



United Nations Development Programme
Country: Armenia
Project Document



*Empowered lives.
Resilient nations.*

Project Title **Integrated Support to Rural Development: Building Resilient Communities**

UNDAF Outcome(s): UNDAF Outcome 1: Inclusive and sustainable growth is promoted by reducing disparities and expanding economic and social opportunities for vulnerable group.

Expected CP Outcome(s): OUTCOME 1.2. Vulnerable groups, in particular women and youth, have greater access to economic opportunities in the regions of Armenia
(Those linked to the project and extracted from the CP)

Expected Output(s): OUTPUT 1.2.1. National and local capacities to develop and implement innovative and diversified income-generating policies and practices targeting the most vulnerable groups strengthened.
(Those that will result from the project)

Implementing Partner: Ministry of Territorial Administration and Emergency Situations (MTAES)

Responsible Party: UNDP

Other Partners: Ministry of Agriculture, Ministry of Economy, Ministry of Nature Protection, Governor Office of Tavush region, LSGs, Local NGOs and CBOs, Private Sector

Brief Description

"Integrated Support to Rural Development: Building Resilient Communities" Project is financed by the Government of the Russian Federation and will be implemented in bordering communities of Tavush Region of the Republic of Armenia over five years. The overall goal of the project is to ensure balanced development of RA regions through an integrated socio-economic approach, as well as raising the quality of life and income level of the local population in bordering areas of Tavush region.

The project has three main components:

1. Development planning. Will include elaboration of participatory integrated community development plans for 45 communities with consideration of socio-economic and environmental, including disaster risk reduction, pillars.
2. Community sustainability activities – Agriculture and agro-processing. Will include: sector-specific capacity building, establishment of agricultural machinery pools, construction of small greenhouses, establishment of small-scale contemporary agro-processing units, establishment/improvement of orchards/vineyards, and establishment of collection centers, etc.
3. Community sustainability activities – Energy Efficiency/sustainable water management/ infrastructure rehabilitation. Will include: rehabilitation of community infrastructures with focus on energy efficiency, introduction of water saving technologies, ensuring access to safe drinking water, etc.

It is supposed that the residents of all 45 bordering communities of Tavush region, with an overall population of 62,000, will get direct or indirect benefits from the project in the form of: access to quality infrastructures, collection centers of agricultural products and parks of agricultural machinery, as well as employment in agricultural and agro-processing sectors.

Programme Period: 2010-2015
Key Result Area (Strategic Plan) Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded
Atlas Award ID: 00081907-00091029
LPAC Meeting date: February 2015
Start date: March 2015 **End Date:** March 2020

Total resources required: USD 5,024,988.70
Total allocated resources: USD 5,024,988.70
 Government of Russian Federation
Unfunded budget: -

Agreed by Armen Yeritsyan, Minister of MTAES

 Date: 18/3/15

Agreed by Bradley Busetto, UN RC/UNDP RR

 Date: 18/3/15

I. Situation Analysis

The recent global financial crisis seriously undermined Armenia's ability to maintain the robust economic growth that the country enjoyed for much of the last decade. GDP declined by 14.4% in 2009, and while it has since increased since 2010 to around 4% in 2013, recovery has been insufficient to offset the socio-economic losses caused by the crisis. The most vulnerable in society are still experiencing the consequences of the recession¹ and economic decline has been accompanied by rising unemployment (18,6% as of 2012) and high poverty levels (32,4% as of 2012), concentrated in rural areas and provincial cities. Up to 100,000 people leave the country each year, half go to Russia (and with the recent restrictions of introduced to the visa regime in Russia, this opportunity may be reduced).

UNDP's extensive experience in development cooperation in Armenia indicates that promoting sustainable development requires an integrated approach which targets social, economic and environmental pillars of development on state, regional and community level. One of the main goals of development becomes raising the resilience of the local population to social-economic and natural risks (outmigration, low levels of employment, lack of access to quality infrastructures, frequent and intensive occurrence of landslides, hail, frost, etc.), as well as the quality of life and the income level of the rural population in border communities. This assumes that development initiatives, be it donor assistance, or central government/local initiatives, should address not only issues such as rehabilitation of socioeconomic infrastructure and income generation, but also such essential aspects of community development as improving governance and recovering communities' social fabric.

