster the participation of wide range of local stakeholders in the socio-economic development of their communities.

The intervention logic of the programme will be built on the European LEADER and

Community Led Local Development (CLLD) programme approach. The Programme will provide for innovative bottom-up methods and tools to engage the representatives of entire community, both women and men, in discussions leading to identification of priorities and development of local strategies. A phased and competitive approach will lead to the selection of Local Action Groups based on the LEADER and CLLD guidelines. Local Action Groups (LAGs) will be formed to lead the process of developing territory community driven strategies and keep community members engaged. The territory of the LAGs will be determined based on a sense of belonging or common needs and expectations, not necessarily on administrative boundaries of the community. Collaborations between different stakeholders (public, private, civil society) as well as representatives of various social groups, will be further stimulated to provide for all angles and dimensions in searching of solutions. This will involve women and men, young and old and the most vulnerable.

Community driven strategies will be operationalised giving the primary role and initiative to community members. They will be encouraged to seek for effective solutions in joint efforts, and to propose fundable and implementable initiatives contributing to improvement of their immediate environment, public services, living standards, inter-community infrastructures as well as diversification of community activities and increasing entrepreneurship. Initiatives will have an impact on all or significant part of community members through job creation, provision of services or improvement of their overall living conditions.

For this purpose financial support to implement grass-root initiatives will be provided. Some financed initiatives will be scaled up through results-based financing mechanism. Additional funding sources will be utilised where possible, including remittances, private capital, local or central government funds, micro finance, other. In addition, capacity building, active learning and individualised training will be provided to ensure that communities succeed, and the pilot is sustainable.

In addition, a pilot scheme to mobilise remittances for job creation and business development in the communities will also be implemented. The pilot will provide lessons learned and will also support the establishment of an institutionalised remittance scheme by the Government.

1 CONTEXT ANALYSIS

1.1 Context Description

Armenia is a landlocked country with a population of about 3 million. Based on Organisation for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) criteria, Armenia is classified as an upper middle-income country with projected Gross Domestic Product (GDP) per capita 4,190 USD (2018)².

Between 2013 and 2017 the economy was growing in the country, thus creating prerequisites for improved living conditions and reduced poverty rate in Armenia. Compared to 2012, GDP

² IMF: <https://www.imf.org/external/datamapper/NGDPDPC@WEO/OEMDC/ADVEC/WEOWORLD/ARM>

increased by 18.96% and poverty decreased by 20.7% in 2017.³ For the first time in 2017, the poverty rate was lower than 2008 rate (27.6%) at 25.7%.

Dependence on remittances is still high (around USD 1.6 billion or 15% of GDP in 2017, according to the Central Bank of Armenia) and leaves the economy vulnerable to external shocks, while a shrinking labour force associated with emigration makes it difficult to generate broad-based prosperity. The authorities' efforts to promote inclusive growth and increase resilience have focused on diversifying exports and new initiatives to attract foreign direct investment (FDI). On the fiscal front, inadequate revenue base has limited the potential for much needed growth-enhancing investment and contributed to the increase in public debt. Against this background, the government is strengthening revenue mobilisation through the introduction of a new tax code and renewed efforts to improve tax administration.

Armenia is a country of origin for a large number of labour migrants. According to "Assessment of migration situation in Armenia through sample survey"⁴ research, the main part of remittances sent by labour migrants to their families is spent on daily expenses. Channelling these remittances into investments can become a trigger for sustainable development, which, in turn, will increase the chances of their future stay in Armenia; it will also lead to prevention of illegal migration. Average annual volume of inflow of non-commercial remittances sent by individuals through the Armenian banks in 2016-2018 was 1.231.657 US dollars; the average share of remittances in GDP was 16%.

According to various statistics, there is an increasing trend of return flow to Armenia, including both voluntary and forced return. Particularly, the number of readmission cases received has increased from 254 (469 persons) in 2016 to 906 (1753 persons) in 2017 and 1042 (2077 persons) in 2018. This circle is dynamic and carries a lot of transformations over time. Therefore, it requires more attention from the Government to meet the needs of actual and potential returnees.

As of 2018, Armenia has 503 communities⁵, of which 46 are urban and 457 are rural. Over 1 million people live in rural communities while around 1.8 million in urban. Social and economic growth (including GDP per capita and incomes) in Armenia is mostly limited to Yerevan, which hosts around 40% of the total population⁶. Even though registered unemployment is lower in rural communities (in 2017 in urban areas unemployment was 25.1% and in rural communities – 7.7%), the social and economic gap between rural areas and the capital is significant. Armenia has the highest female unemployment rate among post-soviet countries – 17% compared to 8.6% in Latvia that is next country to Armenia and 7.7% in Georgia. In 2017, the difference between **poverty rates** in urban and rural communities was 1.8 percentage points (25.0% and 26.8% accordingly) and between Yerevan and other towns of the country was 5.5. percentage points (respectively 22.4% and 27.9%). In 2016, the poverty rate of female-headed households was higher than poverty rate of male-headed households (33.4% versus 28.0%). Overall, Armenia's 2018 Gender Inequality Index score is 0,262 and it ranks 55 out of 189 countries.

³ NSS 2018: Social Snapshot and Poverty in Armenia. Statistical and Analytical Report.

https://www.armstat.am/file/article/poverty_2018- eng.pdf

⁴ Armenian-Russian Slavonic University, "Assessment of migration situation in Armenia through sample survey", head of project R.Yeganyan, Yerevan, 2017

⁵ During consolidation process in 2016-2018, the number of communities was reduced from 915 to 503.

⁶ NSS: The share of urban residents in 2017 was 63.8% and that of rural residents was 36.2%.

A high level of migration from rural communities (both out of the country and to urban communities within the country) has been registered in recent years because of low socio-economic living standards in these communities.

Human Development and particularly the gender dimensions of development, suggest that progress towards gender equality in Armenia has been slow, and that, while some fields exhibit positive indicators in equality, others lag behind (ASDB, 2015). Armenia's 2018 Gender Inequality Index (GII) score of 0,262 and it ranks 55 from 189 countries.

