Reporting Agency:	UNDP
Country:	Armenia

STANDARD PROGRESS REPORT

No. and title: 00107774/00107958 E-governance as a Tool for Facilitating the Government to Attract Foreign Investments

Reporting period: 01 January – 31 December 2018

I. PURPOSE

The United Nations Development Programme in Armenia (UNDP Armenia) is striving to introduce good democratic and economic governance system to achieve an improved business environment, allowing for civil society, local businesses and other stakeholders to influence policy making and to contribute to economic diversification in Armenia.

The overall objective of the project is to improve the investment and doing business environment in Armenia, leading to strengthening of Armenia's competitiveness.

The anticipated project results are the following:
- At least 12 procedures related to investment are publicly accessible online in Armenian, Russian and English (such as land lease or acquisition - purchase of, or investment in, existing companies - construction permits - business licenses - work permits, Environmental Impact Assessment, etc.)
- Local counterparts publish new procedures and administer the system autonomously.
- Simplification proposals are made for 4 priority procedures.
- One or various local counterparts are able to simplify procedures using the eRegulations system and applying UNCTAD's "10 principles to simplify administrative procedures".

II. RESOURCES AND FINANCIAL PERFORMANCE

Total Approved Budget:	**USD 355,068**
Total Approved Budget for 2018:	**USD 298,692**
Austrian Development Agency's (ADA) funding:	USD 298,692
Delivery as at 31 December 2018	USD 171,243

III. RESULTS, PROGRESS

Most of the foreseen activities for the reporting period are completed or close to completion. The detailed information related to the implemented and planned activities, as well as achieved results as at the end of December 2018 are shown below.

Output 1: Business procedures related to investment are publicly accessible online in Armenian, Russian and English

Creation of the local team

The project staff was recruited in February 2018. The project staff and office costs are partly covered by UNDP ENPARD project by its end in November 2018. The costs are shared because both: the Project Coordinator and Project Assistant are responsible for ENPARD project implementation too until mid-November 2018. This allowed UNDP to save on project implementation and operational costs.

Contractual arrangements are finalized with Business Armenia (BA, former DFA) and UNCTAD's Business Facilitation programme.

With Business Armenia it was agreed that part of the local expertise and PR activities budgets will be provided to BA as a Micro-credit grant and will be implemented by them directly. Part of the local expertise was commissioned by UNDP Armenia directly as Individual Consultants.

David Mirzoyan completed his duties at UNDP on the 30th November 2018 and handed the project over to the new Project Coordinator Artak Poghosyan, starting 5 December 2018.

1.1 In-depth needs assessment to determine the main priority areas

To determine the main priority areas, Business Armenia (BA) prepared a survey and sent it to state authorities and private sector representatives. Additionally, they contacted them to inform about the survey and request filling it. Check the survey link by following this link – https://www.surveymonkey.com/r/ZX5QXD7.
Total of 14 answers were received and analyzed – forming the final list of procedures.

Survey was prepared based on the requests receive from foreign investors on a daily bases at BA. The initial list of the procedures changed after analyzing the results and receiving number of comments. Also, during information collection with international experts, it was discovered that additional procedures from the same sphere needed to be documented as well. For instance, initially it was decided only to document how to start a LLC, but while doing the field visits it was concluded that it is also important to document procedures like becoming an individual entrepreneur, starting a joint stock company or starting a branch of foreign company. With the same logic, the rest of the procedures can also be divided into number of different procedures, which are important to document and present on the portal.
As a result, BA will be documenting 16 procedures instead of 12. Based on their experience, these 16 procedures are investment-related and the most requested ones from foreign investors. As the portal will remain under BA's maintenance, in future they can document and present specific, sector-related investment procedures upon request.

1.2 Definition of the list of procedures to be documented

Business Armenia, in consultation with UNDP and UNCTAD drafted the list of investment related business procedures which will be documented and shared on-line in e-Regulations portal. For the needs assessment purposes, the list was electronically shared with various stakeholders, such as state agencies, business associations and selected foreign investors in order to get their suggestions or comments.
The final list is currently available, which reflects the results of the needs assessment and subsequent presentation to and discussion with the stakeholders during a workshop. The final list of selected 16 procedures for the project is as follows:

1. Start a Company (LLC) – *published online*
2. Become an Individual Entrepreneur– *published online*
3. Start a Company (Joint Stock) – *published online*
4. Start a Branch of Foreign Company– *published online*
5. Temporary Residency Permit– *published online*
6. Permanent Residence Permit– *published online*
7. Trademark Registration – coming soon
8. Industrial Design Registration – coming soon