II. Strategy

Project Rationale

According to the principles of sustainable development accepted by the UN member states during the United Nations Conference on Sustainable Development Rio+20, Integrated approach towards social, economic and ecological issues forms the basis of sustainable development, which by and large determines the integrated nature of the proposed activities of this project.

UNDP is well positioned to implement a project targeting integrated support to rural development, having – in the past ten years, through Community Development Project - helped rehabilitate social and economic infrastructure and generate sustainable income in more than 150 rural and urban communities across Armenia (including Tavush), using an integrated and participatory community-based model.

The Local Government and residents of Tavush Region perceive UNDP as credible and efficient organization for the implementation of integrated rural development projects.

Balanced regional development has been on the agenda of both the Government of Armenia and international organizations, for example, the mitigation of disparities in development of the regions of Armenia was included as a priority in the Work Plan 2012-2017 of the Government of Armenia. The proposed concept also addresses and complements the policy for social, economic and environmental development which is set out in Armenia's Sustainable Development programme, approved in 2008 and updated in 2012. The concept also developed with consideration of the national priorities reflected in the Socio Economic Development programme of Tavush region 2012-2015.

Additionally in 2013 the Government of Armenia adopted the Strategy of Sustainable School Feeding elaborated under WFP Project "Development of sustainable school feeding" (jointly

financed by governments of the Russian Federation and the Republic of Armenia) and includes middle- and long-term measures on creation of conditions for the ensuring availability of school feeding, developing of local agriculture and food processing, job creation. Proposed project will fully align with the Governmental efforts on provision of locally produced food for school feeding in Tavush Region.

Armenia's integration into the Eurasian Economic Union serves as an important factor for rural and agricultural development. The activities planned under Component 2 are meant to ensure a more intensive production cycle and export of agricultural products to the Russian Federation and other states of the Eurasian Economic Union, as well as establishing and strengthening long-term partnerships with the interested parties. The project will contribute to the implementation of the Roadmap on integration of the Republic of Armenia into the Customs Union and Common Economic Area of the Republic of Belarus, Kazakhstan and the Russian Federation, approved by the Government of Armenia on January 23, 2014.

The economic models for intercommunity cooperation piloted during the project implementation can be further replicated at the national level by the Government of Armenia, including within the framework of ongoing territorial reforms.

Proposed Area

Tavush Region occupies 9.1 % of Armenia's territory, with population of 134,200. There are 5 urban and 57 rural communities, of which 45 or about 70% have been recognized as borderline communities by the RA Government decree.



Average unemployment in the rural areas of Tavush is one of the highest in Armenia (according to National Statistical Service figures of 2012).

Tavush borders the Republic of Georgia to the North and the Republic of Azerbaijan to the East and has 400 km of Armenia's national border, of which 352 km is with Azerbaijan. Bordering with Azerbaijan, contributes to vulnerability of the region and results in low investment from the international community and private sector (limited activities on employment generation). The region has strategic significance for freight traffic,

which passes through the Baghratashen border crossing on its way to Georgia, Russia, Europe and other CIS countries.

Implementation of activities providing additional sources of income for local populations living in bordering communities of the region has a strategic importance for stability and security in Armenia and the region as a whole.

With mild winters and warm summers, climatic conditions are favorable for agricultural production. The rural population of the Tavush Region is 6.5% of the rural population of Armenia. At the same time, the agricultural sown areas of the Region compose 5.1%, cattle – 5.5%, sheep and goat – 2.3% of the total volume of animal husbandry the Republic of Armenia /RA/. All the main indicators of the region per capita are below the average in the country.

Although agricultural land makes up 39% of the territory, only 55% of the arable and perennial land is cultivated, partly due to the border conflict with Azerbaijan. The terrain is difficult and there are low levels of irrigation (16% of cultivated lands). GDP of the region is principally derived from livestock (65%) and crop production (35%). The main cash crops include potato, grapes, wheat, barley, rye, maize, peas, beans, vegetables and berries. The area is also famous for the cultivation

of stone fruits, nuts berries grapes, honey and tobacco. Therefore, agriculture is of critical importance to the area. The region can benefit from the improved community infrastructures to attract tourists and take the advantage of rich historical heritage.

The proposed project will be mainly implemented in bordering communities of Tavush Region.

