

**PROJECT DOCUMENT****Country: Armenia****Project Title: Fostering Participatory Development in Bordering Settlements of Gegharkunik and Vayots Dzor Regions.****Project Number: 00118363/00115190****Implementing Partner: Ministry of Territorial Administration and Infrastructure****Start Date: 2020****End Date: 2022****PAC Meeting date: 6.12.2019****Brief Description**

The Project focuses on reducing the asymmetries of territorial development of Armenia targeting sustainable development and economic integration of bordering areas in Gegharkunik and Vayots Dzor regions. The project will reach out to the vulnerable groups of 34 bordering settlements with a total population of 41981 in two regions through reducing socioeconomic vulnerabilities and facilitating involvement of low-income population in income-generating and production activities, as well as providing access to improved livelihood as a result of rehabilitated community infrastructure.

The Project aims at promoting participatory development in target areas facilitating engagement of local population in decision-making at local level and need-based design of local development agenda. The Project pursues the following objectives:

- Objective 1: To foster local participation in development planning and monitoring for bottom-up community development.
- Objective 2: To increase economic activity in the settlements through efficient local production and processing.
- Objective 3: To innovate for improved local production and management.

The Project builds its efforts on the best of already tried and tested models, particularly taking to the next level the mechanisms and models designed and piloted within the scope of Russia-funded “Integrated Support to Rural Development: Building Resilient communities” Project.

The intervention logic hinges on strong partnership and synergised efforts between UNDP and WFP, when the combined expertise and comparative advantages of two agencies will contribute to increased local production and income raise for the most vulnerable groups which will boost economic security in the localities and take to poverty reduction in the target communities. The underpinning principles of the project are participation, inclusive growth, local development.

Contributing Outcome (UNDAF/CPD, RPD or GPD): UNDAF/CPD Outcome 1: By 2020, Armenia's competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities. Indicative Output(s) with gender marker: Output 1.1 Local capacities strengthened to develop and implement innovative and diversified income-generating practices that are sustainable and employment and livelihood intensive targeting most vulnerable groups. Gender Marker: GEN2 (Gender equality as a significant objective) SDG 10, 8	<b>Total resources required:</b>	2,772,277	
	<b>Total resources allocated:</b>	<b>UNDP TRAC:</b>	-
		<b>Donor RF:</b>	2,772,277
		<b>Government:</b>	-
		<b>In-Kind:</b>	-
<b>Unfunded:</b>	-		

Agreed by (signatures):

Government	UNDP
 Mr. Suren Papikyan Minister of Territorial Administration and Infrastructure	 Mr. Dmitry Martinyasin UNDP Resident Representative
Date: 3 03 2020	Date: 4.03.2020

---

## I. DEVELOPMENT CHALLENGE

Since the economic collapse as a result of the global crises in 2008, the Republic of Armenia has undergone a massive political and economic transformation. The unprecedented economic growth of 7.5%<sup>1</sup> in 2017 and robust growth in 2018 (5.2%), but most importantly, the ongoing political reforms resulting from the peaceful velvet revolution of April-May 2018 hold the promise of a recovering economy with perspectives to further acceleration. This optimism is backed up by the improvement in the poverty rate on the national level with a decrease by 3.7% compared to 2016. Currently the poverty rate amounts to 25.7% with an increased consumption rate and decreased poverty severity. As of 2017 the poverty rate was 26.8% in rural communities and 25.0% in urban communities. In comparison with the entire population, children were exposed to a higher risk of both total and extreme poverty. The dynamics of child poverty is worrying, indicating growing extreme child poverty and reduction of the percentage of the non-poor. In 2017, 2.1% of children in extreme poverty and 30.8% lived in poverty. In 2017, the poverty rate was 45.5% for men and 54.5% for women. Women-headed households in 2017 comprised 32% and 28% of the poor population and the total population, respectively. Women-headed households with children up to 6 years have higher risk of poverty and have lower welfare than male-headed (6.0% and 6.6%, respectively).

Despite all the positivity that the statistics carries, the country is still striving to combat extreme poverty with the highest rate in the rural communities. **The RA Government Programme (2019) and the country's commitments towards 2030 Agenda** highlight the urgency of fighting extreme poverty through inclusive growth, entrepreneurship and job creation – with the aim of ensuring an “economic revolution” in Armenia.

The RA Government Programme 2019 states that the Government policy of improving the living standards and social condition of citizens and exercising social rights fully and effectively will be based on principle of encouraging equal opportunities and employment. Employment and creation of real employment opportunities are the primary poverty reduction tools. The Government has aimed to eliminate extreme poverty and significantly reduce poverty and unemployment by 2023. To attain this goal, promoting education and employment among the poor population and implementing programs encouraging doing business will be of key importance.

This is also key to poverty eradication: everyone with entrepreneurial skills should have the chance of creating business output and providing the well-being of oneself and others in a fair, competitive setting. It is crucial to set a legislative and practical channel for creating real opportunities to start business operations from scratch.

### **Poverty and vulnerability – risks for agriculture-dependent areas**

Unemployment is a major contributing factor to poverty, standing at 17.8% in 2017. Poverty rates are particularly high outside the capital, amongst women (17.3%) as well as the youth (36%). Agriculture is the main source of economic activity in rural areas and a significant contributor to the GDP. In 2017 the sector contributed 14.9 % of GDP and employed about 36.6% of the working population of whom nearly 56% were female farmers. Women are over-represented in seasonal and precarious employment and 82.1% of all women working in agriculture do so informally.

**Despite its significance, the agriculture sector is declining during the recent years** due to the deteriorating environmental conditions, insufficient investments, restricted access of the households engaged in agriculture to production means, knowledge and expertise, insufficiency of agricultural machinery, inability of the farming entities to reach the markets and the missing or debilitated infrastructure in the rural communities.

**Population in rural areas is highly vulnerable**, given that the income level of rural households is dependent on the availability of land and land cultivation. On average, in 2017 26.8% of the gross per capita household income in rural communities was generated through agricultural activity (sales of agricultural products and livestock, consumption of own production food). Poverty

---

<sup>1</sup> The source of all the data used in the Project Document, if not stated otherwise, is “Social Snapshot and Poverty in Armenia 2018”, RA National Statistical Center .

rates are higher among the households who are deprived of land or own a land of 0.2 ha or below, either lack the access to agricultural machinery, harvest storage facilities, restricted production capacities and financial means, as well as irrigation. In 2017 the key reasons for non-cultivation of land included unprofitability of agricultural activity (21.6%), lack of access to irrigation (21.3%) and lack of funding (18.6%). The most frequently mentioned difficulties include lack of labour force (19.8%), lack of access to agricultural machinery (18.7%), problems with the sales of products (12.2%), lack of wholesale and retail markets (9.1%), dealing with resellers (7.2%), payments for irrigation (6.2%), acquisition of young plants or seeds (4.1%), remuneration of work (3.1%), transportation of products to the market (2.8%), lack of seeds (2.4%) and other problems (14.4%).

**This challenge the wellbeing of the population in many ways, including food security.** Armenia has become more dependent on the imports of key staples including wheat and meat, thus depends on the dynamics of the external markets and develops vulnerability to the shocks of the economies of its trading partners. The RA Law on Food Security considers fostering the local production of food as an important measure towards food security, including the regulation of the local market and ensuring the availability and accessibility of food for the population.