9. Acquisition and Lease of Real Estate – coming soon
10. Become a Resident of Free Economic Zone – coming soon
11. A Certificate for European Union – coming soon
12. ST-1 Certificate for The Commonwealth of Independent States (CIS) – coming soon
13. Construction Permit – coming soon
14. Subscription Contracts with Utility Providers - Getting Electricity – coming soon
15. Subscription Contracts with Utility Providers - Getting Gas – coming soon
16. Subscription Contracts with Utility Providers - Getting Water – coming soon

1.3 Information collection through field visits

In the meantime, to facilitate the process, it was agreed with UNCTAD that the first four procedures, i.e. the company registration (including registration of LLC, JSC, Sole Entrepreneur and Branch of a Foreign Company), out of the final draft list will be documented and presented on-line during their first mission in June 2018.

The experts are now finalizing documentation of the fifth procedure, i.e. Obtaining Residency Status which will be online early December.

1.4 Completing the content management system's configuration and launching the e-Regulations portal

The newly launched Armenia e-Governance portal with 5 procedure description can be found using the following links:

http://armenia.eregulations.org/?l=en

This portal has also been added on existing government websites, such as http://investmentprojects.am and on the global website of UNCTAD's Business Facilitation Programme: https://businessfacilitation.org. This will ensure global promotion and access to the Armenian e-Governance portal.

1.5 Quality control of the information registered in eRegulations

The quality control is performed by UNCTAD's Business Facilitation Programme on an on-going basis. Al the changes are communicated by the responsible expert of Business Armenia and are reviewed by UNCTAD. The expert also prepares brief weekly reports to UNDP and UNCTAD about the work done during the week, reflecting the following information:

1. The procedure(s) working on and, for each procedure:
   - the total number of steps, out of which
   - the number of steps documented by more than 50%
   - the number of steps documented by less than 50%
   - the number of consistency review tickets still pending
2. If any, the problems faced during the week.
3. The objectives of the following week.

1.6 Information validation by concerned agencies

The company registration procedures were presented to the State Registry of Legal Entities and finalized after being approved by them.
Once the business registration procedures are completed, Arman from Business Armenia will make a presentation to the Vice minister of Justice.

Output 2: One or various local counterparts are able to publish new procedures, to administer the portal and to simplify procedures using the e-Regulations system (by applying UNCTAD's "10 principl to simplify administrative procedures").

2.1 Training of the local team on data collection and registration
Business Armenia's staff and the Project Coordinator were trained and jointly documented the first four procedures, i.e. registration of various forms of legal business entities and presented them on-line.

2.2 Launching the e-Regulation portal
The portal has now been designed and launched by Business Armenia, with 5 procedures presented in step-by-step format for users to follow.
Business Armenia has received Global Enterprise Registration (GER.co) award for the quality of online information portals that provide detailed, up-to-date information on creating a business, during UNCTAD's World Investment Forum in Geneva, Switzerland. eRegulations Armenia portal has received the highest grade – 10 points out of 10.

2.3 Implementing communication campaign to promote the use of the portal
Business Armenia has prepared and received approval from UNDP communications team a flier, which will be printed and distributed according to communications campaign strategy (200 fliers).
2 video clips have also been commissioned and produced – one being animation about the portal and its functionalities, and second comprising of interviews with partners, funders and implementing organization. The 2 video clips will be used on the portal and social media.
Total 9 Articles & press releases have been published until now

2.4 Updating and extension of the portal
This action will take place in the next reporting period.

2.5 Devising of a strategy to ensure the portal's financial sustainability
Work is underway to develop porta's financial sustainability strategy.

2.6 Training of the local team on simplification techniques and applying UNCTAD's 10 principles to simplify administrative procedures.
This training will be organized in the second quarter of 2019 when all 12 procedures have been listed on the portal and fully functional. UNCTAD will provide necessary information and organise the training.

IV. GENDER MAINSTREAMING RESULTS

To the extent possible, gender balance was kept during the expert team formation. Three men and three women were trained. Besides, the staff was trained to pay special attention to varying gender needs and issues while going through the selected business processes during the information gathering stage. Currently there are various projects (mainly EU funded) in Armenia targeting women entrepreneurs, such as subsidizing their business loans, provision of advisor services, etc. Also, there are various women business and other associations. These projects and organizations will also be reached to communicate information on the portal and encourage their beneficiaries/members to use it during the information campaign.