1.2 Policy Framework (Global, EU)

The new **Comprehensive and Enhanced Partnership Agreement (CEPA)** between Armenia and the EU provisionally entered into force in June 2018. The CEPA was signed on 24 November 2017 and ratified by the National Assembly of Armenia with a unanimous vote on 11 April 2018. The CEPA provides a solid base for further enhancing the reform agenda in areas of mutual interest, in political, economic (implement strategies for Small and Medium Enterprise (SME) development with focus on micro- and craft enterprises, which are extremely important for the economies of both the European Union and the Republic of Armenia) and sectorial fields (e.g. child care services, education, health, culture, etc.), industries (e.g. contributing to strengthening the development and employment creation for both women and men in a competitive and sustainable tourism industry, promoting agricultural and rural development, etc.) and cross-cutting (e.g. civil society cooperation, regional development, regional level cooperation, etc.).

The programme is in line with the **Single Support Framework 2017 – 2020**, which sets out four priority areas of support: (1) Economic Development and Market Opportunities, (2) Strengthening Institutions and Good Governance, (3) Connectivity, energy efficiency, environment and climate change, and (4) Mobility and People-to-people Contacts. The programme is particularly focused on economic development, mobility and people-to-people contacts.

The **European Neighbourhood Policy (ENP) Review**⁷ conducted in 2015 highlighted the principles of differentiation, flexibility, focus and ownership. It is reflecting the wishes of each country concerning the nature and focus of its partnership with the EU. The CEPA is a direct outcome of this new approach. The ENP Review outlines the need to support the small and medium enterprises (SME) sector which is a primary creator of employment; also reforms to underpin economic and social development (such as skills development, social protection, education, water and health) should be encouraged and supported. Furthermore, agriculture as a major source of jobs, is prioritised and should continue to support investment in modernisation of the sector, and diversification to other income creating activities in rural areas where necessary.

⁷ Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Review of the European Neighbourhood Policy.

The programme will also lift the implementation of **20 Deliverables of 2020**,⁸ in particular it will support creating new job opportunities at the local and regional level.

Finally, the programme will contribute to the realisation of the Gender Action Plan II and more specifically to the thematic priority “Economic, Social and Cultural rights – Economic and Social Empowerment”, objective 1 “Access to decent work for women of all ages”, 15 “equal access by women to financial services, productive resources, including land, trade and entrepreneurship”, 17 “equal rights and ability for women to participate in policy and governance processes at all levels”.

1.3 Public Policy Analysis of the partner country/region

The programme is in line with **Armenia Development Strategy 2014-2025** which prioritises regional development through promotion of economic growth and social development outside the Yerevan city - in regions (marzes) and communities. In addition, a substantial focus is on mitigation of development disparities across rural communities, development of community and inter community infrastructures, access to and improvement of the quality of community and public services and solving diverse territorial development problems.

Finally, the programme is well aligned with the main strategic document of the Government of Armenia in this sector - **Regional Development Strategy**. It states that improving regional development policy and practices by greater participation of regional and local actors in development planning and execution will be one of its three strategic objectives.

The project is also in line with the “**2017-2021 Action Plan for Effective Implementation of Migration Strategy**” of the Republic of Armenia which aims at developing a uniform Government policy for re-integration of returning migrants and ensure implementation of the integration policy for long-term migrants in the Republic of Armenia; and also directing economic and human potential of migrants towards the development of the country.

This has been further supported by the new **Government’s programme**, which was adopted in February 2019. It prioritises implementation of territorial administrative reform including through measures to boost cooperation among communities. Participation of citizens in different activities of economic and social life will also be encouraged – in business, professional development, cultural activities. Emphasis is also put on creating favourable conditions for people to create freely and live a life with dignity and happiness.

1.4 Stakeholder analysis

The direct beneficiaries of the programme are the **people living in communities in the Northern and possibly other regions of Armenia**. Interventions will target a wide range of community members (citizens), including both women and men, old and young, minority groups/ associations, women’s rights organisations and those most vulnerable as well as (social) enterprises and businesses, grass-root local organisations (e.g. Civil Society Organisations (CSOs), youth groups local media, etc.) and other local community influencers (e.g. citizens, activists, teachers, journalists, local initiative groups, church representatives, etc.).

The main stakeholders the programme will directly work and partner with are **Local Action Groups (LAGs)**, which will be formed during the initial stages of the programme and which

⁸ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eap_20_deliverables_for_2020.pdf

will consist of female and male local activists, initiative groups, civil society organisations, representatives of local authorities and local businesses, present in the communities in target regions. The LAGs will be formed based on the principles of inclusion, gender equality and have a rights-based approach.

The Fund “Small and Medium Entrepreneurship Development National Centre of Armenia” (SME DNC) established by the Government in 2002 is authorised to implement SME State Support policy in Armenia. The SME DNC is an efficient and geographically far-reaching SME agency, offers effective SME support technical and financial toolkits. Since 2002 the SME DNC implements wide range of activities towards SME sector development in Armenia, with the resources allocated from State Budget and contributions from international and donor organisations. During the last years the SME DNC has implemented a number of comprehensive/sector specific projects in targeted regions in the frames of USAID (Partnerships for Rural Prosperity) and EU (Boosting Competitiveness of Regional SMEs) funded Projects targeted in identification and promotion of local economic development initiatives.

The LEAD programme will seek to overall collaborate with the SME DNC to support in identification of economic value creation opportunities based on recognition of local competitive advantages, building common vision and mobilising the efforts to achieve them, as well as creating business opportunities for community members, including vulnerable individuals and groups, equipping start-ups and growing SMEs with contemporary inclusive and rights-based business skills and competences, facilitating access to finance and markets.

The programme will mainstream rights based approach (RBA) and gender equality but will also include a dedicated sub-component that will focus on the most vulnerable groups, including conflict affected communities along the borders, people with physical and mental disabilities, young men that have not passed high-school exams, minority group members, returning labour migrants and refugees as well as their family members. Returning migrants may contribute with remittances and members of their families c direct beneficiaries, as circular migration is eminent in Armenia. Most of the people included in this component would belong to citizens living under or just above the poverty threshold, thus this component is expected to contribute directly to project objectives related to poverty reduction in Armenia.

To maximise the impact, the programme will also collaborate with locally **present private initiatives**, examples could be Women Resource Centres, Children of Armenia Fund (COAF) Smart Centre and classrooms, youth initiative groups, organisations working with conflict affected border communities and on promoting labour rights in rural areas etc. As well as other EU-funded projects supporting the regional development, such as the larger civil society capacity building projects Bridge4CSOs , STRONG Civil Society, and CSO-LA and EIDHR projects, Support to SME Development in Armenia, implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Through bottom-up approach, the LEAD programme seeks to enhance the capacity as well as motivation of the local community stakeholders to define the priorities of their communities and actively green and improve their communities as well as providing co-financing e.g. through own fund-raising.