**At the same time, there is a big potential for value addition in the agricultural entrepreneurship. To realize it, the country needs to solve the issues of ruptured lands, small land plots, outdated farming focusing mainly on subsistence and production systems, the lack of cooperation between producers, inefficiency of the value chains, loose links with the market and insufficient quality of production are major obstacles to this.**

**Importantly, the creation of non-agricultural jobs in the rural areas has been a priority for the government and fostering the agro-processing is one important step to this end.** The sector needs development of vital and efficient management mechanisms, innovation across the chains of production, processing and supply with introduction of advanced technologies, sustainable institutional mechanisms, as well as contractual relations with the producers of raw materials.

Crucially, in line with Agenda 2030 and the SDGs, from the perspective of the principle of “leaving no one behind” there is a need for **increasing the number of those who are contributing to the creation of economic output, integrating them into efficient production and processing, what is important ensuring the fair distribution of benefits.**

**Armenia is developing asymmetrically, there is a big economic imbalance between social classes and the geographic location still plays a crucial role in defining the growth perspectives of regions. The bordering communities are particularly susceptible to the risk of poverty, given the restricted agricultural activities because of the security risks, lack of investments and deteriorating social fabric due to outmigration. The commonly traced challenges in the bordering communities are environmental conditions, insufficient investments, restricted access of the households engaged in agriculture to production means, lack of knowledge and expertise, insufficiency of agricultural machinery, inability of the farming entities to reach the markets, inefficiency of the value chains and the missing or deteriorated infrastructure in the rural communities.**

**The project targets 22 bordering settlements of Gegharkunik region with a population of 33090 and 12 bordering settlements of Vayots Dzor region with a population of 8891.**

The project is in line with the **RA Government Program 2019 targeting enhancement of agricultural efficiency, improving the level of food safety, introducing modern technologies (drip irrigation, intensive orchards, energy-efficient greenhouses, antihail nets, etc.), and increasing the revenue position of all players of the agricultural value chain - small household farms, agricultural cooperatives, processing entities and exporters., maximizing the volumes of cultivated**

The target settlements in Gegharkunik are Vahan, Verin Shorzha, Nerkin Shorzha, Ttujur, Norabak, Tsapatagh, Artanish, Kut, Pambak, Jil, Areguni, Daranak, Chambarak, Kakhakn, Geghamasar, Kutakan, Tretuk, Avazan, Sotk, Shatvan, Arpunk, Vardenis.

The target settlements in Vayots Dzor include Bardzruni, Khndzorut, Nor Aznaberd, Sers, Khachik, Areni, Martiros, Gomk, Yelpin, Chiva, Rind, Gnishik.

lands by improving the supporting infrastructure and upgrading the pool of agricultural machinery.



**Gegharkunik** is located at 2000-3000 meters above sea level. Next to Armavir and Shirak marzes, it has **growing dynamics of extreme poverty with 2.5 %** in 2017. This is an alarming indicator of increased poverty and without timely and targeted interventions those already deprived will fall further behind the national poverty line into deep social and economic exclusion.

Gegharkunik is located in the eastern part of Armenia. The region borders with Lori and Tavush in the North, Azerbaijan in the East, Vayots Dzor in the South, Ararat in the South-West and Kotayk in the West. With an area of 5349 sq. km the region occupies 18% of the country's territory. The overall population is 230,700 with a rural population of 162,300. The region has five urban communities; Gavar, Chambarak, Martuni, Sevan and Vardenis. The region's bordering area with Azerbaijan is also the most vulnerable

with 23 settlements grouped in four consolidated communities. The region is **the fifth in the country with regard to its rate of outmigration (8.7% in 2017)**. Next to high level of extreme poverty the region has **the worse indicators of extreme child poverty of 2.5%** along with Shirak and Ararat.

**The major contributor of the region's GDP is the agricultural sector, which also provides employment opportunities for the majority of the region's population.** Agricultural activities are mainly restricted to primary production of crops, potato, vegetable and cattle breeding. In the total agricultural sector of the country, the region holds a share of 12.7%. Next to this, the processing industry is also developed in Gegharkunik with prevailing food production, including beverages. During recent years the mining sector has also registered progress, particularly the mining of gold, limestone and production of cement. Traditional branches of industry, such as carpet making has been revived in Gegharkunik with the help of intensive investments.

**The presence of the biggest basin of freshwater in the South Caucasus, Sevan National Park** largely influences the local economy and contributes to the development of the tourism and fishery industries. Most of the settlements in the region's borderline area are away from the marz's main income-generator Sevan lake and hence is the most underdeveloped part of Gegharkunik. With prevailing rural population (only Chambarak and Vardenis are urban settlements) the area's development is stalemated due to the above-described factors, which are particularly aggravated because of the security concerns.



**Vayots Dzor** is situated in the Southern part of the Republic of Armenia. The region borders with Nakhichevan in the South, Gegharkunik in the North, Syunik in the East and Ararat in the West. The average elevation of Vayots Dzor above sea level is 2220 m. The region occupies 7.8% of the country's territory with an area of 2 308 sq.km. The overall population is 50,800 with a rural population of 33,100. Vayots Dzor has three urban communities: Yeghegnadzor, Vayk, Jermuk. The bordering area of the region has 2 communities with 12 settlements.

The region's main contributing sector to GDP is the agriculture. The sectors production

capacity is restricted to small-holder farming, mainly cattle-breeding, which comprises 64.5% of region's gross agricultural product. Next to this the industrial sector of the region is famous for the production of non-alcoholic beverages (in particular, Jermuk mineral water) and wine.

Throughout the recent years the **mining companies took interest in the region for its gold mines**. While the looming investments ignited optimism of some parts of local population, the majority is alerted about the possible **negative externalities and environmental impact of extractive industry** for the region. The region **faces the double challenge** of bringing down the poverty rates through **new alternative employment opportunities** and meeting the demands of the ecological activists and locals who have been particularly very vocal throughout 2018 against the expansion of mining industry in Vayots Dzor.

---

## II. STRATEGY

The Project builds on the experience and lessons learnt of UNDP community development projects. It offers an intervention strategy for reducing the vulnerabilities in 34 bordering settlements of Gegharkunik and Vayots Dzor regions through replicating the models and mechanisms for local growth piloted and tested within the scope of ISRD Project (implemented through 2015-2020 in the bordering settlements of Tavush region with the support of the Russian Federation), aligning efforts and synergising with UNDP projects active in the regions and joining efforts with WFP.

The strategy is supported by **the assumptions** that i) community development is possible only with the involvement of people in identifying and solving the issues which affect their lives, ii) the residents of the local communities have the willingness and interest to contribute to the wellbeing of their communities and are the main actors to bring the positive change into their community, iii) there is an abundance of local untapped potential in the communities which can be used for the local growth if revealed, developed, framed and granted enough resources, iv) the local communities can absorb innovation adopting new technologies, new mechanisms and management models for improved products, processing and sustainable growth.