V. RISKS LOG

#	Description	Date identified	Type	Impact and probability	Countermeasures / Management response
1	Low interest of the Armenian Government and the state bodies/agencies in project activities	November 2017	Operational	I = 4 high P = 2 low	The project activities are implemented in close collaboration with the Armenian Government. Prior to designing the project activities, consultations were held with the main Government stakeholders to identify the real needs of the country and reflect those in the project and its outcomes. On 22 November 2018 the project staff met with the Minister of Economic Development and Investments, who expressed a strong support to the project and possibilities for cooperation within the project were discussed. At the initial stage of the project a needs assessment was carried out to select the priority areas for mapping and presentation on-line. Modifications in the project aims, activities and planned results will be made, if needed, to meet the expectations of the upcoming Government after 09 December snap Elections.
2	Insufficiency of funds due to: fluctuations of currency exchange rates, increase of prices for services and equipment.	February 2018	Financial	I = 3 medium P = 3 medium	No major fluctuations have happened since the beginning of the project. Scaling-up the project to attract additional funds from other donors and government, including in-kind contribution. Leveraging funds with other organizations / projects operating in the same area. Budget revision may also be considered.
3	Potential Investors might not be interested	February 2018	Operational	I = 3 medium P = 3 medium	The project activities are implemented in close collaboration with the state agencies and other stakeholders to secure proper utilization and targeted distribution

	in the Armenian market				of materials on promotion of investment. The Minister of Economic Development and Investments has proposed organizing a platform consisting existing and potential investors to discuss issues related to investment and doing business environments. This proposal is fully in-line with the project objectives and can be easily implemented within the project.
4	The project will duplicate similar activities and results implemented by other international or local organization and/ or state agency	February 2018	Operational	I = 3 medium P = 2 low	Prior to designing the project activities, consultations were held with the main stakeholders to identify the real needs of the country and reflect those in the project and its outcomes as well as to avoid any duplication and complement other projects/ programs implemented. One of the Project's main counterparts, the Ministry of International Economic Integration and Reforms is the main co-ordination body for all donor funded activities. Jointly with the UN Resident Representative the Ministry is convening regular donor co-ordination meetings and maintains a database of all donor funded projects, which reduces the risk of duplications.
5	Undermined long-term ownership and sustainability of the developments implemented by the project due to lack of adequate management and financial resources, after the project completion.	February 2018	Operational	I = 3 Medium P = 3 medium	UNCTAD has already granted a license of use unlimited in time for a fee in the amount of USD 50,000. The information registered in the system belongs to Business Armenia. In terms of the human resources, Business Armenia has assigned the requested number of paid employees to maintain and update the portals. Business Armenia is capable to maintain the system after project completion. A strategy will be devised jointly with Business Armenia during the project

					implementation to ensure the portal's financial sustainability.
6	The Government formed in May 2018 may close Business Armenia and significantly restructure it.	August 2018	Operational	I = 4 Medium P = 3 medium	The Government has arranged significant restructuring at Business Armenia in October-November 2018. The former CEO has resigned. However, the Aftercare Department of BA, which is responsible for the project cooperation has remained unchanged. The meeting with the Minister of Economic Development and Investments on 22 November was also helpful to learn the BA will continue as a "going concern".

VI. LESSONS LEARNED

The project has been in active mode only since April 2018 and the short duration does not allow for summing up the lessons learned.

VII. EVALUATIONS

N/A.

VIII. INTERNATIONAL, BILATERAL COLLABORATION WITH OTHER COUNTRIES

On October 24 Business Armenia, within the project framework and support, participated in Global Enterprise Registration event organized by UNCTAD within the World Investment Forum held in Geneva, Switzerland. Armenia has received a certificate of appreciation.

The United Nations Conference on Trade and Development (UNCTAD)has monitored over 130 countries and their steps undertaken to ensure the clarity and transparency of business procedures. Business Armenia was highly appreciated for its input in the process. Armenia has received 10 points out of 10 and was granted the Global Enterprise Registration award certificate.

The World Investment Forum is a multi-stakeholder gathering at the level of Heads of State and Government, ministers, chief executive officers and principals of international organizations, designed to facilitate dialogue and action on the world's current and emerging investment development challenges. The Armenian delegation was headed by the president of Armenia Mr. Armen Sarkissian.