Intervention Logic

The international and UNDP experience in designing and implementing projects in sustainable rural development highlights the necessity of integrated approach requiring the parallel realization of the following elements:

- Promoting investment in income generation, that is environmentally sustainable;
- Socio-economic infrastructure rehabilitation;
- Strengthening social capital (e.g. stimulating Public Private Partnerships);
- Strengthening participatory mechanisms (strengthening of Local Self Government bodies for strategic planning, implementation and monitoring, introduction of participatory planning mechanisms);
- Promoting environmental protection and the sustainable use of natural resources, including energy efficiency;
- Facilitate the development of the “resilient community” concept including assessment and application of major resilience principles;
- Application of innovative methodologies/approaches

Disregarding or omitting any of the above-mentioned directions of rural development will weaken the impact of other activities, and consequently will reduce the long-term sustainability of the project.

The beneficiaries will be required to provide at least 20% own contribution to the sub-projects, which will increase ownership and sustainability of interventions.

Below mentioned activities are indicative and are based on UNDP previous experience in the Region. The activities and budget may be customized after initiation of the project and implementation of the planning component.

III. EXPECTED PROJECT RESULTS

Project Objective

The objective of the project is to ensure balanced development of RA regions through an integrated socio-economic approach, as well as raising the quality of life and income level of the local population in bordering areas of Tavush region.

Project Beneficiaries

It is supposed that the residents of all 45 bordering communities of Tavush region, with an overall population of 62,000, will get direct or indirect benefits from implementation of the project in the form of: access to quality infrastructures (including potable water, irrigation system, social-cultural centers, etc.), collection centers of agricultural products and parks of agricultural machinery, as well as employment in agricultural and agro-processing sectors.

COMPONENT 1: DEVELOPMENT PLANNING

According to the RA Law on Local Self-Government every community must have quadrennial community development plan. Additional Protocol to the European Charter of Local Self-Government (Utrecht Protocol), entered into force in Armenia on 1 September 2013, stipulates the right to participate in the affairs of a local authority. These amendments to RA Law on Local Self-Government are aimed at strengthening citizen participation in local self-government and enhancing the transparency of work of local self-government bodies. Since 2006 UNDP actively promote methodology on participatory planning of community development based on the concept of dignified human development, reduction of poverty and social justice.

Various participatory planning methodologies/tools will be used to encourage communities and local public administration to actively participate to identify problems and constraints and rank priority actions. This will generate ownership among community members and provide an opportunity for developing more targeted and accountable local governance practices.

Participatory planning will include activities, such as assessment of needs and community institutional capacities; development of a community development plans; introduction of performance budgeting methodology; increasing the level of civic activeness, and continuous capacity building and advisory services to local officials and community groups to support implementation, monitoring and evaluation of the development initiatives. Local Level Risk Management will also be undertaken.

While designing the Integrated Plans of Community Development UNDP, along with the local population and the other interested parties, assesses the needs of the community, including the employment, rural development and development of agro-processing, revival of infrastructure in rural communities, education, healthcare, transport and communications, as well as the environmental protection and resisting natural disasters.

Planned activities:

1. Data collection and analysis on all 45 bordering communities in Tavush region, identification of needs, gaps, existing capacities and priorities. The data will be collected from various sources including the Database of urban and rural communities created by UNDP in 2004 and updated in 2012.
2. Application of participatory planning methodology and development of integrated community development plans for 45 communities with consideration of socio-economic and environmental, including disaster risk reduction, pillars. Elaborated Integrated Community Development plans will be approved by the communities' councils of elders and will become working documents for the Local Self Governments

The planning component will be implemented during first two years, however it is intended to start implementation of the identified activities during the first year upon completion of the planning exercise for a cluster of communities.

COMPONENT 2: COMMUNITY SUSTAINABILITY ACTIVITIES - AGRICULTURE AND AGRO PROCESSING

Total area of Tavush region stands for 2704 square kilometers (270393 ha.) off which agricultural land stands for 39.2% (105931,2 Ha). With mild winters and warm summers, the climatic conditions in Tavush Region are favorable for agricultural production.

Tavush has two main agricultural zones: low-lying forest free zones (below 900 m) and mountainous areas rich in forests (900m+). The livestock is dominated by pigs and cattle breeding. The main cash crops include potato, grapes, wheat, barley, rye, maize, peas, beans, vegetables and berries. The area also benefits from the favorable climatic conditions, such as stone fruits, nuts and sub-tropical produce, berries and grapes, honey and tobacco. Therefore, agriculture is of critical importance to the area.