The Project will ensure that its results have **local ownership and the locally generated value is captured by the community**. To this end the Project implementation will greatly focus on mainstreaming the concept of **“the entrepreneur community”**, assuming that the community can have a significant share in the local investments reinvesting the returns in its further growth and wellbeing. In this regard, **community development funds will be used as a management mechanism**, which has proved to be an effective setup for managing the high value community assets and providing community services. While engaging the private sector the Project will follow the same logic creating cooperation conditions, principles (multi-stakeholder partnerships, measurable performance with a focus on impact on community development, etc.) and frameworks to position the community as the direct beneficiary with a weighty role in the partnership. **Local participation** is at the core of the Project. Community planning, focus group discussions, joint problem identification and prioritisation will be the essential tools to ensure that there is local ownership and inclusion.

For the same purpose the Project will **apply co-financing principle** while working both with the private and public sectors. The 20% co-financing mechanism was successfully applied by ISRD Project and proved to be an attainable financial commitment for the communities. The Project will apply at least 20% co-financing for the communities, while a higher co-financing percentage and additional preconditions can be applied for the private sector, depending on the amount of investment, the anticipated profit and the possible benefits and reinvestment perspective into community development.

The Project will use the **Innovation** platform of the country office, particularly the private sector-oriented approaches developed by the ImpactAim Accelerator programme to support innovative solutions in product and process improvements.

**The theory of change of the Project is enclosed as Annex III.**

---

### III. RESULTS AND PARTNERSHIPS

#### *Expected Results*

**The Project will contribute to UNDAF/CPD Outcome 1:** By 2020, Armenia’s competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities.

**Output 1.1** Local capacities strengthened to develop and implement innovative and diversified income-generating practices that are sustainable and employment and livelihood intensive targeting most vulnerable groups

**Strategic Plan Outcome: 1.** Advance poverty eradication in all its forms and dimensions.

**Strategic plan Output 1.1.2** Marginalized groups, particularly the poor, women, people with disabilities and displaced are empowered to gain universal access to basic services and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs or  
**1.2.1** Capacities at national and sub-national levels strengthened to promote inclusive local economic development and deliver basic services including HIV and related services.

**SDG 10-Reduced Inequalities** (specifically, 10.1 – By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.

**SDG 8 – Decent Work and Economic Growth**

**Overall goal: Support integrated local development and reduce inequalities in Gegharkunik and Vayots Dzor regions of Armenia through community participation, economic empowerment and strengthened livelihoods.**

**IMPACT STATEMENT: The project contributes to socioeconomic inclusion of both women and men promoted without any form of discrimination through sustainable income growth achieved as a result of increased economic productivity and innovation.**

**Component 1: Fostered local participation in development planning and monitoring for bottom-up community development.**

**Activity 1.1.: Launch a participatory exercise for development planning of the target border settlements.** Participatory community planning will be implemented in all 34 target communities (22 in Gegharkunik, 12 in Vayots Dzor). The wide participation of the community will allow to consider the interests of all the affected groups while working locally, especially the most vulnerable and disadvantage ones. The community development plans will provide the necessary data to identify the intervention point for the communities, thus adjusting the project-proposed solutions for each of the targeted location. The integrated plans will be approved by the Community Councils getting a status of a formal document annexed to the existing community development plans. **The added value of the integrated plans** designed by the Project is the coverage of those areas which are out of the delegated authority of the local administration (i.e. development of entrepreneurship and business activity in the community, engagement of the private sector). In addition, they are unprecedented in the sense of offering a development plan for the settlements (currently the Law obligates only the communities to compile a participatory plan, while there is neither a set procedure nor a methodology to design such plans for the settlements).

The participatory exercise along with the analysis of competitive advantages will allow to have a clear plan of intervention for each settlement with special focus on targeting the gaps and shortage in capacities, mechanisms and infrastructure for increased economic activity. During this phase the project may use the data generated by the database of RTF-funded “Integrated Rural Tourism Development” Project.

Under this activity the project will hold facilitated community meetings widely sharing open calls of participation in the communities. During these meetings the Project is introduced, the team

collects intelligence about the community needs, resources, development perspectives and potential, familiarises with the local population and forms the focus groups (voluntary nomination and self-nomination).

The focus group discussions are held to further accelerate the local participation in identification of priority areas of community development and local needs as experienced by different groups (women, youth, private sector, local administration). During the focus groups a SWOT analysis is done. Next to this, further identification and mapping of group specific problems is accomplished. The focus group discussions reveal the most urgent problems, which are later classified through problem acuteness and trend method. Based on this the priorities are identified.

Local integrated development plan is drafted based on the findings of the planning exercise. The development plan offers the overview of the situation in the settlement by sectors (including disaster/climate risk identification, assessment of availability of management and mitigation measures), community assets and budget, projects implemented in the settlement, analysis of external and internal factors affecting development, SWOT analysis, identified problems and their analysis, prioritisation of problems, statement of outputs, medium-term projects and target projects. The development plan will be annexed to the existing development plan of the community (the part of which is the settlement) by the decision of the Community Council.

### **Activity 1.2.: Identify and form local monitoring groups for strengthened local ownership and increased accountability.**

The participatory planning with local meetings, focus group discussion and stakeholder meetings help to identify the most active community members who can and are willing to get engaged in partnership with the Project and participate actively in monitoring of project interventions locally. The project will support these groups to improve their understanding and skills of monitoring. Their job will be to work across all the local stakeholders, including the individual beneficiaries, women, the youth, refugees, people with disabilities, private sector, CSOs, etc. They will sensitise the community, especially the farmer groups to the national school feeding program, raising awareness about its priorities and farmers' engagement in the programme as local suppliers. To this end the training module will contain chapters designed in cooperation with WFP and delivered on a schedule agreed with WFP.

## **Component 2: Increased economic activity in the settlements through efficient local production and processing.**

**Activity 2.1.: Conduct analysis for identification of production and processing opportunities in each settlement.** This stage presupposes defining the feasibility of non-plant (dairy, wool, etc.), crop-based production, processing and non-agricultural activities, input supply, assembly, wholesale, retail, etc., defining end-markets and market channels, support services (transport, packaging, etc.). Next to functional analysis the study will focus on the questions if the poor will benefit, if sustainable clean production is possible, can gender equality be promoted. The analysis should focus on a wide market segment, including the school. For all those cases when the school is a market for the product, a special section will be devoted to exploring the opportunities of supplying to the school. WFP Armenia through its technical expertise will be one of the main partners in this effort.

**Activity 2.2.: Form producing and processing groups, and identify the individual producers in the target settlements.** The project will use an open call mechanism to identify the producing and processing groups (and individuals) for the identified production/processing opportunities in the settlements. The selection will be based on social and gender-sensitive criteria i) women, women as heads of the households, ii) young applicants, iii) applicants with disabilities, iv) with a disabled family member, v) with a multi-child family, vi) applicants with a refugee status or naturalised refugee, etc. The call will encourage the application of both the existing and newly formed groups.



The selection will be oriented on small-scale producers with a strong preference for women-led groups. Depending on the specificities of the production/processing type, the project will adopt organizational/institutional setup for the groups introducing the management mechanisms successfully piloted in ISRD Project. This will be the replication and scale-up of the models applied by UDNP to form formal and non-formal groups, cooperatives and foundations. Among the other options will be LLCs and farmer associations. The Project will explore the opportunities granted by the Government Decree 1270 on Approving the Contract between the RA citizens for joint agricultural production when cooperation is possible without registration as a legal entity. The project will hold meetings with the groups, introducing the benefits and shortfalls of different organisation forms, will advise on legal procedures to become officially registered, as well as support the groups with registration process, including forming boards and securing necessary staff.