IX. PRODOC CHANGES, HORIZON SCANNING

No strategic and/or substantive changes are proposed.

X. FUTURE WORK PLAN

The planned activities till 31 August 2019 will include but not limited to the following:

- To document and input in e-regulations portal 10 new procedures (6 out of 16 are available);
- Conduct training of Business Armenia's team on simplification techniques and applying UNCTAD's "10 principles to simplify administrative procedures";
- Implementing communication campaign to promote the use of the portal (production of promotional materials and videos once the procedures are ready for publication.) Consider asking institutions involved in procedures, embassies of Armenia overseas to put links in their websites pointing to eRegulations.;
- Preparation of simplification recommendations for 4 priority procedures.

XI. FINANCIAL IMPLEMENTATION

Funding source	2018-2019 Approved Budget	Expenditure as of 20 Dec 2018	Delivery Rate as of 20 Dec 2018
Austrian Development Agency (ADA):	USD 298,692	USD 229,650	77%
Total	**USD 298,692**	**USD 229,650**	**77%**

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

OUTCOME 1. 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 Results and Resources Framework, including baseline and targets:

Indicator 1.1: Number and quality of policies to ensure decent work and an improved business environment in line with sustainable development principles.

Baseline: Insufficient adequate policies *Target:* Policies improved

Indicator 1.2: Global Competitiveness Index improved   *Baseline: 85 (2014)   Target: 80 (2020)*

Indicator 1.3 Poverty rate decreased B*aseline: 32 (2013) Target:18 (2020)*

Indicator 1.4: Unemployment and employment rates disaggregated by sex, age and regions, improved. *Baseline:* unemployment rate: 16.2 unemployed-by sex- Male: 14.4unemployed-by sex-Female: 18.1

unemployed-by urban/rural-Urban: 23.4 unemployed-by urban/ rural-Rural: 6 Youth (15-24) unemployment rate-33.1 (2013) *Target:* unemployment Rate:13 Unemployed- Female: 15Unemployed- Male: 12 Unemployed-by urban/ rural-Urban: 19 Unemployed-by urban/ rural-Rural: 5 Youth- 30 *(2020)*

Indicator 1.5: Income level of rural population increased *Baseline:* Average monthly income per capita: AMD 41,514 *(2013)Target*: *AMD 51,500 (2020)*

Applicable Output(s) from the UNDP Strategic Plan:

OUTPUT 1.2 National capacities strengthened to develop and implement policies and practices harmonized with international standards to generate employment and enhance livelihoods

Project title and Atlas Project Number: E-governance as a Tool for Facilitating the Government to Attract Foreign Investments 00107774/00107958

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 2018	Year 2019	
Output 1: Business procedures related to investment are publicly accessible online in Armenian, Russian and English	*1.1 number of procedures mapped and presented online*	• Respective portals; • Project implementation reports	0	2017	6	10	• Project annual report • Low interest of the Armenian Government in project activities; • Insufficient funds for implementation of the project
Output 2: One or various local counterparts are able to publish new procedures, to administer the portal and to simplify procedures using the e-Regulations system	*2.1: Number of experts trained in procedure mapping* *2.2: Number of experts trained in portal administration* *2.3: Number of experts trained in procedure simplification*	• Project implementation progress and final reports.	0	2017	6 2 0	0 0 4	• Project annual report • Low interest of the Armenian Government in project activities; Insufficient funds for implementation of the project

Output 3: Redundancies, bottlenecks and formality simplification options are identified and recommendations are made for at least 4 priority procedures	*3.1 Analysis to identify redundancies and bottlenecks is made* *3.2 Number of simplification recommendations*	• Project implementation progress and final reports. • Simplification recommendations report	0 0	N/A	2 2	2 2	• Project annual report • Low interest of the Armenian Government in project activities; Insufficient funds for implementation of the project

ANNUAL WORK PLAN

E-Governance as a Tool for Facilitating the Government to Attract Foreign Investments