1.5 Problem analysis/priority areas for support

Communities in Northern regions

There are 122 communities in Northern regions (42 in Shirak, 56 in Lori and 24 in Tavush) with disparities between urban versus rural, lower lands and mountainous, border versus non-border communities. Shirak, Lori, and Tavush regions are amongst the poorest in Armenia (Shirak 44%, Lori 29,7%, Tavush 27.8%) and amongst those from which people aged 15 and above emigrate the most (Shirak 15%, Lori 14%, Tavush 5%) because of poverty coupled with lack of employment opportunities. Unemployment in Northern regions is also one of the highest in the country, including that of women (Shirak 24.3%/29.3%, Lori 12.8%/12.3%, Tavush 12.2%/9.9%). Social assistance is common with significant share of households receiving at least one social benefit (Shirak 22%, Lori 17%, Tavush 21%). The economic activity rate in the Northern regions is below the average of Armenia (60.9%): 57.4% in Shirak, 58.6% in Lori and 60.2% in Tavush.

Shirak is the poorest region in Armenia with the biggest share of unemployed. The leading industries in Shirak are mining, food and beverage production, and textiles, though the latter is in stark decline. Shirak produces around 11% of the agricultural output of Armenia, mainly potatoes. Nevertheless, the residents of Shirak find it more and more difficult to subsist. Labour migration, especially among men, continues to be a means of coping with poverty. Most of the women in the villages are left dependent on loans, remittances or children's benefits. The child poverty rate in Shirak stands at 49.6% (every second child is poor in this region) and child stunting rate is 28.4% and severe stunting 14.7%.

The leading branches of economy in **Lori** are agriculture and industry. Production of grain, potato, vegetable and animal husbandry product is developed in agriculture. Manufacturing industry is the main trend of industry, especially metallurgy industry and food production. Nevertheless, businesses have been shrinking over the past years in Lori with number of small business decreasing from 1046 in 2013 to 844 in 2017. With two World UNESCO Heritage Monuments and more that 3000 historic and cultural monuments, Lori's touristic potential, including cross-border tourism with Georgia, remains unexplored.

With mild winters and warm summers **Tavush** is favourable for agricultural production. However, only 55% of arable land is cultivated, partly due to the border conflict with Azerbaijan. Share of women in agriculture engaged in non-formal employment is 82.1%. This informality, which leads to a reduced access to social protection schemes, along with women's limited access to land and other agricultural assets compared with men, leaves women in a vulnerable situation. Other opportunities for income-growth are also limited as the border conflict in Tavush leads to low investment from the international community and private sector.

Most local communities in remote, rural areas and smaller towns in Armenia are significantly affected by **poor primary and secondary education facilities and teaching capacities, non-monetary poverty, limited access to other public services and poor condition of inter-community infrastructures**, with single headed women's households, people with disabilities, minority group members and elderly being particularly affected. This results in poor literacy and numerical skills among many young people, particularly boys, access to information and movement constraints, poor health status, insufficient infrastructure, degrading environment, etc.

Local community initiatives

Inclusive and rights-based community-driven development is not common practice in Armenia. There is little capacity and initiative and even less supporting infrastructure **to**

empower and engage local women and men in creating and lifting their own wellbeing. The individual efforts are often too limited to make tangible impact on the everyday life of the wider community.

There is a strong belief among community members that they are incapable of helping themselves. There has been lack of motivation to exercise one's rights over the past years, which is slowly changing and being reinforced by the 2018 revolution and motivated by the new government. Often **reliance on local authorities and government is high**. At the same time, women and men have lacked **trust** in local authorities. There has been a strong belief that local authorities are self-interested subsystems of government where nepotism and conflict of interest prevails.

Regional development plans are drafted for all regions; however, they have often not reflected the Asset-Based Community Development methodology and need further “localisation” and innovative 'spice' to address local needs and be sustainable. Local development units are being established in local authorities' offices. However, these need further capacity building through active learning, piloting and learning by doing approaches. There are only a few and mostly recent examples where local communities create a “joint platform” for collaboration to bring together local actors – government, community, businesses, activists. – to prioritise, lobby for changes, and act.

This is further inhibited due to rather weak **civil society and community group structures** in rural communities, as this was discouraged and closely monitored by the former government; hence they have had limited experience in and capacity to implement projects and ensure accountability. This also limits their ability to design and manage projects or respond to calls for proposals (e.g. project identification, prioritisation, and allocation of funding). Local initiative groups and organisations have confirmed that among the main barriers, apart from availability of funding, are lack of cooperation with business people, media and other organisations.⁹ However; a massive investment by the EU in civil society sub-granting schemes has encouraged new groups and enhanced capacity of new and existing groups as well as expanded their knowledge of project management as well as the importance of and approaches to private-public partnership building.

There is a growing curve of **social entrepreneurship**, which is supported by the EU in Armenia, which could be further tapped into. In addition to creating local employment opportunities and social benefits, social enterprises are still rather small and have needed business orientation support to ensure self-sustainability as they are mainly driven by the civil society sector. Successful social entrepreneurs have created spin off community activities to benefit the wider local community and society .

There are **strengths and assets that each community possesses**. These are diversity of local traditions (tangible and intangible), social capital, skilled and unskilled labour, diversity of community resources, internet access, and untapped potential of diaspora fellows' capital (social and financial). On the top of that, there exist good practice examples and impactful initiatives implemented locally in joint partnership by community, business and local authority in the region.

⁹ CSO sector marker research. Full Report. <http://epfarmeria.am/component-cso-depo/CSO-Market-Research>

The empowerment of local communities, encouraging collaboration between different interest groups in the community and diversification of economic and social activity will increase incentives for community members to stay in their communities and diaspora fellows to invest in local development projects.