**Activity 2.3.: Provide sectoral and need-based capacity-building to the producing/processing groups and individuals.** Producing and processing entities in the local communities constantly face the challenge of managing the production, assets and resources, very often they lack the capacity of planning, organising and controlling the production as an enterprise. Lack of access to consulting and learning are the main sources of inefficiency particularly in agrisector, where the production and processing are still viewed as means to self-sufficiency, rather than entrepreneurial activity with marketable outputs. This greatly undermines the sustainability of local production, brings down the success rate of the newly formed entities and leaves them totally unprepared for the entry to the market. To fill the gap, the project will provide need-based consultancy and capacity building to the identified beneficiaries, equally to women and men. The topics may include but not limited to accounting, licenses and accreditation and the ways to secure them, business planning, budgeting and financial management, marketing, food safety and traceability at production level, logistics, etc. The project will assist the groups to identify the product type based on buyer/consumer preferences and matching the group's production capacities (technological consultancy, quality control, etc.) and prepare a business plan (when the type and structure of production requires it). To this end the project will make sure that the Russian expertise and the best practices are applied. A sound collaboration with WFP on the supply chain and marketing segments will ensure effective nutrition-sensitive food production. Next to this, a training course covering the existing regulations and procedure of procurement for school feeding will be extended to the stakeholders from the state sector. The modules will be developed in consultation with WFP.

**Activity 2.4: Provide access to the local producers and processing entities to machinery, equipment and other inputs for increased agricultural (non-agricultural) production and processing.** Along with capacity building, based on the business plans or application, the project will provide production inputs to the producers in the form of quality seeds and seedling, equipment for small-scale processing, agricultural machinery for harvesting, etc. While the list of the transferred equipment will be decided based on the identified needs, the former experience suggests that most frequently the local farmers need combine harvesters, tractors, gardening equipment, fruit and vegetable driers, grape processing equipment, etc. All the assets and other inputs are transferred to the beneficiaries with a right of full ownership along with maintenance and using instructions provided on sight by an expert. The production means transferred to the foundations, cooperatives and non-formal groups established/supported by the Project would be owned by them and equally accessible for all the group members.

**Activity 2.5: Build and renovate the community infrastructure for improved livelihoods at local level.** Efficient production and processing as a measure to income generation depends on sound infrastructure, be it the supply of water, storage facilities, greenhouses, anti-hail protection, measures to increase the energy-efficiency and sustainability. The project will do both capital construction and infrastructure rehabilitation to ensure uninhibited production and processing for the vulnerable local population and strengthened local livelihoods. This will include, but not restricted to the renovation/construction of irrigation networks, cold storage facilities, greenhouses, street energy



efficient lighting etc. Within the scope of its cooperation with WFP The Project will renovate the school cafeterias facilitating the provision of school feeding under conditions corresponding to sanitary norms. In addition, a demo case of a school feeding hub will be constructed in collaboration with WFP. The demo school will be equipped with production and storage facilities to ensure self-sufficiency for some of the products required for school feeding and able to provide proper storage and preparation conditions for the supplied produce.

### **Component 3: Improved production and management through new technologies and innovation.**

#### *Tech potential for agriculture*

Technology holds a big potential for development of agricultural sector and overcoming the major challenges facing agricultural development globally. Digital and technological advancements are disrupting the industry development, enhancing the entire food production and supply. Agricultural technology startups have grown more than 80 percent per year since 2012. With the advancements in technology, such as sensors, devices, machines, artificial intelligence and information technology, farming and agricultural operations have to be run differently, primarily using tech for greater efficiency. Future agriculture will use sophisticated technologies such as robots, temperature and moisture sensors, aerial images, and GPS technology. These advanced devices and precision agriculture and robotic systems will allow farms to be more profitable, efficient, safe, and environmentally friendly.

AgriTech startups are booming, with entrepreneurs and investors showing a voracious appetite for the sector. Technology is disrupting the agricultural industry offering new techniques for production; new technologies for organization of efficient food chain; and new ways of cross-industry technologies, such as IOT, automation systems, precision agriculture, etc.

#### **Activity 3.1.: Develop and pilot innovative tech solutions for product and process improvement.**

the project will focus on improving the production, processing and supply of local agricultural processes through application of innovative technological solutions. To this end, the Project will cooperate with UNDP Innovation Platform/[ImpactAIM Accelerator](#) to organize targeted acceleration programmes **at community level** to support the development of technology-based innovative solutions targeting specified value-chain components, as follows: i) reduction/optimization of production costs; ii) maximising production volumes, iii) facilitation of (direct) market access, iv) sustainable packaging, v) overall increased sustainability and impact.

ImpactAIM is a sustainable platform designed by UNDP Armenia that brings together the government, the private sector and development agencies to develop innovative tech solutions that target the advancement of a specific sector (agriculture, climate, etc.) and have a sustainable and scalable business model. Through applying platform approach, we try to leverage the expertise and potential of the private sector and all stakeholders involved to achieve the Sustainable Development Goals.

Relying on the approach of innovative technologies brought to the service of agriculture, this sub-component will build on the experience and knowledge generated from related thematic accelerators run by UNDP ImpactAIM in YY2018-2019, namely the 2 rounds of Climate Change Technology Accelerator, targeting challenges in forestry, agriculture and sustainable urban development, as well as the AgriTech Incubator, launched jointly with the Armenian National Agrarian University & International Centre for Agribusiness Research and Education (ICARE), to act as a catalyst tool for the entrepreneurs working in the field of AgriTech.

The Accelerator will support the development and deployment of impact ventures targeting sectorial challenges, at the same time also supporting the pilot application of targeted solutions previously developed through ImpactAIM thematic acceleration programs. Using the established partnerships and vast global network of the ImpactAIM accelerator, the project will also look into identifying targeted innovative tech solutions available globally that could potentially provide solution to the

identified issues and be adapted locally through respective technology transfer and local capacity development.

Throughout the planning and implementation, the programme will work closely with the local population to ensure solutions' integration and adaptation to local needs and will have strong focus on capacity development and knowledge transfer to ensure integration and adaptation of locally adaptable yet also globally scalable tech solutions.

#### How Accelerators work?

The project will implement targeted acceleration program tailored to the local/regional needs. With the identification of most pressing challenges for value chain optimization, thematic hackathons will be organized in the target regions to inform the community and sensitize the IT sector on those challenges. Further, a call for tech solutions will be launched globally to seek for new and mature innovative tech solutions from ventures around the world. The shortlisted ventures will be accepted to the Accelerator programme which offers a 20-week course consisting of business track, technology track and impact track. Mentorship and expertise support will be provided to develop the solution's business model, tech product and impact model. The Accelerator will also engage the target communities through incubation models to sensitize and seek tech solutions at seed stage from local communities as well.

Taking advantage of the ImpactAIM platform, the successfully piloted solutions will have high potential for replication in other communities and wider scale-up. Seed funding/impact investment opportunities for successful-graduate impact ventures will be explored through participation in various thematic events, direct support and possible participation in international roadshows.

