

## ANNEX II TO FINANCING AGREEMENT N° ENPI/2012/023-600

## TECHNICAL AND ADMINISTRATIVE PROVISIONS

<b>Beneficiary Country/Region</b>	<b>ARMENIA</b>		
<b>Requesting Authority</b>	Government of Armenia		
<b>Budget Heading</b>	19.080103		
<b>Title</b>	<b>Support to Justice Reform in Armenia – Phase II</b>		
<b>Total cost</b>	<ul style="list-style-type: none"> <li>- Total EU Contribution : <b>€29 million</b> (including <b>€9 million</b> from the EaPIC programme)</li> <li>- Budget Support Contribution: <b>€25 million</b></li> <li>- Complementary Actions: <b>€4 million</b></li> </ul>		
<b>Aid method</b> <b>Management Mode</b>	<p style="text-align: center;"><b>Sector Policy Support Programme (SPSP):</b></p> <ul style="list-style-type: none"> <li>- Sector budget support (centralised management)</li> <li>- Joint management with the Council of Europe for part of the complementary support component)</li> <li>- Project approach (direct centralised management)</li> </ul>		
<b>DAC code</b>	15130	<b>Sector</b>	Legal and Judicial Development

## 1. INTERVENTION

### 1.1. Objectives

Since the changes in the Constitution in 2005, the intention of the government of Armenia has been to ensure a real independence of justice as well as to restore the trust of the population towards judges and courts. In this context, a first comprehensive and inclusive sector strategy "2012-2016 Strategic Programme for Legal and Judicial Reforms in the Republic of Armenia" accompanied by an action plan<sup>1</sup> was designed with the EU support. The strategy, linked to the objectives of the Sustainable Development Programme, aims at promoting the rule of law and human rights protection and is articulated around the following 9 pillars: justice sector coordination, penitentiary reform, criminal justice, civil justice, administrative justice, functional judiciary, prosecution, advocacy and services to citizen.

The strategy also reemphasizes the concept of the previous stage of judicial and legal reforms (2009-2011) – a shift from “judiciary reforms” to “justice reform” adhering to the even more complex JLS reform approach.

As a consequence the trust of the population should be restored towards the courts and judges, the quality of justice should be improved and better access to justice should be achieved, encouraging people and particularly the representatives of vulnerable groups to execute their right of justice through the reformed courts system.

The overall objective of this programme is to contribute to the development of a more independent, transparent, accountable, accessible and efficient judicial system, in line with the “2012-2016 Strategic Programme for Legal and Judicial Reforms”.

In line with the principle of “more for more”, this Programme benefits from additional funding (€9 million) under the Eastern Partnership Integration and Cooperation (EaPIC) programme, with the aim of fostering democratic transformation and institution building.

The specific objectives of this programme are to:

- Introduce anti-corruption measures for a more independent, transparent and accountable justice sector, specifically targeting judges, in line with the Group of States against Corruption (GRECO), the Organisation for Economic Co-operation and Development (OECD) Istanbul Action Plan and United Nations Convention against Corruption (UNCAC) recommendations;
- Contribute to an efficient and accessible justice sector by improving cooperation between all the stakeholders, setting up proper schools for advocates, judges and

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<sup>1</sup> Annexes 1 and 2 to the executive order of the President of the Republic of Armenia No NK96-A, signed on 30 June 2012

prosecutors and by increasing the quality of the judicial process in the first instance courts;

- Revise the Criminal Code and promote alternative punishment systems to decrease the level of incarcerated persons in line with international standards;
- Increase the quality of services to the public (including businesses) in the areas of arbitration, notarisisation and civil registration;
- Improve the detention conditions.

In terms of cross-cutting issues, the programme is expected to enhance good governance, democracy, human rights and gender equality. Further strengthening of the independence of judges, transparency of judiciary, as well as further automation of processes and services (courts, prosecution, registries and notaries) are expected to contribute to the democracy and good governance. The justice reforms supported by this programme will also have a significant impact on fundamental human rights, such as right to a fair trial. Transparent nomination and career development regulations for judges should contribute to gender equality.

### **Expected results and main activities**

The programme is focused on achieving a number of key results in the following 5 areas. The prioritisation and selection of these results was performed in close cooperation with the Government of Armenia, and discussed with all the relevant stakeholders.