Project Duration: 2018 - 2019
Project ID:
00107774/00107958

EXPECTED OUTPUTS And baseline, associated indicators and annual targets	PLANNED ACTIVITIES List activity results and associated actions	2019 Revised USD
OUTPUT 1.1. Investment and doing business environments in Armenia are improved Output Indicator 1: Number of procedures mapped and presented online; Output Indicator 2: Number of experts trained in procedure mapping; Output Indicator 3: Number of experts trained in portal administration; Output Indicator 4: Number of experts trained in procedure simplification;	**Activity 1. Business procedures related to investment are publicly accessible online in Armenian, English and Russian**	
	Total Activity 1	**16,146.00**
	Activity 2: One or various local counterparts are able to publish new procedures, to administer the portal and to simplify procedures using the e-Regulations system	
	Total Activity 2	**32,886.00**
	Activity 3: Redundancies, bottlenecks and formality simplification options are identified and recommendations are made for at least 4 priority procedures	

Output Indicator 5: Analysis to identify redundancies and bottlenecks is made; Output Indicator 6: Number of simplification recommendations.	**Total Activity 3**	**17,388.00**
	Activity 4: Project implementation	
	Total Activity 4	**58,860.00**
Baseline: Output Indicator 1: 0 Output Indicator 2: 0 Output Indicator 3: 0 Output Indicator 4: 0 Output Indicator 5: 0 Output Indicator 6: 0 Targets 2018: Output Indicator 1: 6 Output Indicator 2: 6 Output Indicator 3: 2 Output Indicator 4: 4 Output Indicator 5: 6 Output Indicator 6: 2 Targets 2019: Output Indicator 1: 6 Output Indicator 2: 0 Output Indicator 3: 0 Output Indicator 4: 0 Output Indicator 5: 6 Output Indicator 6: 2		
	Total Output 1	**125,280.00**

X. ANNUAL VALIDATION OF RESULTS (FIELD VISIT) AND QUALITY ASSURANCE

Date of visit: 12 December 2018

Subject and venue of visit: 00107774, E-Governance, Business Armenia

Purpose of the field visit:

Outcomes	Update on outcomes	Outputs	Update on outputs	Reasons if progress below target	Update on partnership strategies	Recommendations And proposed action
	A brief analysis on any relevant changes pertaining to the outcome as stated in results matrix.	State output from project Document or work plan.	Achievements of the project in outputs (marking if strategic) and soft assistance (if any).	If applicable.		Actions on any matter related to outcome, progress of outputs, and/or partnerships. Corrective measures. Responsibilities/time.
By 2020, Armenia's competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities	No direct effect on Outcome level yet	**Output 1:** Business procedures related to investment are publicly accessible online in Armenian, Russian and English **1.1** 6 procedures mapped and presented online	The portal is ready and functional. The page has the facility to be viewed in just over 100 languages including Russian, Armenian and English. There are 6 procedures with step by step guidance.	n/a	No updates at this stage.	The portal needs to include all 16 procedures with tags (coming soon) next to 10 new procedures which are being prepared for listing.
		Output 2: One or various local counterparts are able to publish new procedures, to administer the portal and to simplify procedures using the e-Regulations system **2.1**: Number of experts trained in procedure mapping **2.2**: Number of experts trained in portal administration **2.3**: Number of experts trained in procedure simplification	This is planned to take place in 2019 schedule.	-	-	-
		Output 3: Redundancies, bottlenecks and formality simplification options are identified and recommendations are made for at least 4 priority procedures **3.1** Analysis to identify redundancies and bottlenecks is made **3.2** Number of simplification recommendations	This is planned to take place in 2019 schedule.	-	-	-

PROJECT PERFORMANCE—IMPLEMENTATION ISSUES

The budget for Personnel expenditure with Business Armenia remains unspent, due to double-payment issue identified after the agreement was signed. Currently negotiations are underway to determine appropriate expense and reallocation. Board meeting to take place mid January 2019 to agree way forward.

PROGRESS TOWARDS RESULTS

There has been a good progress so far recorded by Business Armenia. The portal is now up and running. There are 6 procedures listed with step by step guidance for each procedure. As a result of in depth needs analysis, total of 16 procedures have been selected to be listed, compared to 12 originally agreed.

Information fliers have been designed, finalized and printed – 200 fliers will be distributed according to agreed plan.

2 video clips were filmed, with short interviews with Business Armenia, UNDP and ADA. The clips will be used for website and social media. Further 5 clips are scheduled for production in 2019, which will be more user oriented, for TV and other media.

LESSONS LEARNED

The project has been in active mode only since April 2018 and the short duration does not allow for summing up the lessons learned.

Participants in the field visit:

Prepared by (Project Coordinator): _Artak Poghosyan_
(Name, title)

Approved by: __Anna Gyurjyan, Programme Officer_
(Name, title)