#### ***Resources Required to Achieve the Expected Results***

- The human resources required by the project include a team with a Project Manager, Project Associate, Economist/Community Development Specialist, Agricultural Specialist/Planner, Engineer/Infrastructure Rehabilitation Specialist, Communications Specialist and two drivers.
- The project will need the operational support of UNDP for processing its financial, procurement and HR related operations.
- The project will be managed within the Socioeconomic Governance Portfolio under the management of Portfolio Manager.
- Procurement of production/processing inputs, such as agricultural machinery, equipment, seedlings, seeds, as well as consultancy, analysis, engineering services and works will be required throughout the Project.
- Project intervention strategy relies on the partnership with WFP and UNDP Innovation Platform/ImpactAim Accelerator, which presupposes interagency and cross portfolio collaboration.

#### ***Partnerships***

UNDP Armenia has been active in the field of community development for more than a decade. UNDP is a trusted and well-known partner in the local communities, among the international and local organizations, private sector and CSOs engaged in the community development. There are strong partnerships formed throughout the years of community work that the Project will hinge on

during the work in Gegharkunik and Vayots Dzor regions. UNDP will closely cooperate with the local administrations of the target communities and the **regional administration of Gegharkunik and Vayots Dzor**.

On the national level, **the Ministry of Territorial Administration and Infrastructure**, a long-term partner, will be the national implementing partner of the project and will be a member of the Project's Steering Committee.

The Project will closely cooperate with **the RA Government** using the subvention mechanism (Government Decree N1708 on Establishing the Procedure for allocating subventions to the local communities from the state budget) offered by the latter for co-financing of the infrastructure construction and rehabilitation within the communities.

In addition, the Project will apply the co-financing mechanism successfully applied throughout Tavush Project (20%-80%) as a cooperation mechanism with **the individual farmers, farmer groups and private sector**. The Project will have a round of meetings with the organizations active in the region and working in the project priority areas with a view to establishing partnerships and understanding the paths of cooperation.

Throughout the implementation of “Integrated Support to Rural Development: Building Resilient Communities” project (ISRDP) UNDP has built a strong partnership with **the Scientific Center of Vegetable and Industrial Crops** who will undertake the mentoring and capacity building of the producer groups in horticulture.

In the area of capacity building, the Project will actively incorporate **the Russian expertise accessing the pool of experts within the UN system** and beyond while designing modules and conducting trainings, as well as mentoring the project beneficiaries and supporting innovations.

For the implementation of Component 3, the Project will work with **UNDP ImpactAim Accelerator** to apply innovation to agricultural process and product improvement through technology acceleration programs using the existing tested mechanisms and the global partners network. The partnerships network established throughout the implementation of Climate Change Technology Accelerator (financially supported by Russia-UNDP Trust Fund for Development), as well as AgriTech Incubator will be mobilized and used for the implementation of Component 3, through close cooperation with and not limited to following institutions:

**Armenian National Agrarian University (ANAU)** - Armenian National Agrarian University is the only higher educational institute in the agrarian sphere in Armenia. ANAU has branches in Sisian and Vanadzor. Since 2000 Agribusiness Teaching School has been conducted in the University.

**The Agribusiness Teaching Center** is the first and the flagship unit of **ICARE, the International Center for Agribusiness Research and Education (ICARE) Foundation** is a non-governmental and non-commercial organization established in Yerevan, Armenia in 2005 by Texas A&M University. ICARE is an umbrella institution for the Agribusiness Teaching Center (ATC), the Agribusiness Research Center (ARC), and the EVN Wine Academy. ATC provides agribusiness education to achieve sustainable entrepreneurial activities in the food and agriculture sector in Armenia and Georgia. It prepares agribusiness specialists at undergraduate and graduates' levels, armed with broad economic, marketing, and managerial skills, up-to-date communication abilities, and excellent knowledge of English.

Various programs of cooperation have been carried out with the agrarian universities of Ukraine, Belarus, Georgia, Estonia, Kazakhstan, Tajikistan and other countries. ANAU is a full member of the world's 250 leading agrarian universities association since 2000. It actively participates and follows the events and progresses happening in the sphere of agrarian education in the world.

**Enterprise Incubator Foundation (EIF)** is one of the largest technology business incubators and consulting companies in Eastern Europe, operating in Armenia. EIF is called upon to create a productive environment for innovation, start-up creation, higher productivity and competitiveness of ICT and high-tech companies, as well as to stimulate FDI attraction and global partnerships.

**Innovative Solutions and Technologies Centre (ISTC)** - one of the leading innovation centres in Armenia, operating as a joint initiative of IBM, USAID, Armenian Government and Enterprise Incubator Foundation since 2015. ISTC is strongly involved in development of Armenian Higher Educational Institutions through curricula modernization. IBM Academic Initiative program was made accessible to all Armenian HEIs through ISTC, which brought to development of new courses within the universities and eventually creation of new Master programs. **IBM Russia:** IBM is the official partner and co-founder of the centre. Having IBM as a knowledge and technology partner gives access to all the content and software available through IBM Academic Initiative available on ISTC cloud.

The Project will closely cooperate with the **Trade Representation of the Russian Federation in Armenia** to ensure that the Russian suppliers of agromachinery participate in the tenders announced by the project.

UNDP has a successful track record of cooperation with **WFP** within the scope of ISRD project, particularly the Project renovated 7 local schools to ensure the proper sanitary conditions for the supply of school feeding. This cooperation is moving to the next stage of piloting the mechanisms of setting up supply chains and collection centre for centralized procurement of local produce from small holder farmers for local market and where school feeding programme represents a first entry to the larger private/retail sector. The cooperation model is tested under ISRD project and proved successful in starting a legume production and collection chain in Berd area, Tavush.

The Project will synergize its efforts with other UNDP projects such as **Women Economic Empowerment Project active in Gegharkunik** while reaching out to the local women and facilitating their access to income-generating opportunities. In the same manner the Project will join efforts with **RTF-funded Future Skills and Jobs for Youth** in the Regions of Armenia for mutually offering capacity building and employment opportunities. The Project will align efforts with **UNDP GEF Small Grants Programme** to ensure the sustainability of the enterprises supported by the Project by applying the energy-efficient solutions. Given the integrated nature of the interventions on the community level, the Project will reinforce the environmental pillar of the planning and implementation phase through seeking consultancy and expertise from **UNDP-GCF National Adaptation Plan project**, particularly for addressing the climate change adaptation issues, whenever they are recognized as the gravest and the most prioritized issue in the communities.

### ***Risks and Assumptions***

The Project hinges on the assumptions that i) community development is possible only with the involvement of people in identifying and solving the issues which affect their lives, ii) the residents of the local communities have the willingness and interest to contribute to the wellbeing of their communities and are the main actors to bring the positive change into their community, iii) there is an abundance of local untapped potential in the communities which can be used for the local growth if revealed, developed, framed and granted enough resources, iv) the local communities can absorb innovation adopting new technologies, new mechanisms and management models for improved products, processing and sustainable growth.

The main risk that can hinder the project implementation is the change of the security situation along the border making the project implementation impossible in the target area (bordering settlements of Vayots Dzor and Gegharkunik).

The financial risk that the Project may face is the fluctuation of currency exchange rates increasing the cost for materials, equipment, machinery etc.

The internal political situation may change in the country causing instability and cancelling the current policy frameworks and the administrative setup needed for the project implementation.

The communities may have expectations which will be out of the Project scope and budget and impossible to be met by the Project. This, in its turn, may cause general sense of disappointment and lack of motivation for engagement.