Migration has been a phenomenon of importance for Armenia due to the balance of payments of the country and as a social escape valve to relieve unemployment, lack of domestic opportunities and to provide for families. According to expert estimations, about 30% of the Armenian population participated in some form of external migration between 1990 and 2013.¹⁰ Massive emigration has particularly intensified since 2010 with about 35,000 persons emigrating annually. According to Integrated Living Conditions Survey 2017, 22.2% of households containing members aged 15 years and above were involved in external and internal migration processes over the period of 2014-2017. Out of these 22.2%, 13.9% were in internal migration (in Yerevan and regions of Armenia), 10.5% in the Republic of Artsakh, and 76.6% were in interstate migration, with the overwhelming 78.2% majority having migrated to the Russian Federation. Over 90% of migrants are aged between 20 and 54, and over 89% are males. This leaves rural women in a particularly vulnerable situation and at high risk of isolation, bound to their homes to take care of children and elderly family members as well as at risk of HIV/AIDS.

In Armenia, the regional distribution of labour migration varies from 2.6% lowest in the south to 15.4% highest in the north. The regions with the highest proportions of labour migrants are the two northern regions of Shirak (15.4%) and Lori (13.6%). Tavush accounts for 6.7%.¹¹ A similar regional distribution is observed when it comes to potential migrants. The areas with the highest proportions of potential migrants are the three northern regions of Tavush (40%), Lori (41%) and Shirak (45%). These remote mountainous areas are the country’s poorest regions, indicating a clear connection to rural poverty and a desire to emigrate.

The main reason for leaving is the issue of unemployment and poverty. Even though the share of households depending fully or partially on remittances has decreased, in 2017 still around 22.1% of households received remittances (for 11.6% of them remittances were the main source of income and for 10.5% an additional source of income). In 2015, the numbers were 23% (13.6% and 9.4%) correspondingly (according to International Centre for Migration Policy Development (ICMPD) commissioned survey upon Government of Armenia request).

Circular migration is very widespread in Armenia as many Armenian labour migrants, who intend to return and invest in their country, continue to seasonally/periodically migrate for many years to be able to accumulate financial capital to invest in their homeland. While away from the home country, migrants gain new capacities and can bring expertise from the host countries; however, there are also reports of abuse and forced labour.

2 RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
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¹⁰ 2014 Armenia Migration Profile Light

¹¹ National Statistics Service: https://www.armstat.am/file/article/demog_2018_7.pdf

	(H/M/L)	
Lack of capacity of local actors (public, private, community) to lead the development	H	Effective search of local actors to anchor on is implemented. Training (active learning, mentoring, coaching) is provided to local action groups.
Lack of incentives and trust for local community members to join the programme	M	Awareness and information are provided from the start of the programme implementation. Ensure results backed by intensive communication and visibility.
Reluctance of local authorities to shift from top-down approaches to giving power to local actors and groups	L	Awareness and information are provided from the start of the programme implementation. Incentive schemes to joint initiatives are proposed.
Lack of impactful and fundable ideas/ initiatives	M	Training and support are provided in the animation and later stages. Research and analysis are ensured when necessary.
Lack of projects/ initiatives that would mature enough to benefit from second results-based financing mechanism	M	Follow up and training is provided throughout implementation. Effective selection mechanism of initiatives is designed and applied.
Lack of incentives of diaspora fellows to invest in community initiatives	M	Ensure results backed by intensive communication and visibility.
Conflict of interest and corruption is present	M	Transparency and accountability mechanisms are imbedded in operations of local action groups as well as training is provided to all stakeholders.
Sustainability of established local action groups after completion of the Programme	M	Local action groups anchor on currently active community members. Support provided to local action groups consolidates their current actions and scales up.
Sustainability of LAGs beyond programme's timeline	H	Sustainability mechanisms are sought, piloted and built-in in the set-up stage of LAGs.
Barriers discouraging women from participating in the public life, continuing education and pursuing entrepreneurship: limited knowledge, skills and confidence, limited access to early child care, poor labour rights conditions, loans,	M	A dedicated gender analysis will be conducted for the projects and systematic gender mainstreaming will be integrated in contracts and activities. Additional training, mentoring and community support such as low-cost models of day-care, awareness of inclusive workplace

exclusion from networks, difficulty of balancing family and work, risk of HIV/AIDs		approaches will be included in the holisting community development initiatives.
Vulnerable groups incl. poorly educated young men, people with disabilities, conflict affected communities extremely poor and members of minority groups are left behind and do not benefit from the programme	M	The Leaving no-one Behind principle is applied. Additional training, mentoring and support are provided to vulnerable groups just as conflict sensitive approaches to development will be integrated
Local development has a negative impact on the environment		Training on environmental awareness, energy savings and renewable energy sources, climate-change adaptation and waste management as well as greening of communities will be mainstreamed
Assumptions		
Intensive and carefully targeted animation and mobilisation of communities are applied.		
Substantial efforts are made in searching and selecting active and interested local actors or local action groups.		
Local community actors, members and stakeholders are committed and incentivised.		
Government and Development Partners remain committed to local decentralisation and consolidation and sustain efforts in capacity building of local authorities and communities.		
Running of LAGs is driven and carried forward by local actors who are well capacitated.		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

The programme will provide a comprehensive support throughout identifying, designing and implementing the local initiatives. So far, sub-granting schemes have been included in some CSO capacity-building programs to provide funding opportunities for smaller rural CSOs that are not able to engage directly in large international programs and thus face financial difficulties in maintaining their activities. This approach however, has not always led to sustainable results.

Based on the lessons learnt, the LEAD programme is piloting a new, more participatory, bottom-up and structured approach, which gives more responsibility and decision-making power to the “beneficiaries” to further foster their sense of ownership. It will aim to identify and select the local action groups and local actors, anchoring on people rather than projects to maximise the sustainability and long-term impact of the local level projects. It will do so by piloting the methods and approaches in Armenia, which have already been successfully implemented in the EU Member States and launched in Georgia and Moldova (Leader and CLLD). The LEAD programme will build on the success of the initiative, tap into the vast expertise gained and tailor the approach to Armenia’s reality.

It will also build on the success of sector-specific initiatives, such as Covenant of Mayors and CSO-LA funding, which has introduced a bottom-up approach to energy and climate action, capitalising on bottom-up governance, multi-level cooperation model and context-driven framework for action.

On the basis of the experience in Moldova, the program will also seek to empower labour migrants, returnees and their family members through mobilising remittances for investing in local development and job creation.