The following results are expected:

#### **1. Independent, Transparent and Accountable Justice Sector:**

- Mechanisms to nominate, evaluate, promote and discipline judges are improved, including amendments to the Judicial code, to move towards a more professional, motivated, responsible, accountable, transparent and corruption-free judicial corps;
- Transparency and role of the Ethics and Disciplinary Commission is increased;
- Accountability of the justice sector is increased through the publication of relevant information regarding disciplinary measures against judges and prosecutors, including corruption-related matters.
- Random assignment of cases is introduced.

#### **2. Efficient and accessible justice:**

- Cooperation among the main actors of the judicial process is improved;

- The Justice Academy and the School of Advocates are properly functioning, contributing to better trained judges, prosecutors and advocates;
- Free legal aid mechanisms are enhanced and quality of legal aid is improved.

### 3. Revision of criminal code and alternative punishment systems:

- Relevant Criminal and Criminal procedure laws are amended in order to allow for a broader and less punitive sanctioning spectrum, including the revision of the grounds and scope of alternative sanctions;
- A functional probation service is established under the authority of the Ministry of Justice, reducing imprisonment rates and the risk of re-offending.

### 4. Quality of services to the public:

- Simplification of civil registration procedures by implementing an E-Registry process;
- A model of Alternative Dispute Resolution is developed and applied to contribute to an improved and more flexible business environment.

### 5. Penitentiary reform (additional EaPIC funding):

- Detention conditions of inmates in pilot prison(s) are aligned with CoE Committee for the Prevention of Torture (CPT) recommendations;
- A penitentiary reform implementation Action Plan according to the CoE standards is adopted.

Additional EaPIC funding of €9 million will support penitentiary reform, with an emphasis on overcrowding and poor detention conditions that are not in line with European and international conventions and/or standards. Furthermore, social rehabilitation programmes for inmates especially to prepare their release from prisons will be also developed, together with an improved cooperation between prisons, community-based agencies and NGOs.

#### **COMPLEMENTARY SUPPORT**

The implementation of this programme will be enhanced by several complementary actions aiming to provide specific expertise and know-how to the Ministry of Justice and other key stakeholders in priority reform areas.

More specifically the complementary support will focus on:

1. Support the overall implementation of the justice reform programme

Technical assistance will transfer EU experience in the main fields of reform, ensure overall monitoring of programme implementation, and reporting/advising to the Government of Armenia, and assist to gain visibility for the programme, while programme implementation and administration will be responsibilities of the Government.

2. Support to the Justice Academy and School of Advocates

Technical assistance will assist legal drafting, curricula development, procedural regulations, selection process and admission exams, as well as capacity-building and training.

3. Support to probation and penitentiary reforms

Technical assistance will support legal drafting, advice on structural organisation, procedural regulations, transfer of EU experience, as well as capacity-building and training.

4. Support to the improvement of statistics and statistical systems

Technical assistance will support developing statistical indicators (both for courts and judges) in line with recognised EU/international standards, establishing a Court Management Information System and preparing an action plan for digitalisation of court archives.

5. Support to modernisation and digitalisation of services to the public and businesses

Technical assistance / supplies will support implementation of small pilot projects in the area of e-governance.

6. Capacity building of relevant civil society organisations

Technical assistance will support the capacity building of relevant civil society organisations, particularly in evaluating and monitoring the budget support conditions, as well as the overall implementation of the justice reform.

7. Development of anti-corruption measures in the justice sector

Technical assistance will support introduction of comprehensive set of anti-corruption measures for a more independent, transparent and accountable justice sector, specifically targeting judges, in line with the GRECO, UNCAC and OECD Istanbul Action plan recommendations.

The Joint project with the Council of Europe will be geared towards assisting the government by its expertise in above mentioned area 2, 7 and partially areas 1, 3 and 4.

The remaining part of technical assistance will be provided using project mode.

The Ministry of Justice (or other beneficiary state agency) will provide, free of charge, the necessary office space within its premises, including local telephone lines, furniture, heating and electricity.