### ***Stakeholder Engagement***

The Project targets the economically active population in the bordering settlements of Vayots Dzor and Gegharkunik <sup>2</sup>, both women and men aged 18-75. Special focus of the Project will be i) the women as heads of the households, ii) young people, iii) people with disabilities, iv) people with a disabled family member, v) people with a multi-child family, vi) people with a refugee status or naturalised refugee.

Through the renovation of the school cafeterias, the Project is targeting the schoolchildren studying in the grades 1-4 of the local schools in the target settlements of Gegharkunik and Vayots Dzor, who will get access to hot food with high nutritional value served under hygienic conditions. This seeks long running results both from the perspective of educational performance, social and health benefits, as well as poverty reduction.

The project will make sure that the local population of the target settlements has uninhibited access to the constructed and renovated infrastructure. In the meantime, the Project will ensure that its support to the producers and processors, as well as to any type of activity, will not cause adverse effects in the marketplace (i.e. distorted competition). All the types of production and processing supported locally, and the construction works initiated within the scope of the Project will be aligned with UNDP's commitment to mainstream social and environmental sustainability

The Project is inclusive and participatory at its core and will use the community mobilisation techniques, open call mechanisms, community meetings, focus group discussions, strong social criteria for the selection and engagement of project stakeholders.

The Project will closely cooperate with the media and will use a wide range of media channels and sound communication strategy to ensure the project visibility and proper coverage of its activities. The Project will set up a regular communication channel with the Embassy of the Russian Federation in Armenia sharing updates, briefs and organising joint filed visits.

Throughout its implementation the Project will identify the stakeholders who were off the radar at the initial phase of the Project and consequently design their engagement and management plan.

### ***South-South and Triangular Cooperation (SSC/TrC)***

Though at this stage the Project does not involve South-South and Triangular Cooperation, relevant opportunities may be identified, and partnerships shaped throughout implementation phase

### ***Knowledge***

- Throughout its implementation the Project will design the integrated development plans of all the target settlements in two regions.

---

<sup>2</sup> Statistical Committee of the Republic of Armenia defines the economically active population as employed and unemployed population in the observation period, who form the labour force supply in the labour market for production of goods and services .

- The Project will conduct feasibility studies based on the identified production/processing potential of the target areas.
- The project will commission training modules for the capacity building of the beneficiaries.
- The visibility of the Project will be ensured through regular social media posts, video and photo content, publications in online and offline media outlets, interviews, opening ceremonies of the project-funded initiatives, field visits engaging the donor and partners.

### ***Sustainability and Scaling Up***

The sustainability of the project is based on strong local ownership, which the Project will built through local participation, customised solutions for each of the target settlement considering the local needs, potential and resources. Next to this, the co-financing mechanism that the Project will apply has proved to be an effective strategy towards sustainability. Institutionalisation, management mechanisms and strengthened local capacities to manage the assets and infrastructure provided by the Project is another pillar of its sustainability.

To this end, the Project will apply the model of community development funds piloted during ISRD Project in addition to several other solutions. On another note, The Project's sustainability will be ensured through strong partnerships with the local administrations, who will facilitate the project interventions in the target communities and undertake the management and maintenance of several of the Project results during and after its lifecycle.

The alignment of the Project' strategy with the Government vision on local development ensures its support and ownership of the results delivered by the Project. Particularly the regular communication with the Ministry of Territorial Administration and Infrastructure and its presence on the Project Board will keep the Project updated on priorities of the Government, make necessary adjustments in the course of implementation, when necessary and deliver models, mechanisms and results which the Ministry will be interested to scale up nationwide.

---

## **IV. PROJECT MANAGEMENT**

### ***Cost Efficiency and Effectiveness***

The Project will conduct the procurement of goods and services in compliance with UNDP Standard Operational Procedures, which envisages acquisition of appropriate quality goods and services at the most competitive/lowest price in the market.

The Project will optimise the costs and increase the impact mobilising expertise and funds through synergised efforts with the projects and agencies working in the same direction in the target area (reference to Section III Partnerships).

### ***Project Management***

The project will be implemented by UNDP through "Support to National Implementation Modality (NIMCO) under coordination with the Ministry of Territorial Administration and Infrastructure (MTAI) as the Project Implementing Partner. The UNDP CO will ensure project accountability, transparency, effectiveness and efficiency in implementation. UNDP will provide the Implementing Partner with the following major support services for the activities of the project in accordance with UNDP corporate regulations: (i) Identification and/or recruitment of project personnel; (ii) procurement of goods and services; (iii) financial services, based on LoA on DPC costs.

Financial oversight, including approval of expenditures and independent audits, monitoring and mid-term and final evaluation of progress and results will be also ensured by the country office. The costs directly attributable to activities that support programme quality, coherence and relate to development results as well as the policy advisory services provided by the UNDP staff related to activities of technical and implementation nature that are essential to deliver development results will be directly charged to the project budget.

UNDP, as responsible partner, will establish a project team, which will ensure that the envisaged activities are carried out and the outputs are reached. The project team will be managed by the National Project Coordinator (NPC), who will coordinate project activities and serve as the financial authorizing officer.

NPC will report to SEG Portfolio Manager and will be responsible for all project operations. S/he will ensure the proper use of funds and that project activities are implemented in accordance with the agreed project document and project work plans. Management of project funds including budget revisions, disbursements, record keeping, accounting, reporting, and auditing will follow UNDP rules and procedures. NPC will be responsible for the project daily planning, implementation quality, reporting, timeliness and effectiveness of the activities carried out. NPC will be supported by *support staff* and *experts*.



## V. RESULTS FRAMEWORK<sup>3</sup>

### **Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:**

By 2020, Armenia's competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities.

### **Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:**

1.3. Poverty rate decreased

Baseline: 32 (2013)

Target: 18 (2020)

Indicator

1.4: Unemployment rates disaggregated by sex, age and region, improved.

Baseline (2013):

Unemployment rate: 16.2

Female: 18.1; male: 14.4

Urban: 23.4; rural: 6

Youth (15-24) 33.1 (2013)

Target (2020):

Unemployment rate: 13

Female: 15; Male: 12

Urban: 19; rural: 5

Youth: 30

1.5 Income level of rural population increased. Baseline: Average monthly income per capita: AMD 41,514 (2013)

Target: 51,500 (2020)

**Applicable Output(s) from the UNDP Strategic Plan:** *Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive,*

**Project title and Atlas Project Number: Fostering Participatory Development in Bordering Settlements of Gegharkunik and Vayots Dzor Regions**

<sup>3</sup> UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS <sup>4</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)				DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	FINAL	
<b>Component 1</b> Fostered local participation in development planning and monitoring for bottom-up community development.	<b>1. # of women, men, report increased participation in local decision-making regarding community development</b>	Surveys Monitoring reports	0	2020	1300 -700 w -600m	1300 -700 w -600m	800 -500 w -300 m	3400 -1900 w -1500 m	Project monitoring
	<b>1.1</b> Number of community meetings held by the Project	field visit reports, Project reports, participation lists	0	2020	65	65	40	170	Field visits and reporting
	<b>1.2</b> Number of integrated development plans for the settlements	Community development projects, project reports, official website of the Ministry of Territorial Administration and Infrastructure	0	2020	13	13	8	34	Reporting