3.2 Complementarity, synergy and donor co-ordination

The Northern regions which will be targeted in this programme are the Pilot Regions for the Single Support Framework (SSF). Thus, the complementarity and harmonisation with other initiatives launched in the framework of the SSF 2017-2020 is further facilitated and encouraged. In particular, the following programmes have been taken into account:

EU4Regions: Support to Regional Development Policy in Armenia (PRDP) project contributed to accelerating socio-economic development, greater resilience, and sustainability of the regions of Armenia in general, and in relation to the capital city of Yerevan. It supported the internal economic, social and territorial cohesion of the country. In addition, to the assistance provided to regional development reforms, it launched eight projects under the pilot Grant Scheme, which aim to support the consolidated communities through technical advice, training and job creation.

EU4 Citizens: Strengthening Democracy in Armenia. In the framework of the programme it is planned to establish 38 inclusive early child care and education institutions in Armenia's rural communities. Increasing investments in improving availability, quality and equal access of child care services, as well as building the capacity and knowledge of parents, and particularly women and fathers' participation in household chores are high priority for Armenia, particularly, in order to raise the level of gender equality and politically and economically empower girls and women.

The Programme will also build on the **EU4Armenia – Regional Development** Programme which encourages shared and inclusive private sector growth in Armenia in particular in the Northern regions in the areas of agriculture, tourism and creative industries. Lessons learned as well as opportunities provided by the planned ideation, pre-acceleration and acceleration will be used and applied in community driven projects foreseen under this programme.

To increase the sustainability of community led initiatives through entrepreneurship, the Programme will capitalise and seek for synergies with the **EU4Business** programmes which are supporting private sector development through various instruments and projects at regional and national levels, further contributing to the start-up ecosystem in Armenia. Most notably it will build on the experience of Support to SME Development in Armenia (SMEDA), co-funded by the German BMZ¹² which seeks to improve the business and investment climate and support the creation and development of SMEs in Armenia, strengthen the private sector, and the capacities of Armenian SMEs to foster competitiveness. It targets the development of alternative funding mechanisms for innovative start-ups and existing companies, further complementing the SME Finance and Advice Facility established in collaboration between EU and European Bank for Reconstruction and Development (EBRD).

¹² Federal Ministry for Economic Cooperation and Development

Support to greening economy and environmental sustainability projects will be complemented with support launched in the framework of **EU4Environment** programme. This includes facilitating the work of SME clubs on resource efficiency and cleaner production, which were previously established in Ararat, Tavush, Kotayq, and Lori. In parallel, a larger civil society project might also include promotion of community greening and environmental and climate change adaptation capacity-building initiatives.

In addition, the EU will further build on the success of its programmes in agriculture, including Organic Agriculture Support Initiative, implemented by Austrian Development Agency and **ENPARD** budget support and technical assistance. The programme will directly benefit from Annual Action Programme (AAP) 2015 Support to Vocational Education and Training (VET) agriculture colleges as highly trained human capital is a vital prerequisite for generating, implementing and scaling community driven initiatives.

The Programme will build on the **EU-funded civil society** capacity building initiatives and support to enhancing financial sustainability of civil society organisations and the various social enterprises and community initiatives and networks which have been established (e.g. Bridge4CSOs, STRONG Civil Society Organisations for Stronger Armenia (STRONG) etc.). It will take into account the previous, ongoing and planned projects launched under the civil society organisations and local authorities (CSO-LA) and other similar initiatives. Furthermore, the programme will build on projects implemented under Eastern Partnership Civil Society Facility. In particular it will capitalise on the results of “**EU4Women: Economic Empowerment through Social Enterprise**” project aiming to launch or develop social enterprises to benefit women and children at risk in Aragatsotn, Gegharkunik, Lori and Syunik Marzes as well as “**EU4Civil Society: Energy Efficiency in Armenian Communities**” project aimed at raising awareness and implementing practical measures to improve energy utilisation pattern, increase quality of life and reduce energy bills in five marzes (Lori, Tavush, Gegharkunik, Kotayk, Ararat) as well as the eco-village approach that is being rolled out in Armenia.

United States Agency for International Development (USAID) funded “My Armenia” programme completed tourism planning and asset mapping in rural territories in Armenia. Based on intangible heritage asset mapping, its goal is to develop tourism experiences that would keep people longer in rural areas, to develop skills, and build greater awareness. The valuable research results generated through this initiative will be used to inform the design and implementation of this programme.

This programme has been designed to fill the gap of community initiated and led development projects. The innovative approach which builds on the LEADER methodology will raise broader awareness and animate the community to participate in exploring available opportunities to improve their intermediate living environment and solve issues, which might otherwise remain unnoticed by the decision-makers. This approach allows the programme to serve as a platform and a channel to the existing and planned support in regional development. Thus, harmonisation and coordination with other donors are key aspects of the programme.

UNDP is implementing Integrated Support to Rural Development: Building Resilient Communities and Integrated Rural Tourism Development projects. The former is concentrated in the Northern region of Tavush, focusing on the borderline communities and includes development planning through direct engagement and participation of local

population, building economic sustainability of the community as well as through rehabilitation of community infrastructures. The LEAD programme will build on the lessons learned and complement the activities already carried out in Tavush border regions.

In addition, the Territorial Administrative Reform of Armenia (**TARA**) funded by the USAID and SDC and implemented by GIZ could further facilitate implementation of the Programme in consolidated communities. The LEAD programme will complement the existing loan schemes for local communities which support the implementation of small infrastructure projects initiated by the local authorities. The Social Investment and Local Development (**SILD**) loan project implemented by the World Bank, is aiming to raise the living standards of the poor and vulnerable groups through the provision of community infrastructure and services as well as promotion of complementary institutional capacity building at the municipal level. Whilst targeting to reach the poorest communities and implement sustainable priority community infrastructure projects; and to support intercommunity cooperation aimed at local social and economic development.

Armenian Territorial Development Fund (**ATDF**) which was established on the basis of the Armenian Social Investment Fund is channelling Government funds towards community infrastructure rehabilitation projects. As an implementing partner for donors such as WB, ADB, SDC and USAID, the second component of the LEAD programme will seek to collaborate and connect the communities through ATDF to the complementary funding opportunities for further sustainability.