## **1.2. Duration (in case of Budget Support this section applies only to complementary support)**

The execution period of the Agreement will be **72 months**. This execution period will comprise 2 phases under the conditions provided for in article 4.1 of the General Conditions (Annex I of the present Agreement):

**1. Operational implementation phase** that starts from the entry into force of the financing agreement and will have a duration of **48 months**;

**2. Closure phase of a duration of 24 months** that starts from the expiry of the operational implementation phase.

Pursuant to article 6 of the General Conditions (Annex I of the present Agreement), the contracts implementing the financing agreement shall be signed at the latest within three years of the entry into force of the financing agreement (except audit and evaluation). That deadline may not be extended ('sunset clause').

## **2. IMPLEMENTATION**

### **2.1 Implementation method and Procurement and Payment clauses**

#### **I. Project**

(1) Procurement clause: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

(2) Payment clause: All payments must be made by the Commission in accordance with the general and specific conditions of the Financing Agreement and with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

#### **II. Joint co-financing**

##### **a) Joint management with joint co-financing managed by an international organisation:**

(1) Procurement clause: All contracts implementing the action must be awarded and implemented by the Council of Europe in accordance with the "Contribution agreement" signed between the Commission and the Council of Europe.

(2) Payment Clause: All payments must be made by the Council of Europe in accordance with the "Contribution agreement" signed between the Commission and the Council of Europe.

### III. Budget Support

(1) Procurement clause: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

(2) Payment clause: All payments must be made by the Commission in accordance with the general and specific conditions of the Financing Agreement and with the procedures and standard documents drawn up and published by the Commission for the implementation of external operations in force at the time of the launch of the procedure in question.

The government of the partner country will confirm that the relevant Treasury account has been credited and provide documentary evidence of the transfer, including the exchange rate used.

#### 2.2 Budget and calendar

##### 2.2.1 Budget:

Indicative breakdown in Euros:

##### Project

	Amount	EU contribution
Services	2,250,000	2,250,000
Supplies (pilot projects)	50,000	50,000

##### Joint cofinancing

	Amount	EU contribution
Technical assistance with CoE (including audit, evaluation and visibility)	1,550,000	1,550,000

##### Budget Support

	Amount	EU contribution
Budget Support	25,000,000	25,000,000
Audit & evaluation	100,000	100,000
Visibility	50,000	50,000

The budget includes additional funding of €9 million (€1 million for the services under the project component and €8 million for budget support) from the EaPIC programme to support the penitentiary reform.

### 2.2.2 Calendar

Operational duration: 48 months as from entry into force of Financing Agreement.

For the joint co-financing component, it is foreseen to conclude a contribution agreement with the Council of Europe after the entry into force of the Financing Agreement.

For the Budget Support component, a maximum of €25 million shall be disbursed in 3 instalments, each composed of a variable tranche. Maximum amounts of €7 million, €8 million and €10 million respectively are to be paid into the Treasury Single Account. The calendar for disbursement, conditions applicable to each disbursement, and weights of the policy reforms for calculating the level of funds to be released, are specified in the Appendices 1 and 2 of these TAPs. The variable tranches will be disbursed following compliance with the specific conditions defined in Appendix 1, provided that the general conditions defined in Appendix 2 are met.

With respect to the project component (TA), it is foreseen to launch tendering procedures for services contracts as soon as the Financing Agreement is signed, so that related contracts can be signed once the Financing Agreement enters into force.

With regards to Audit & Evaluation contracts, they will be procured at the end of the operational implementation of both joint co-financing and Budget Support components.

## **2.3 Performance monitoring and criteria for disbursement**

This operation may be subject to review in light of the Commission's revised policy on budget support.

### 2.3.1 Description of performance monitoring arrangements:

The performance monitoring and steering mechanisms for the overall implementation of the "2012-2016 Strategic Programme for Legal and Judicial Reforms in the Republic of Armenia" are defined in the Executive Order of the President No NK96-A, particularly its Annex 3 which foresees the establishment of a strong coordination mechanism, i.e. a working group. This working group is composed of decision makers from all key stakeholder institutions, including Minister of Justice (Chairman), First Deputy Minister of Justice, Chairman of the Cassation Court, Prosecutor General, Minister of Finance, Assistant to the President and the Chairman of the Chamber of Advocates. Annex 2 of the same Executive order also envisages possibility to establish smaller working groups of relevant experts for the various subsectors of the strategy. Furthermore, to secure transparency for the public the same Annex 2 stipulates publishing of



semi-annual Implementation Reports for which a proper monitoring and evaluation system should be established.