<sup>4</sup> It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

	<b>1.3</b> Number of local monitors identified and trained	Participation lists, field visit reports	0	2020	10	10	4	24	Field visits, project records
--	--	--	---	------	----	----	---	----	-------------------------------

	<b>2. # of women, men report increased economic activity through the project introduced local production and processing schemes and rehabilitated infrastructure.</b>	Surveys Monitoring reports	0	2020	TBC (based on identified production types, applicant beneficiaries and need-based infrastructure rehabilitation)	TBC	TBC	TBC	Project monitoring
<b>Component 2</b> Increased economic activity in the settlements through efficient local production and processing.	2.1. Number of producing/processing entities (including non-formal groups, cooperatives, community development funds) created and supported by the Project.	Field visit reports Project reports Registration certificates	0	2020	TBC (based on identified production types and applicant beneficiaries)	TBC	TBC	TBC	Field visits, interviews, surveys, project records
	2.2. Number of trainings/consulting sessions held for the producers and processors	Project reports Participation lists	0	2020	TBC (based on identified needs)	TBC	TBC	TBC	Project records
	2.3. Number of producers and processors with access to capacity building and consulting. Disaggregated by sex	Project reports Participation lists	0	2020	20	90	90	200 -w 110 -m 90	Project records Field visits

	2.4. Units of machinery, equipment and other production inputs (for agricultural and non-agricultural production and processing) transferred to the settlements, producing and processing groups and individual entrepreneurs	Transfer acts Project reports Field visit reports	0	2020	10	38	30	At least 78 Out of which -40 greenhouse s - 25 small scale production/processing units - seedlings for 10 ha demonstration orchards (1 ha is 1 unit) -2 units of agromachinery (i.e. combine harvester, tractor	Project records Field visits
--	---	---	---	------	----	----	----	---	---------------------------------

	2.4. Number of renovated infrastructure (including school cafeteria, collection centre, demo school, irrigation etc.)	Transfer acts Completion reports Project reports Field visit reports	0	2020	5	18	15	38 At least -10 school cafeteria -10 km drinking water lines (1km is 1 unit) -10ha of irrigation lines (1ha is 1 unit) -1 collection center - 1 construction for agromachinery pool -6 km of street lighting (1km is 1 unit)	Project records Field visits
	2.5. Number of people with access to improved infrastructure with the support of the project, disaggregated by sex.	Field visit reports Project progress reports questionnaires	0	2020	150	8400	8450	17,000 c-w 9000 d -m 8000	Monitoring visits Surveys

<b>Component 3</b> Improved production and management through new technologies and innovation	2.6. Number of new jobs and other livelihoods generated, disaggregated by sex. a) New jobs created for women b) New jobs created for men c) Additional females benefiting from strengthened livelihoods d) Additional males benefiting from strengthened livelihoods	Field visit reports Project progress reports questionnaires	0	2020	a), b) 20 c), d) 150	90 8400	90 8450	a-w 110 b-m 90 c-w 9000 d -m 8000	Monitoring visits Surveys
	<b>3. # of women, men in the regions report awareness of and benefiting from new/improved production and management mechanisms introduced (new technologies, innovation)</b>	Surveys Monitoring report	0	2020	TBC  (based on the number of adapted innovativesolutions)	TBC	TBC	TBC	Project monitoring
	3.1. Number of new/innovative tech solutions developed and piloted locally	Project reports, UNDP website	0	2019	0	3	0	3	Project Progress Reports
	3.2. Number of Hackathons organized	Project reports, UNDP website	0	2019	2	2	0	4	Project Progress Reports, media channels
	3.3. Number of Acceleration programmes implemented	Project reports, UNDP website	0	2019	1	1	0	2	Project Progress Reports, media



## VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	N/A	N/A
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	N/A	N/A
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	N/A	N/A
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	N/A	N/A
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	N/A	N/A
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of	Annually, and at the end of the project	Any major deviation from the workplan will be presented to the	N/A	N/A

	progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	(final report)	project Board		
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	N/A	N/A

#### Evaluation Plan<sup>5</sup>

<b>Evaluation Title</b>	<b>Partners (if joint)</b>	<b>Related Strategic Plan Output</b>	<b>UNDAF/CPD Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding</b>
Final Evaluation	N/A	<i>Output 1.1. National and sub-national systems and institutions enabled to achieve structural transformation of productive capacities that are sustainable and employment - and livelihoods-intensive,</i>	Outcome 1: By 2020, Armenia's competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities.	TBC	MTAI, local administration of the target settlements, regional administration of Gegharkunik and Vayots Dzor regions, beneficiaries from the target settlements.	

<sup>5</sup> Optional, if needed

## VII. MULTI-YEAR WORK PLAN <sup>67</sup>

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3		Funding Source	Budget Description	Amount
<b>Component 1:</b> <i>Fostered local participation in development planning and monitoring for bottom-up community development</i> <i>Gender marker: GEN 2</i>	1.1 Activity: Launch a participatory exercise for development planning of the target border settlements.	43,200	43,200	43,200	UNDP	RUS GOV	Contractual Services/Individuals	108,000
							Travel	12,000
							Foreign Exchange Currency Loss	0
							Facilities and Administration	9,600
	1.2 Activity: <b>Identify and form local monitoring groups for strengthened local ownership and increased accountability.</b>	16,200	15,876	14,760	UNDP	RUS GOV	Local consultants	13,367
							Contractual Services/Companies	30,000
				Facilities and Administration			3,469	
<b>Sub-Total for Output 1</b>							<b>176,436</b>	
<b>Component 2:</b> <i>Increased economic activity in the settlements through efficient local production and processing.</i>	2.1 Activity: <b>Conduct analysis for identification of production and processing opportunities in each settlement.</b>	21,600	37,800	27,000	UNDP	RUS GOV	Local consultants	20,000
							Contractual Services/Companies	60,000
							Facilities and Administration	6,400