61% of the population in Tavush region lives in rural areas with the agriculture being main source of income. Support to agricultural production and improvement of the economic rural infrastructures are key elements for rural poverty alleviation. Acting as a catalyst for development, infrastructural provision has a positive impact on rural economic growth principally through enabling easier access to markets (thereby facilitating the move from subsistence agriculture to higher-productivity farming) and diversification of the rural economy.

Among the main objectives of the Tavush 2012-2015 Socio-economic Development programme is the need to increase agricultural incomes and reduce poverty in the rural areas by:

1. Ensuring more efficient use of land resources through rehabilitation of irrigation and water networks, increase crop production, improvement of agricultural efficiency and access to credit by farmers as well as upgrade of agricultural machinery fleets.
2. Ensuring more effective use of available labor force in agriculture and the processing industry as a means of reducing rural poverty.
3. Undertaking agricultural consolidation measures (joint land cultivation through cooperatives, and use of agricultural machinery and collection centers) and increasing the efficiency of the agricultural production process.

To increase the efficiency of the project it is planned to attract additional funding through synergizing the activities with other ongoing UNDP projects: "Support to SME Development", "Disaster Risk Reduction", "Mitigation of Climate Change Risks of Rural Communities through Improved Local Development Planning", WFP programme for development of sustainable school feeding, as well as with other local and international organizations working in Tavush region in this sector.

Throughout its experience in Armenia, UNDP has applied several management models for agro processing and other enterprises (parks of agricultural machinery, collection center, etc.), such as community development funds, cooperative, limited liability organization, private enterprises, etc. On the basis of consultations with the interested parties, for each specific case the most relevant management model will be selected providing the success of the project.

Although the activities will be tailored during the planning stage (Component 1), however based on UNDP experience in the region (Community Development and Aid for Trade Projects implemented since 2006) below mentioned activities are always high in the priority list of communities.

Planned activities:

1. Establishment of at least 4 agricultural machinery pools for clusters of communities. This activity will include: identification of clusters of communities (done at the planning stage under Component 1), identification of management modality construction/renovation of garage, procurement of agricultural machinery and equipment.
2. Establishment of at least 90 energy/water efficient small greenhouses in selected communities. This activity will include: identification of beneficiaries (including schools) and

relevant management modalities, construction of the greenhouses with drip irrigation, and were applicable with integrated solar heating systems, provision of consultancy services on marketing with the purpose of providing the quality and the branding of the production at the local market, as well as increasing the export abroad, including the Russian Federation.

3. Establishment of at least 120 ha of new, and improvement of existing orchards and vineyards. The orchards and vineyards can be planted both on community and private lands. This activity will include: identification of beneficiaries, promotion of modalities for joint land management (cooperative, farmers informal groups, etc.), introduction of climate resilient agricultural practices through diversification of crops and provision of high quality seeds and seedlings; promotion of soil humidity retaining land management activities, introduction of bio-fertilizers, anti-hail nets, etc. The selection criteria of beneficiaries will be developed in the course of consultation with the representatives of Ministries of Agriculture, Labor and Social Protection, Territorial Administration and Emergency Situations. The criteria will be directed towards involving the most vulnerable groups, including the multi-child families, families with a disabled member, young families, single mothers and other groups. In addition, the knowledge and skills of the beneficiaries, as well as the availability of their financial contribution will be included among the criteria.
4. Establishment of at least 30 small scale contemporary agro processing units such as: dried fruit and cheese production, canning, wineries, etc. This activity will include: identification of beneficiaries, provision of business skills development trainings and development of business plans¹, identification and supply of necessary agro-processing equipment.
5. Establishment of at least 3 collection centers for clusters of communities. The collection centers will provide services to the adjacent communities through storing (cold storage), packaging, labelling and sales of the primary and processed agricultural products. This activity will include: identification of cluster of communities (done at the planning stage under Component 1), identification of management modality, construction/renovation of collection center, procurement of equipment and furniture. 2) Identification of ways and mechanisms of expanding the supplies of local products for school feeding in Tavush region, as well as for the export to the Russian Federation
6. Development of full-time and distance learning courses and provision of at least 6 sector-specific training sessions for project beneficiaries covering above mentioned activities. The specific training topics will be identified based on the needs of selected beneficiaries.
7. Organization of at least 7 study tours (4-5 people per tour) to/from Russian Federation. The study tours will aim at: market research, exchange of information and best practices on the above mentioned key thematic interventions such as, machinery, green house technologies, best agricultural practices, agro-processing and marketing as well as business integration - exploring export/import opportunities.
- 8.