Oversight of this EU programme will be entrusted to a separate Steering Committee chaired by the Minister of Justice, with participation of representatives (at least on the level of deputy ministers / chairmen / heads of institution) from at least the following key ministries / institutions directly involved in the implementation of the present programme:

- Ministry of Justice (Chairman)
- Ministry of Economy
- Ministry of Finance
- Council of Justice
- Office of the Prosecutor General
- Cassation Court/Judicial Department
- Chamber of Advocates
- EU Delegation to Armenia
- Representatives of civil society.

In addition, the Steering Committee may invite representatives of other ministries or institutions relevant for reforms, related European Union technical assistance experts, as well as experts from international organisations or other relevant stakeholders as observers or experts. The Ministry of Justice is in charge of organising and convening Steering Committee meetings.

The Steering Committee will meet at least twice a year and upon request of either the EU Delegation or the Ministry of Justice to assess progress of the reforms envisaged by the programme. It will identify, and resolve in a timely manner, possible constraints to compliance with the conditions for instalment release, prior to any consequent Review. The Steering Committee will establish during its first meeting its mandate and mode of operation as well as an appropriate mechanism for monitoring the progress of the reforms envisaged under the SPSP.

A Joint Budget Support Governance Board will be also set up to discuss all EU budget support operations in Armenia in a horizontal manner with the aim to foster the coordination across sectors; to enhance overall policy guidance on budget support operations and related complementary actions (such as the Comprehensive Institution Building) in line with the main strategic orientations; to ensure financial predictability of the disbursement of funds; and to increase the transparency and accountability of budget support by ensuring the involvement of all relevant stakeholders. The Board will meet at least twice a year and will be co-chaired by the Head of EU Delegation, the Minister of Finance and the Minister of Economy. Other relevant ministers will attend. Also Heads of International Organisations, Ambassadors of EU Member

States, representatives of the Parliament, the Chamber of Control and non-state actors will be invited as observers.

The EU Delegation will maintain close cooperation and coordination of this programme with other relevant EU projects, e. g. the twinning project "Approximation process of EU Acquis and Policies on Judicial Cooperation and Capacity Building of the Translation Centre on Judicial Sector Terminologies and Methodologies", the "EU Advisory Group to the Republic of Armenia" (EU AG), and the "Transactional e-Governance Development in Armenia" project.

Finally, close cooperation and follow-up with related projects of other donors actively involved in the justice sector, namely World Bank, USAID, Asian Development Bank (ADB), German Agency for International Cooperation (GIZ), Council of Europe, and OSCE is essential to secure efficient implementation of the programme and will be maintained through regular donor coordination meetings convened by the Ministry of Justice and EU Delegation.

### 2.3.2 Criteria for disbursement:

**General conditions** for the disbursement of all tranches covering the eligibility criteria for budget support:

- Satisfactory progress in the implementation of the justice reform strategy and action plan;
- Satisfactory progress in the maintenance of a stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the programme to improve public finance management;
- Satisfactory progress in transparency and oversight of the budget.

**Specific conditions** for disbursement of individual tranches:

Specific conditions are detailed in Appendix 1, Table 1.

Analysis of the chosen performance indicators in Appendix 1 tells us that they are of adequate quality to justify their use for the disbursement of budget support.

The chosen performance targets and indicators specified in Appendix 1 will apply for the duration of the programme. However, in exceptional, duly justified circumstances, the Government of Armenia may submit a request to the EU Delegation in Armenia for the targets and indicators to be changed. The changes to the targets and indicators agreed will be authorised through an exchange of letters between the Government of Armenia and the Commission.

The dates of review missions can be changed in exceptional circumstances, depending on the status of compliance of the conditions.

### **3. MONITORING, EVALUATION AND AUDIT**

The programme may be subject to evaluation(s). The objective of this/these evaluation(s) will be to compare the design and implementation of programme through an analysis of the relevance, efficiency, effectiveness, impact and sustainability of the achievements of the programme. Independent evaluators may be contracted by the European Commission in accordance with its internal procedures. In addition, the Commission may send specific monitoring missions at any time to assess project progress.

All budget support disbursements can be subject to audit by the Court of Auditors of the EU. In addition, the European Commission may mobilise ad hoc audit missions if deemed necessary.