“Support for Migration and Border Management in Armenia” (MIBMA) project implemented by the ICMPD office in Yerevan and funded by the European Neighborhood Partnership Instrument (ENPI) aims to further support and promote the efforts of national authorities in the area of migration and border management. The overall objective of the project is to enhance approximation of the migration and border management in Armenia to European standards of governance, in order to increase security, facilitate trade, and support the visa liberalisation dialogue between the European Union and Armenia.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** of the programme is to promote local growth and development leading to improved quality of life through community engagement in economic and social activity with particular focus on the Northern regions of Armenia.

The **specific objectives** and results of the programme are:

Objective 1 Mobilise, capacitate and incentivise local actors to define rights-based and inclusive community-driven strategies in the Northern and other target territories

Result 1.1. Replicable rights-based and inclusive mechanisms for community mobilisation, engagement and animation established and operational

Result 1.2. Improved capacity of local actors to develop and deliver rights-based and inclusive community-driven development vision and strategy

Result 1.3. Rights-based and inclusive community-driven development strategies developed and promoted in at least one of the Northern regions of Armenia

Objective 2 Build supporting infrastructure to prioritise, implement and sustain inclusive locally-grown initiatives in the Northern and other target territories

Result 2.1. Inclusive Local Action Groups established, and applicants/ grantees capacitated

Result 2.2. A pool of fundable initiatives created for further prioritisation and implementation

Result 2.3. A pool of initiatives financed through results-based scheme established

Objective 3 Empower labour migrants, returnees and their family members through mobilising remittances for investing in local development and job creation

Result 3.1 Local businesses established, and additional jobs created in the communities through remittance mobilisation

The *activities of specific objective 1* aim to animate and engage the communities to **develop area-based strategies** for the advancement of certain territory and solution of local social and economic issues.

The Programme will initially **select target communities/ territories concentrating in the focus regions of the EU in Armenia**, through a joint assessment and expression of interest. At a second stage, the Programme could be expanded. This work will build on initiatives where substantial work on the analysis of the territories has been done (such as My Armenia financed by USAID, Territorial Administrative Reform of Armenia supported by GIZ and UNDP implemented Integrated Rural Tourism Development project). When necessary, tools and support will be provided to carry out research and analysis of the territory to define its strengths, competitive advantages and action potential which could be the foundations for inclusive and rights-based community development which empower young and adult women and men, including vulnerable members.

Candidate LAGs will be established on the basis of the LEADER and CLLD approach and guidelines, based on a phased and competitive approach. The programme will **provide tools and facilitate opportunities** for local actors to organise into candidate LAGs and set up inclusive and efficient management models to provide the platform for the community members to express their views on the core issues and create a shared strategy. Actors and community members with different sex, age, backgrounds, professions, views, ideologies, and different interests will be included. The composition of candidate LAGs will ensure a majority vote from the community. The animation process will be further facilitated by those LAGs to develop community-driven strategies, which will provide the vision, priorities and road map for the future development of the community. The priorities will be set by community members themselves in local context and taking into consideration the local needs. A limited number of the candidate LAGs will then be selected on the basis of the proposed strategies and their composition.

The objective will be reached combining a number of **flexible and locally responsive tools and activities**, for example:

- Raising community awareness and participation. Communication and visibility.

- Studies/ research of the areas/ territory concerned.
- Identification of active and motivated local actors, both women and men. Development of replicable criteria for LAG formation.
- Providing trainings (through active learning, learning by doing, mentoring, etc.) for candidate LAGs and community members based on their needs.
- Interactive visioning, strategising and prioritisation sessions, events, gatherings for diverse actors and members of the community.
- Transfer of experience from EU and regional LAGs, communities and partners.
- Support to candidate LAGs to carry out their activities and operations (e.g. training, establishment, registration (if applicable), communication, staffing, etc.).

This component will allow candidate LAGs to animate and engage different stakeholders in strategising the vision and generating solutions to social and economic issues in their respective communities, ensuring further ownership and sustainability of the programme.

Specific objective 2 aims to **establish LAGs and operationalise locally driven strategies through implementation of selected initiatives**. LAGs will be established based on the selected candidates, and community members will be supported to propose and develop joint solutions to social and economic issues and to develop a pool of fundable proposals. The Programme will prioritise small, but impactful initiatives which will reach or engage many members of the community that are expected to cover a territory across several communities. The eligible ideas could be from different fields (e.g. agriculture, tourism, service provision, etc.), however they need to be environmentally as well as financially sustainable, mainstream environmental and climate change mitigation measures and have a rights-based approach which will benefit vulnerable community members. A competitive and transparent project selection and financing mechanism through sub-granting will be established. Monitoring of projects' implementation will be applied.

If appropriate, projects/ initiatives will be **matured and scaled up** to further increase their sustainability and tangible impacts on communities. Namely, depending on their impact and results during the initial stage, initiatives which demonstrate great potential could be further financed (**results-based financing**). A mechanism to select established and matured initiatives for further financing and scaling up will be created.

To provide initiatives with additional **access to finance**, different options of financing such as revolving funds, micro-financing and their feasibility in community context will be explored. Most effective financing mechanisms to channel the funds to finance community initiatives will be sought and selected.

Additional financing sources will be utilised to maximise the impact and complementarity. Other channels already in place, such as public (e.g. government support programmes), private or donor (e.g. Territorial Development Fund, SMEDA grants, EU4Armenia: Regional Development under AAP 2018), will be utilised as well. This will be particularly relevant in case of poorer communities where co-financing could be more difficult to mobilise from the existing resources.

Capacity building activities will be carried out throughout the entire process – from project identification to maturation. Training will be designed based on the needs and individualised

where necessary (e.g. mentoring and coaching). This will increase the chances of maturing the projects and increasing their sustainability.

Operationalisation of locally-driven strategy will be reached through the following **activities** (not limited to this):

- Project/ initiative ideation, preparation, and presentation (including developing a business case, where appropriate).
- Project/ initiative appraisal, selection and prioritisation.
- Selection of financing mechanism and its imbedding in communities.
- Financing of initiatives, including their assessment for advanced results-based financing.
- Capacity building through active learning, tailor made training, coaching and mentoring.

This approach will encourage searching for innovative methods and approaches to boost economic development through SME growth and entrepreneurship as well as address social issues in the communities. They will be tested for social impact, and if successful – scaled up through results-based financing.

This whole approach to operationalisation of the inclusive community-driven vision will create a culture of collaboration, innovation and experimentation while co-creating solutions. As well as serve as a role model for empowering other local communities.