COMPONENT 3: COMMUNITY SUSTAINABILITY ACTIVITIES – ENERGY EFFICIENCY/SUSTAINABLE WATER MANAGEMENT/INFRASTRUCTURE REHABILITATION.

¹ As the established enterprises will be mainly start-ups, the trainings on business skills and developing business plans is essential for providing the vitality of the enterprises.

As the project is directed towards the integrated support to the rural development, reviving and raising the efficiency of the infrastructures is one of the important components of the sustainability of the community development.

Adequate condition of the infrastructures such as potable and irrigation water lines, public and educational buildings, roads, gas lines etc. will result in: provision of quality public services, increased quality of life and improved livelihood of the local population, which, in its turn, will reduce the outflow of population from the bordering areas. In most of the cases the available infrastructures were built more than 40 years ago. With no maintenance investment since then the infrastructure is currently in deteriorated condition, which makes their use inefficient, costly and in some cases impossible.

The largest portion of buildings in Armenia is between 30 and 60 years old, and it typically has poor thermal characteristics and is poorly sealed. Due to non-compliance with current construction norms on thermal protection, internal surfaces of building's envelope are getting dampness, also some parts of walls are covered by spots and mold. By their turn these phenomenon are deteriorating the comfort level of buildings and cause several serious illnesses. Without exception, all old buildings require some type of repairs, and 11% of the buildings are in urgent need of reconstruction. Buildings represent the largest energy end-use sector, accounting for 35.5% of electricity and 25.3% of gas consumption in Armenia (a major portion of both is consumed to cover the heating load, due to the absence/collapse of the centralized district heating system and switching to the individual heating options). This sector offers the single largest and most cost-effective opportunity to improve energy efficiency: 40% of the national energy saving potential is in the buildings, an equivalent of 402,000 toe or 944,000 tCO₂e of GHG emission reductions annually.

The decreased precipitation and increased evaporation from higher temperatures will reduce the availability of water, especially for irrigated agriculture, which ensures production of 80% of all agricultural crops in Armenia. The water loss from irrigation system, which is mostly due to obsolete infrastructure, amounts to 40-50%. The World Bank Study on vulnerability of agricultural sector of Armenia has revealed two most critical conclusions for Armenian policy-makers regarding actions on: i) infrastructure improvement, and ii) creating conditions for farmers to make wise investments for adaptive capacity enhancement. With expected climate change, the rural communities which rely mainly on agriculture outputs will suffer significantly.

This projects will come to rehabilitate some of the key infrastructure and ensure adequate management modalities for sustainability, development, and replication. Activities identified under this component will be settled to serve higher number of beneficiaries with cost-sharing precondition to increase sense of ownership among beneficiaries.

To increase the efficiency of the project it is planned to attract additional funding through synergizing the activities with ongoing UNDP projects. UNDP is assisting Government in implementation of the Law on "Energy Efficiency and Renewable Energy" and promotion of climate change mitigation and adaptation projects. Since 2010 UNDP is implementing "Improving Energy Efficiency in Buildings" project and has assisted Government in drafting amendments to the Law on Urban Development, inclusion of specific energy efficiency provisions in the Law on Yerevan Smaller Center Construction, adoption 13 relevant standards, establishing testing laboratory for construction insulation materials, training architects and constructors on principles of integration of energy efficiency in construction designs, as well as demonstrating benefits of energy efficiency through construction/reconstruction of pilots buildings.

Besides that a new project on energy efficiency in lighting sector has been launched form 2014. Both projects can ensure technical assistance in planning and implementation of corresponding component of the project.