With respect to the complementary actions:

(a) Day-to-day technical and financial monitoring will be a continuous process as part of the Beneficiary responsibilities. To this aim, the Beneficiary shall establish a permanent internal, technical and financial monitoring system to the project, which will be used to elaborate the progress reports.

(b) Independent consultants recruited directly by the Commission (or the responsible body to which the monitoring task has been delegated) on specifically established terms of reference will carry out external Results Oriented Monitoring (ROM) missions, which in principle will start from the sixth month of project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase.

### **4. COMMUNICATION AND VISIBILITY**

Throughout the implementation of the programme, the best possible visibility will be sought through actions to be organised in line with the "Communication and Visibility Manual for EU External Actions". In case of joint management, and where applicable, the provisions included in the relevant framework agreement(s) signed with the international organisation(s) will apply.

The technical assistance team will assist national stakeholders with establishment of communication and visibility plan.

### **APPENDICES**

- 1 - Performance criteria and indicators used for disbursement;
- 2 - Disbursement arrangements and timetable.

### Appendix 1: Performance criteria and indicators used for disbursement

**Table 1 – Expected Results and Specific Conditions for the disbursement of variable tranches<sup>2</sup>**

Area	Expected Result	Conditions for disbursement	Verification Source <sup>3</sup>
<b>1. Independent, Transparent and Accountable Justice Sector</b>	a. Mechanisms to nominate, evaluate, promote and discipline judges are improved, including amendments to the Judicial code	<b>1<sup>st</sup> condition related to self-governing judicial bodies' roles and functions</b> - The Judicial Code and other relevant legislation are amended to strengthen the independence of judges. Precise role and functions of the Justice Council, Council of Court Chairmen and General Assembly of Judges are streamlined in line with the final report <sup>4</sup> of EU-CoE EJREPC <sup>5</sup> joint project, including the adoption of a new simplified version of the Code of Judicial Conduct. Establishment of all necessary implementation mechanisms/institutions to ensure unequivocal application of the law	- Laws/amendments to laws adopted by the National Assembly and published - Approved Code of Judicial Conduct  - Approved charters/description of functions / organigrammes of mechanisms/institutions

<sup>2</sup> All laws or amendments to laws, as well as, action plans, codes, rules, sets of indicators and policy papers mentioned in this table should be discussed with relevant stakeholders including formal meetings with civil society and official reports/minutes of meetings with relevant stakeholders and civil society should be produced. Furthermore, for each condition an official report on the fulfilment of all sub-conditions should be signed by the Minister of Justice and designated judicial self-governance body(ies) and published (including, if applicable, publication on relevant website).

<sup>3</sup> Reports of the external review missions will serve as additional verification sources for all conditions.

<sup>4</sup> Available at [http://www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic\\_reform/Project\\_report\\_final.pdf](http://www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic_reform/Project_report_final.pdf)