Specific objective 3 aims to **mobilise remittances for job creation and business development** in the communities. This will be achieved by piloting a scheme for mobilising investment of remittances (e.g. based on PARE 1+1 Support to the Programme for the Attraction of Remittances into the Economy of the Republic of Moldova and previous piloting of this in Armenia). This expanded pilot will provide lessons learned and will also support the establishment of an institutionalised remittance scheme by the Government. The objective will be achieved in close cooperation with the government agencies having a mandate related to Migration, Reintegration and Economic Development.

The gender analysis will establish how to best promote women's participation throughout all actions within the programme (e.g. participation in community mobilisation, empowerment,, trainings, mentoring, design and implementation of projects, etc.). Barriers to women's participation will be addressed.

4.2 Intervention Logic

As a rule, community development gravitates around **individual** women and men, mostly initiative-taking, business-minded, civic active or visionary people but in low-capacity communities successful community development evolve initially around group-based approaches. The Programme will focus on these women and men as well as smaller groups to drive creation of shared visions and strategies for communities. The intervention logic of the programme will be built on the European LEADER and CLLD programme approach.

Implementation of **specific objective 1** will start with preparatory stage with promoting bottom-up approach through raising the interest and awareness of community members (private, public, NGO). The areas for interventions are based on clearly defined geographical boundaries, which are not necessarily administrative boundaries of the community but rather

set for practical purposes around sense of belonging or common needs and expectations. A well-balanced candidate LAG, consisting of both young and adult women and men in the communities, will be formed and trained, including completion of any necessary legal/registration procedures. The candidate LAGs will engage the other community members and local actors in vision and strategy development and searching of solutions to community issues. The strategies will have multi-sectoral rationale, integrating different sectors into a coordinated and coherent vision. On a competitive basis, and based on the quality and maturity of the strategies developed, as well as depth of community driven approach demonstrated, a limited number of LAGs will be selected to be established.

Specific objective 2 will setup the LAGs selected from the pool of candidates. The LAGs will continue the animation of the territory and will provide support to female and male members of the community to come up with realistic, relevant and fundable ideas to solve social and economic issues. To finance selected initiatives, in addition to foreseen sub-granting under this programme, other financing options and mechanisms to channel the funds will be explored, selected and imbedded. Financing through sub-granting and scaling up initiatives will be incentivised through results-based financing in the second stage. To provide initiatives with additional **access to finance**, different options of financing such as revolving funds, micro financing and their feasibility in community context will be explored. In addition, capacity building and training will be provided throughout the process.

Specific objective 3 is based on the success story of the “PARE 1+1” program in Moldova, in the framework of this component, the “Migrants Return and Act 1+1” program will be designed and piloted in Armenia. The aim is to motivate and support labour migrants and returnees to invest their remittances/savings to local businesses. This will contribute to sustainable local development and in the longer perspective to the return of the migrants. Previous experience in Armenia show that women's participation in such projects is very limited as 99% of Armenian labour migrants are men; hence, this will be discussed and mitigated as far as possible.

The Programme will address existing barriers to participation of women and vulnerable groups and will trigger local community initiative, action and self-reliance to advance locally-owned development, lift living standards, build social capital and improve inter-community infrastructure. It will seek to mobilise all local resources, including those of youth, women, People with Disabilities, diaspora and migrant workers, local private sector, national and local government funds, faith-based organisations, etc.

4.3 Mainstreaming

The Programme will contribute to addressing **equity and inclusiveness** in national economic growth by bridging entrepreneurs in rural, remote, mountainous, and boarder regions. Entire community, both women and men, will be targeted in local empowerment process to ensure representation of diverse social groups professions.

Gender Equality will be in the core of local empowerment process. The needs and conditions of both women and men will guide the design of the programme. The LAGs established to lead community animation and strategy development will be formed following gender equality and inclusion principles. The selection and implementation of community driven initiatives and projects will seek to tap into the valuable resource of women and foster their participation. Furthermore, the Programme will ensure participation of women and men in all

programme activities to ensure inclusive and representative needs identification, prioritisation, and strategy development.

Environmental sustainability will be ensured through community projects which concern agriculture (green agriculture practices), improvements of the immediate environment, tourism (diversification of the activities including the development of rural ecotourism, timber and woodwork industry, fishery, services and trade, alternative energy). Sustainable development principles will be respected in identifying and reinforced in implementing community driven projects.

The Rights based approach will be applied in the actions to ensure that all individuals, groups and community members are supported to participate in the development of strategies, design and implementation of projects which affect their lives. The UN Guiding Principles on Business and Human Rights incl. Labour rights and conflict sensitivity will also be mainstreamed.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s): 17 - Partnerships for the Goals. It also supports: 5 – Gender Equality, 8 – Decent Work and Economic Growth, 9 – Industry, innovation and infrastructure, 10 – Reduced inequalities, 13 – Climate change, 15 – Life of land.

The programme will also contribute to achievement of migration related SDG(s) containing objectives related to migration or mobility, such as 1 – Poverty, Zero Hunger – 2, Equality Education – 4, Sustainable Cities and Communities – 11, Peace, Justice and Strong Institutions – 16, etc.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with Armenia.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

¹³ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In

5.3.1 *Indirect management with entrusted entities*

A part of this action may be implemented in indirect management with entities which will be selected by the Commission's services using the following criteria: substantial experience in the local development through empowering communities by applying an integrated, bottom-up, citizen-driven, community-based approach. Extensive experience in providing capacity development and has solid experience in managing sub-granting schemes, pooling resources as a co-financing or in-kind contribution, etc. The implementation by these entities entails activities foreseen under specific objectives 1 and 2, including mobilising, incentivising and capacitating local communities to form LAGs and design and implement projects which contribute to local development.

Another part of this action may be implemented in indirect management with entities which will be selected by the Commission's services using the same criteria, but with a particular emphasis on agriculture sector.

5.3.2 *Indirect management with an entrusted entity*

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria: strong track record in implementing similar projects in the region, significant operational capacity, value added expertise, network which could be utilised for local economic development initiatives, etc. The implementation by this entity entails the implementation of specific objective 3, which includes design and implementation of "Migrants Return and Act 1+1" pilot programme to establish new local businesses and create jobs in the local communities.