Planned activities:

1. Summing up the results of implemented pilots and technologies, preparation of recommendations on the best practices in the national legislative and normative documents on the energy efficiency of the community infrastructures, as well as water-saving technologies. Meanwhile, in the course of assessment of the pilots and development of recommendations, the international experience will be considered, including that of the Russian Federation in the implementation of projects directed towards increasing energy efficiency at local level. The recommendations will be prepared in participation of the decision-makers in RA Government, practitioners and experts, as well as engaging the knowledge and expertise available in the ministries, private sector and research institutes of the Russian Federation. Thus, the project will contribute to the processes of integration of Armenia to the Common Economic Area of the Republic of Belarus, Kazakhstan and the Russian Federation.
2. As a demonstration measure, targeted rehabilitation of at least 10 community infrastructures (identified during planning stage under Component 1, including, kindergartens, health points, community centers, etc.), with focus on energy efficiency to decrease operational costs, increase level of comfort and reduce CO2 emissions will be conducted. Based on the results of outcome 1 the project will address (general renovation works, roofing, flooring, thermal insulation, provision of sanitary conditions, improve accessibility for handicapped, increase security/safety measures, etc.)
3. Water-saving technologies to mitigate impacts of droughts and aridization are demonstrated in at least 50 ha of land. This activity will include reconstruction of internal irrigation networks, promotion and application of drip irrigation technologies, introduction of soil humidity retaining land management activities etc.
4. Ensure access to safe drinking water through ensuring appropriate quality and quantity of the fresh water and construction/reconstruction of potable water lines for at least 6 communities in the region (expected number 5000 beneficiaries).
5. With the purpose of developing local capacity for transferring knowledge and skills to other interested communities and local residents, at least 24 local residents (one per each urban community (in total 5 urban community) and one per 3 rural community (in total 57 rural communities) will be trained as local instructors on sustainable harvest, application of technologies on water-saving and energy efficiency.

IV. RESULTS AND RESOURCES FRAMEWORK FOR THE PROJECT

<p>Intended Outcome as stated in the Country programme Results and Resource Framework: OUTCOME 1.2. Vulnerable groups, in particular women and youth, have greater access to economic opportunities in the regions of Armenia</p> <p>Outcome indicators as stated in the Country programme Results and Resources Framework including baseline and targets: Proportion of employed population living in poverty, Baseline- 22.4 Target 2015 - 5 Ratio of unemployment rate of women to the unemployment rate of men Baseline- 1.6 Target 2015 -1.3</p> <p>OUTPUT 1.2.1. National and local capacities to develop and implement innovative and diversified income-generating policies and practices targeting the most vulnerable groups strengthened.</p>

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	INDICATIVE ACTIVITIES/EXPECTED RESULTS	RESPONSIBLE PARTIES	BUDGET USD
<p>Output 1: Development planning for 45 bordering communities conducted</p> <p>Baseline:</p> <ul style="list-style-type: none"> - LSG's are lacking capacities and knowledge for elaboration of integrated community development plans with consideration of socio-economic, environmental and DRR pillars. <p>Indicators:</p> <ul style="list-style-type: none"> - Number of Integrated community development plans. 	<ul style="list-style-type: none"> - 45 Integrated community development plans elaborated 	<ul style="list-style-type: none"> - Data collection and analysis on all 45 bordering communities; - Application of participatory planning methodology and development of integrated community development plans for 45 communities with consideration of socio-economic, environmental, disaster risk reduction pillars 	<p>UNDP/MTAES</p>	<p>Total Output 1: \$221,656.10</p>
<p>Output 2: Community sustainability activities on agriculture and</p>	<ul style="list-style-type: none"> - 4 agricultural machinery pools established; - 90 greenhouses constructed; 	<ul style="list-style-type: none"> - Establishment of agricultural machinery pools for cluster of communities; - Construction of small energy/water 	<p>UNDP/MTAES</p>	<p>Total Output 2: \$2,251,206.42</p>