<sup>5</sup> Enhancing Judicial Reform in the Eastern Partnership Countries

	<p><b>2<sup>nd</sup> condition related to testing and nomination/appointment of candidate judges as well as evaluation and promotion of judges</b></p> <ul style="list-style-type: none"> <li>- The relevant legislation covering the procedure for testing and appointing candidate judges is revised and adopted to allow their selection and nomination by the Council of Justice based on objective and transparent process, including use of computerised procedure. The procedure of interviews at the Council of Justice is regulated by a law. The revised legislation is applied to all new candidate judges</li> <li>- Criteria for the evaluation and promotion of judges are developed according to best EU/international practices, entered into a computerised evaluation system, enshrined in the relevant legislation and applied to all serving judges</li> <li>- An action plan/list of measures to promote gender balance among candidate judges is approved by the designated judicial self-governance body and implemented</li> </ul>	<ul style="list-style-type: none"> <li>- Laws/amendments to laws adopted by the National Assembly and published - Peer review report by EU Member State(s) on testing, appointment, evaluation and promotion of judges</li> <li>- Adopted Action Plan to promote gender balance</li> <li>- Reports of the CoE and EU-CoE joint project</li> </ul>
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	<p>b. Transparency and role of the Ethics and Disciplinary Commission is increased</p>	<p><b>3<sup>rd</sup> condition related to the Ethics and Disciplinary Commission:</b></p> <ul style="list-style-type: none"> <li>- The relevant legislation and procedures are amended to clearly define the election of Ethics and Disciplinary Commission (EDC) in line with the final report<sup>6</sup> of EU-CoE EJREPC<sup>7</sup> joint project</li> <li>- The EDC is provided with appropriate premises (at least 10 square meters per staff), the staff is well trained and fully equipped to perform its duties</li> <li>- The relevant legislation is amended to eliminate the competence of the Ministry of Justice to initiate disciplinary proceedings against judges in parallel with the Ethics and Disciplinary Commission. Both the Ministry and the EDC are legally deprived from the right to interfere in ongoing judicial proceedings</li> </ul>	<ul style="list-style-type: none"> <li>- Laws/amendments to laws adopted by the National Assembly and published</li> <li>- Report of the General Meeting of Judges on EDC election and minutes of the meetings of the EDC</li> <li>- Acceptance acts and list of equipment signed by the EDC, training curricula for EDC members and the staff in line with the CoE recommendations.</li> <li>- Attendance list of EDC members and the staff in accordance with the approved curricula</li> <li>- Report on quantity and type of cases examined by EDC for two consecutive years</li> </ul>
	<p>c. Accountability and transparency of the justice sector is increased through the publication of</p>	<p><b>4<sup>th</sup> condition related to transparency and accountability of the justice sector:</b></p> <ul style="list-style-type: none"> <li>- Statistical indicators (both for courts and judges) in line with recognised EU/international standards are developed, automatically</li> </ul>	<ul style="list-style-type: none"> <li>- Approved list of statistical indicators</li> <li>- Regular semi-annual reports to the public on statistical indicators (both</li> </ul>

<sup>6</sup> Available at [http://www.coe.int/t/dgjl/cooperation/capacitybuilding/source/judic\\_reform/Project\\_report\\_final.pdf](http://www.coe.int/t/dgjl/cooperation/capacitybuilding/source/judic_reform/Project_report_final.pdf)

<sup>7</sup> Enhancing Judicial Reform in the Eastern Partnership Countries

	<p>relevant statistical indicators, digitalisation of court archives and random assignment of cases</p>	<p>retrieved from an implemented and functioning Court Management Information System (MIS) and are analysed in semi-annual reports published by judiciary</p> <p>- All new court records and archived records for the past 3 years (2010, 2011,2012) are digitalised. An action plan for further archive digitalisation is developed and approved. Rules covering full public access to court records, archives and statistics are defined and applied</p> <p>Establishment of electronic system of e-filing for civil and administrative court cases</p> <p>-Objective criteria for random assignment of cases that takes into account the specialisation of judges is defined by law, covering all cases, and including regional courts where there is more than one judge</p>	<p>for courts and judges) as well as publication of these indicators on the relevant official websites</p> <p>- Approved decision on the scope of archives to be digitalised and approved action plan for further digitalization</p> <p>- Signed report on introduction of e-filing system</p> <p>- Approved rules of access of the public to the court records, archives, statistics and reports / records / statistics provided to the public</p> <p>- Report on archive digitalisation.</p>
<p><b>2. Efficient and accessible justice</b></p>	<p>a. The Justice Academy and the School of Advocates are properly functioning in line with EU best practices, contributing to better trained judges,</p>	<p><b>5<sup>th</sup> condition related to better trained judges, prosecutors and advocates:</b></p> <p>- The Justice Academy is functioning in line with the final report<sup>8</sup> of EU-CoE EJREPC<sup>9</sup> joint project. Cooperation between the Justice Academy and the School of Advocates is legally established and implemented</p>	<p>- Signed Memorandum of Understanding between the Justice Academy and the School of advocates, envisaging regular coordination and cooperation</p>

<sup>8</sup> Available at [http://www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic\\_reform/Project\\_report\\_final.pdf](http://www.coe.int/t/dghl/cooperation/capacitybuilding/source/judic_reform/Project_report_final.pdf)