<sup>6</sup> Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

<sup>7</sup> Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

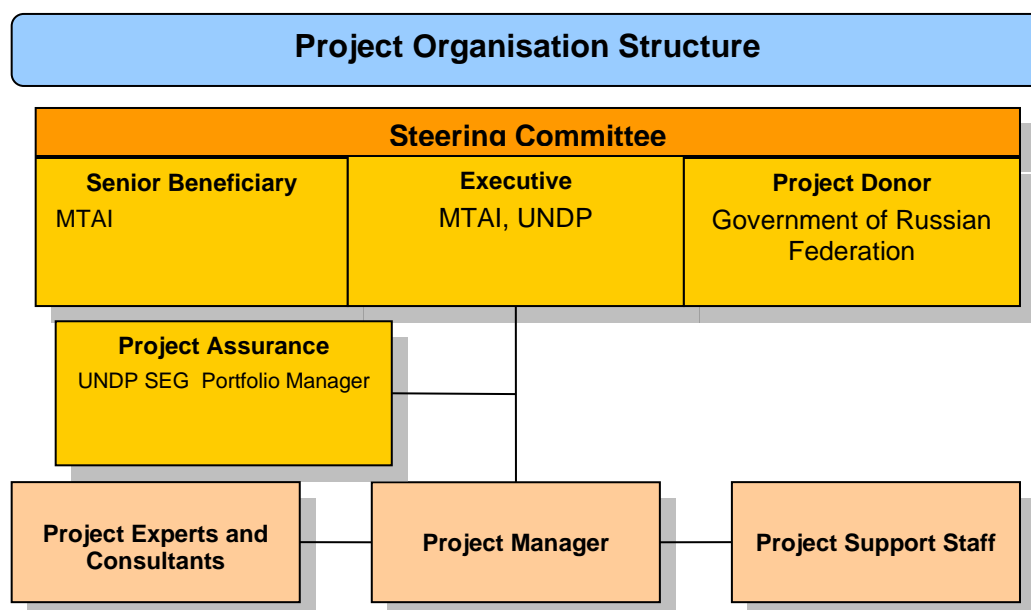
<i>Gender marker: GEN 2</i>	<b>2.2 Activity: Form producing and processing groups, and identify the individual producers in the target settlements.</b>	33,480	33,480	33,480	UNDP	RUS GOV	Contractual Services/Individuals	84,000
							Travel	9,000
							Facilities and Administration	7,440
	<b>2.3 Activity: Provide sectoral and need-based capacity-building to the producing/processing groups and individuals</b>	6,264	60923	54,000	UNDP	RUS GOV	Local consultants	15,800
							Contractual Services/Companies	96,410
							Facilities and Administration	8,977
	<b>2.4 Activity: Provide access to the local producers and processing entities to machinery, equipment and other inputs for increased agricultural (non-agricultural) production and processing.</b>	216,000	243,000	216,000	UNDP	RUS GOV	Equipment and Furniture	325,000
							Materials and Goods	300,000
							Facilities and Administration	50,000
	<b>2.5. : Build and renovate the community infrastructure for improved livelihoods at local level</b>	174,960	441,817	184,723	UNDP	RUS GOV	Local Consultants	9,000
Contractual Services/Individuals							108,000	
Travel							9,000	

							Contractual Services/Companies	524,000
							Materials and Goods	92,130
							Facilities and Administration	59,370
	<b>Sub-Total for Output 2</b>							<b>1,784,527</b>
Component 3: Improved production and management through new technologies and innovation.	3.1. Activity: <b>Develop and pilot innovative tech solutions for product and process improvement.</b>	95,040	102,978	0	UNDP	RUS GOV	Management Cost	6,000
							Local Consultants	37,000
							Contractual Services/Individuals	75,000
							Travel	2,800
							Contractual Services/Companies	60,000
							Audio Visual&print. Pod costs	1,050
							Workshops	1,500
							Facilities and Administration	14,668
	<b>Sub-Total for Output 3</b>							<b>198,018</b>
<b>Project Implementation: 4 Activity</b>		221,736	190,243	201,317	UNDP	RUS GOV	Programme Management Cost	45,000
							Local Consultants	4,600
							Contractual Services/individuals	312,000
							Travel	12,000
							Equipment and Travel	6,000
							Contractual Services-Companies	1,753
							Materials and Goods	15,000

						Communication and Audio visual	17,100
						Supplies	2,253
						Rental and Maint. Premises	30,300
						Rental and Maint. of Info Tech Eq	8,400
						Rental and Maint of other equipment	8,100
						Audit fee	10,000
						Audiovisual and Printing/Production	15,000
						Miscellaneous	45,000
						Training, Workshop and Conferences	6,000
						Vehicles-Budget	29,361
						Facilities and Administration	45,429
						<b>Sub-Total for Output 4</b>	<b>613,296</b>
						<b>Outputs Total</b>	<b>2,566,924</b>
						<b>GMS Total</b>	<b>205,353</b>
						<b>TOTAL</b>	<b>2,772,277</b>

## GOVERNANCE AND MANAGEMENT ARRANGEMENTS

### VII. Management Arrangements



The Ministry of Territorial Administration and Infrastructure will be the Implementing Partner of the Project. The Deputy Minister of Territorial Administration and Infrastructure, acting as the National Counterpart, shall represent the interests of the Republic of Armenia and be consulted on all substantive issues related to the execution of project activities.

UNDP will provide support services to the Implementing Partner in accordance with the Letter of Agreement to be signed with MTAI, which will be annexed to this project document. UNDP will ensure project accountability, transparency, effectiveness and efficiency.

A Project Steering Committee (PSC) will be established to oversee the management of the project. The PSC will be represented by the implementing agency, the key partners, including project beneficiaries, UNDP, and the donor. Regular PSC meetings will be organized to monitor the execution of the project activities. PSC meetings will take place as necessary, but at least once a year. PSC will monitor project progress, provide political oversight, and offer general advice for project implementation to make certain the project is consistent with national development priorities.

UNDP SEG Portfolio Manager will provide general project implementation assurance, including other programme support as necessary.

UNDP, as responsible partner, will establish a project team, which will ensure that the envisaged activities are carried out and the outputs are reached. The project team will be managed by the National Project Coordinator (NPC), who will coordinate project activities and serve as the financial authorizing officer.

The NPC will report to the UNDP Socio-Economic Governance Portfolio Manager and will be responsible for all project operations. S/he will ensure the proper use of funds and that project activities are implemented in accordance with the agreed project document and project work plans. Management of project funds including budget revisions, disbursements, record keeping, accounting, reporting, and auditing will follow UNDP rules and procedures. The NPC will be responsible for the project daily planning, implementation quality, reporting, timeliness and effectiveness of the activities carried out. The NPC will be supported by support staff and experts.



---

## VIII. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Armenia and UNDP, signed on 8 March 1995. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by UNDP in accordance with its financial regulations, rules, practices and procedures.

---

## IX. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
  - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
  - b) assume all risks and liabilities related to the Implementing Partner’s security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml).
4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
  - (a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General’s Bulletin ST/SGB/2003/13 of 9 October 2003, concerning “Special measures for protection from sexual exploitation and sexual abuse” (“SEA”).
  - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment (“SH”). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve

such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

- i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
- ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;
- iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;
- iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
- v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).

7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at [www.undp.org](http://www.undp.org).

11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

12. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

13. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

14. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

15. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

*Note:* The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- a. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- b. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- c. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management Standard Clauses" are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

## Annex 2: Risk Analysis

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner
1	Change of the security situation along the border and escalation of the conflict.	October 31, 2019	Political	Difficulties/security restrictions for operating in certain communities and impose risk for sustainability of actions. P = 5 I = 5	<i>Project will follow instructions from UN DSS for the trips to those communities (additional security measures may be taken into account).</i>	UNDSS Project Manager
2	Floating exchange rate of the Armenian Dram and the high frequency of rate fluctuations	October 31, 2019	Financia 1	The costs will rise causing budget insufficiency.  P = 3 I = 3	Attracting additional funds from the communities and beneficiaries, establishing public private partnerships, leveraging funds with other organizations / projects operating in the region.	Project Manager
3	The internal political situation change in the country.	October 31, 2019	Political	This will cause instability and cancel the current policy frameworks and the administrative setup needed for the project implementation.  P = 2 I = 2	The Project will revisit its implementation strategy and while the principles will remain intact, the mechanisms may change.	Project Manager
4	High expectations of the community which cannot be met within the scope of the Project, its budget and strategy.	October 31, 2019	Other	The reputation of the Project is undermined in the communities, and the community is disinterested in the Project. P = 3 I = 3	The regular and open communication with the communities will set it clear what should be expected within the Project and what are the limitations of the Project scope.	Project Manager

### ANNEX 3 Theory of Change