5.3.3 *Changes from indirect to direct management mode due to exceptional circumstances*

In case the above-described implementation modality under indirect management cannot be used due to circumstances outside of the Commission's control, the alternative implementation modality of grant (direct management) will be used.

5.3.3.1 *Grants: (direct management)*

(a) Purpose of the grant(s)

The grant will contribute to the achieve Objective 3 by implementing actions related allowing the establishment of local businesses, the creation of additional jobs in the communities through remittance mobilisation. It will also help draw lessons learned and will support the establishment of an institutionalised remittance scheme by the Government.

(b) Type of applicants targeted

In order to be eligible for a grant, the applicant must be a legal person established in a Member State of the European Union or in Armenia.

case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Overall objective - promote local growth and development through community engagement in economic and social activity with particular focus on the Northern regions of Armenia – composed of:	13 600 000	
- Indirect management with entrusted entities- cf. section 5.3.1	10 100 000	EUR 1 000 000
- Indirect management with an entrusted entity - cf. section 5.3.2.	3 500 000	
Evaluation (cf. section 5.8) Audit/ Expenditure verification (cf. section 5.9)	400 000	N.A.
Total	14 000 000	EUR 1 000 000

5.6 Organisational set-up and responsibilities

To effectively direct, manage and oversee the implementation of action, a Steering Committee will be established. The Steering Committee may take the necessary measures to ensure the proper implementation of the action according to the framework of the action.

The project Steering Committee shall be made up of, but not limited:

- a representative of the EU Delegation (co-chair);
- a representative of the partner country (co-chair);
- a representative of the implementing organisations (co-chair);
- representatives of relevant beneficiaries of the action (as members);

- representatives of EU Member States, development partners, business associations and other civil society organisations might be invited (as observers) in order to monitor the programme implementation.

The Steering Committee will meet at least twice a year or more frequently if needed.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.8 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that both actions are innovative and will serve as pilots. The replicability of the two actions will need to be assessed in particular. In addition, the RBA will be mainstreamed in the design of the evaluation framework to reveal whether the programme addressed the needs of women and men and vulnerable members in the beneficiary communities.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner

country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively evaluation services may be contracted under a framework contract.

5.9 Audit

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators (including gender indicators), using as reference the logical framework matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed, and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The communication and visibility activities for this AAP 2019 Action Document will be covered by the service contract foreseen in the AAP 2019 Action Document for CEPA Reform Facility under the Component 2. This shall ensure streamlining the communication efforts of the EU to achieve a greater impact and outreach.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹⁴

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	Promote local growth and development leading to improved quality of life through community engagement in economic and social activity with particular focus on the Northern regions of Armenia	1) Poverty rate in rural communities in the Northern regions (%) disaggregated by sex 2) Unemployment rate in the Northern regions (%) disaggregated by sex 3) Rural community household income (AMD average monthly per capita)	National statistics reports	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	1. Mobilise, capacitate and incentivise local actors to define rights-based and inclusive community-driven strategies in the Northern and other target territories	1) Share of community members who attended public meeting (%) disaggregated by sex 2) Share of the Northern regions' communities who are aware of LAG's activities (%) disaggregated by sex	Caucasus barometer annual household survey about social economic issues and political attitudes; Project implementing partners' reports	Communities and local actors stay engaged.
	2. Build supporting infrastructure to prioritise, implement and sustain locally-grown inclusive initiatives in the Northern and other target territories	1) Number of new jobs created in target communities/ territories in the Northern regions (disaggregated by sex) 2) Share of community members benefiting from LAG-led initiatives (%) disaggregated by sex and age	Project implementing partners' reports	Community members are capacitated to develop and implement projects/ initiatives.
	3. Empower labour migrants, returnees and their family members through mobilising investment remittances for local development and job creation	3) Amount of remittances mobilised (in AMD)	Project implementing partners' reports	Labour migrants are incentivised to participate in the programme.
Outputs	1.1. Replicable mechanism for community	a) Mechanism established and functioning (Yes/	Project	Local actors are

¹⁴ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

	mobilisation, engagement and animation established and operational	No) b) Share of target community members engaged in organised animation activities (%)	implementing partners' reports including sex disaggregated data; LAG's reports including sex disaggregated data	willing to participate in LAGs.
	1.2. Improved capacity of local actors to develop and deliver inclusive community needs driven vision and strategy	a) Share of members of LAGs trained (%) b) Share of LAGs members consider skills and knowledge they gained through the programme as relevant (%)	LAG's reports including sex disaggregated data	LAGs members are available and committed to attend training.
	1.3. Community needs driven strategies developed in an inclusive, evidence-based and gender sensitive manner and promoted in one of the Northern regions of Armenia	a) Number of community strategies	Project implementing partners' reports including sex disaggregated data	Community members are willing to participate in animation activities.
	2.1. LAGs established and applicants/ grantees capacitated	a) LAGs established (Yes/No) b) Share of grantees who received training (%) c) Share of grantees who consider skills and knowledge they gained through the programme as relevant (%)	Project implementing partners' reports (including sex disaggregated data); LAG's reports (including sex disaggregated data)	Training provided is based on the actual needs of grantees.
	2.2. A pool of fundable initiatives created for further prioritisation and implementation	a) Number of new fundable initiatives submitted by communities (%) b) Number of initiatives financed and under implementation c) Share of new fundable initiatives financed by LAGs implemented by women (%)	Project implementing partners' reports (including sex disaggregated data)	Community members are incentivised and capacitated to develop proposals.
	2.3. A pool of initiatives financed through results-based scheme established	a) Number of initiatives submitted for results-based financing b) Number of results-based initiatives that received financing	Project implementing partners' reports (including sex disaggregated data)	Community members are incentivised and capacitated to develop proposals.

		<ul style="list-style-type: none"> c) Share of results-based initiatives financed by LAGs implemented by women (%) d) Share of new fundable initiatives financed by LAGs contributing to climate change mitigation and environmental sustainability (%) 		
	3.1. Local businesses established and additional jobs created in the communities through remittance mobilisation	<ul style="list-style-type: none"> a) Number of business and small and medium enterprises established through pilot “Migrants Return and Act 1+1 programme” b) Number of jobs created within these businesses 	<p>Project implementing partners’ reports;</p> <p>RA Statistical Committee reports;</p> <p>RA Migration Service statistical reports</p>	Labour migrants and returnees are incentivised and capacitated to participate in the pilot programme.