<sup>9</sup> Enhancing Judicial Reform in the Eastern Partnership Countries

	prosecutors and advocates		mechanism - Agreed list of joint trainings in line with the CoE recommendations for judges, advocates and prosecutors; programme and attendance list to all joint trainings organised
	b. Free legal aid mechanisms are enhanced and quality of legal aid is improved	<b>6<sup>th</sup> condition related to free legal aid</b> Increased financing for free legal aid taking as a baseline the year 2013 - Necessary building infrastructure for Public Defender's Office in Yerevan and all regions are identified, rehabilitated and fully equipped by the Government. All Public Defenders received compulsory training at the School of Advocates	- Training programme curriculum in line with the CoE recommendations and attendance list of Public Defenders - Buildings/ location, rehabilitation and equipment acceptance acts signed by the Chamber of Advocates and Public Defenders Annual budget, reports of free legal aid providers, report of the Ministry of Justice
<b>3. Revision of criminal code and alternative punishment</b>	The Probation service is established and functions, enforcing alternative non custodial sanctions and	<b>7<sup>th</sup> condition related to alternative sanctions and probation service</b> - The criminal and other relevant legislation is amended to revise the sanctions for different types of crimes and to introduce the notion of	- Laws/amendments to laws adopted by the National Assembly and published - Official report on proceeded



systems	reintegration of offenders within the society	alternatives to imprisonment, including probation  - A Probation service is established (the structure is defined and the charter is approved) and functioning, and alternative sentencing provisions are enshrined in the curricula of initial and continuous training for judges, prosecutors and advocates	probation cases  - Revised curricula, approved schedule of trainings and attendance lists to trainings organised for judges, prosecutors and advocates in line with the CoE recommendations  Curricula, approved schedule of trainings and attendance lists to trainings organised for probation service staff in line with the CoE recommendations
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<b>4. Quality of services to the public and businesses</b>	a. Simplification of civil registration procedures by implementing an E-Registry process	<b>8<sup>th</sup> condition related to a more efficient civil registration</b>  - The "e-Civil registry" system is legally introduced and implemented on all new registrations	- Laws/amendments to laws adopted by the National Assembly and published  - Approved report on introduction of e-civil registry  - Registration/sampling and results of random samplings
	b. A model of Alternative Dispute Resolution (ADR) is developed and applied to contribute to a better business	<b>9<sup>th</sup> condition related to development of an ADR model</b>  - An Arbitration Code, other ADR Rules, and a Code of Ethics for arbitrators are developed and applied, their legal basis is ensured, and a comprehensive course on the nature of arbitration, recognition and	- Laws/amendments to laws adopted by the National Assembly and published  - Approved curricula for Judges and

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environment	enforcement of arbitral awards is developed and integrated into the curricula of continuous training for judges and advocates	<p>advocates</p> <p>- Programme and attendance list of seminars/training for Judges and advocates in line with the United Nations Commission on International Trade Law (UNCITRAL) standards - Report on Arbitration, reflecting the quantity and types of proceeded cases in accordance with the new arbitration rules</p>
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<p><b>5. Penitentiary reform</b> (funded from the EaPIC programme)</p>	<p>The detention conditions in pilot prison(s) are aligned with the CoE recommendations for at least 1,200 inmates</p>	<p><b>10<sup>th</sup> condition related to prisons &amp; inmates conditions</b></p> <ul style="list-style-type: none"> <li>- The detention conditions for at least 1,200 inmates in pilot prison(s) are aligned with CoE recommendations (CPTJ), including refurbishment, reintegration activities, vocational training/education and access to psychological and medical services for all inmates</li> <li>- A Penitentiary Reform Action Plan (including the Roll-out plan for all other prisons) in line with the CoE/CPT recommendations is adopted and implementation mechanism is established.</li> </ul>	<ul style="list-style-type: none"> <li>- Acceptance/handover acts for works and equipment signed by the Ministry of Justice</li> <li>- Enrolment lists and grades of prison inmates enrolled to vocational training</li> <li>- Contracts with or orders nominating psychologists and doctors. Registration journal for psychological and medical services provided to prisoners</li> <li>- Approved guidelines on parole commissions</li> <li>- Approved Penitentiary Reform Action Plan</li> <li>- Approved implementation mechanism</li> </ul>
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## Appendix 2: Disbursement arrangements and timetable (budget support)

### 1. Responsibilities

On the basis of conditions for disbursement set out in this Financing Agreement, the Minister of Economy shall make a formal request to the Commission for each tranche disbursement on the dates set out in Table 4 below, including (i) the fullest possible analysis and justification for the release of funds, including supporting documentation which should be annexed; (ii) a duly signed Financial Identification Form in order to facilitate subsequent payment.

### 2. Indicative disbursement timetable

An indicative disbursement timetable is set out below.

**Table 2: Summary Indicative disbursement timetable (in €M)**

Tax Year 2014				Tax Year 2015				Tax Year 2016				TOTAL
1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	
		7.0			8.0				10.0			25.0

### 3. General conditions for tranche release

The General conditions for tranche release set out below shall apply to the disbursement of all tranches, and all requests for tranche releases shall be accompanied by relevant supporting information

**Table 3 – General conditions for the disbursement of fixed and variable tranches**

Area	Conditions	Source of verification
Sector policy and strategy	Satisfactory progress in the implementation of the justice reform strategy and action plan.	Annual reports by the Government on the implementation of 2012-2016 Strategic Programme for Legal and Judicial Reforms in the Republic of Armenia and its Action Plan
Macroeconomic policy	Satisfactory progress in the implementation of a stability-oriented macroeconomic policy.	Reports by the Government and by international organisations (e.g. IMF, World Bank, EU, etc.)
Public finance management	Satisfactory progress in the implementation of the public finance management reform.	Latest available PEFA assessment Reports by the Government and by international organisations (e.g. IMF, World Bank, EU, etc.)
Transparency and oversight of the budget	Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.	Relevant reports (budget proposal, enacted budget, mid-year report, ear-end report, audit report, etc.) produced and made available to the public by the responsible authorities of Armenia.

#### 4. Specific Conditions for tranche release

The specific conditions for tranche release apply to individual variable tranches in addition to General Conditions which are applicable to all tranches.

**Table 4 – Specific Conditions for the disbursement of variable tranches**

Tranche	Amount (euros)	Indicative disbursement request date (Quarter/Year)	Indicative Disbursement date	Condition/Criteria/Activity for disbursement	Weight in Variable Tranche
1 <sup>st</sup> Tranche	EUR 7 million	2 <sup>nd</sup> quarter 2014	3 <sup>rd</sup> quarter 2014	Condition 1 as defined in Appendix 1/Table 1	35%
				Condition 2 as defined in Appendix 1/Table 1	35%
				Condition 8 as defined in Appendix 1/Table 1	30%
2 <sup>nd</sup> Tranche	EUR 8 million	1 <sup>st</sup> quarter 2015	2 <sup>nd</sup> quarter 2015	Condition 5 as defined in Appendix 1/Table 1	30%
				Condition 6 as defined in Appendix 1/Table 1	30%
				Condition 4 as defined in Appendix 1/Table 1	20%
				Condition 9 as defined in Appendix 1/Table 1	20%
3 <sup>d</sup> Tranche	EUR 10 million	1 <sup>st</sup> quarter 2016	2 <sup>nd</sup> quarter 2016	Condition 3 as defined in Appendix 1/Table 1	10%
				Condition 7 as defined in Appendix 1/Table 1	10%
				Condition 10 as defined in Appendix 1/Table 1	80%

### 5. Modalities of assessment of performance for tranches

The programme foresees 3 variable instalments respectively in 2014, 2015 and 2016.

Variable instalments allow for less than the full instalment to be released in the case of only partial compliance of the target indicators, defined in Appendix I (Table I).

The underlying principle for the calculation of performance of conditionality that determines the disbursement of the variable instalment will be as follows:

- If the agreed condition is met or considerable progress is made: the awarded score is 1;
- If the agreed condition is not met but positive progress is noted: the awarded score is 0.5; and
- If the agreed condition is not fulfilled and where progress is negligible: the awarded score is 0.

The volumes of the variable instalments are determined in the following way:

For each instalment, each of the applicable indicators presented in the Table 4 is awarded a score point S as explained above. The amount to be paid P is calculated as follows

$$P = VT \times (\sum [S \cdot W]),$$

Where VT is the amount of the respective variable tranche, S is the awarded score and W is the relative weight as specified in the far-right column in the Table 4.

Funds withheld for lack of compliance will be lost at the end of the programme. In exceptional and duly justified cases and upon request by the Government, approved by the Steering Committee of the programme (and subject to appreciation of Commission services), compliance with unmet and/or partially met conditions - when the government did not reach the condition(s) due to external factors and there is an explicit positive trend - might be reassessed along with the compliance review of the subsequent instalment, allowing for payment of the corresponding unpaid amount(s).