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	INDICATIVE ACTIVITIES/EXPECTED RESULTS	RESPONSIBLE PARTIES	BUDGET USD
<p>agro processing implemented</p> <p>Baseline:</p> <ul style="list-style-type: none"> - Obsolescence of agricultural machineries reduce productivity; - Limited access to lands, due to border conflict. - Lack of knowledge and means for introduction of best agricultural, agro-processing practices; - Limited opportunities for marketing of the products; <p>Indicators:</p> <ul style="list-style-type: none"> - Number of new CBO's; - Number of new job opportunities; - Number of training courses. - Number of people trained - Volumes of products flown through collection centers 	<ul style="list-style-type: none"> - 120 ha orchards/ vineyards established/improved; - 30 agro-processing units established; - 3 collection centers established; - 6 training courses organized; - 7 study tours organized. 	<ul style="list-style-type: none"> - efficient greenhouses; - Establishment of new and improvement of existing orchards/vineyards; - Establishment of small scale contemporary agro-processing units; - Establishment of cluster collection centers; - Development of curricula and provision of sector-specific training on best agricultural and agro-processing practices; - Organization of business integration study tours to/from Russian Federation. 		
<p>Output 3:</p> <p>Community sustainability activities on energy efficiency/ sustainable water management/ infrastructure rehabilitation implemented</p> <p>Baseline:</p> <ul style="list-style-type: none"> - Budget of the LSG is not sufficient to address communities' infrastructure needs. - Communities are lacking 	<ul style="list-style-type: none"> - Recommendations on best practices on EE and water saving technologies prepared; - 10 community infrastructures rehabilitated; - Water saving technologies introduced on 50 ha land; - 6 communities benefitted from access to safe drinking water; - 60 local trainers trained. 	<ul style="list-style-type: none"> - Preparation of recommendations on best practices on Energy Efficiency and water saving technologies; - Rehabilitation of community infrastructures; - Introduction of water saving technologies (irrigation/drip irrigation, soil humidity retaining, etc.); - Ensure access to safe drinking water (reconstruction of potable water lines, intakes, reservoirs, etc.); - Training of local trainers on resilient crop production, application of water-saving 	<p>UNDP/MTAES</p>	<p>Total Output 3: \$1,568,737.52</p>

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	INDICATIVE ACTIVITIES/EXPECTED RESULTS	RESPONSIBLE PARTIES	BUDGET USD
<p>information and knowledge on Energy Efficiency, water saving technologies, etc.</p> <p>Indicators:</p> <ul style="list-style-type: none"> - Number of community infrastructures rehabilitated; - Number of population benefitting from access to safe drinking water and other infrastructures. 		<p>technologies and energy efficiency practices.</p>		
Project implementation related costs				\$ 611,167.28
GMS 8%				\$372,221.39
TOTAL				\$5,024,988.70

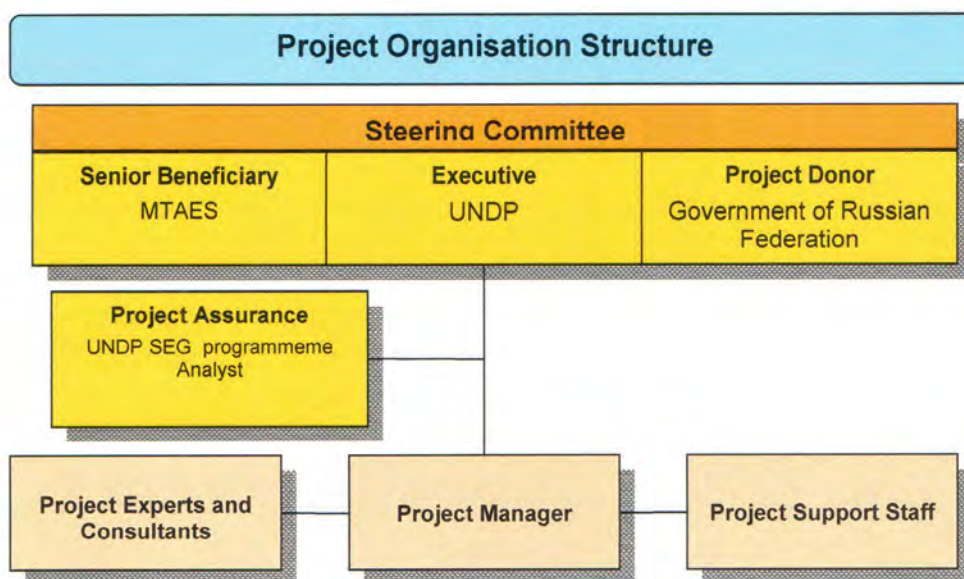
V. ANNUAL WORK PLAN

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	PLANNED ACTIVITIES	RESP. PARTY	DONOR	BUDGET USD							
					2015	2016	2017	2018	2019	Total		
Output 1: Development planning for 45 bordering communities conducted Baseline: - LSG's are lacking capacities and knowledge for elaboration of integrated community development plans with consideration of socio-economic, environmental and DRR pillars. Indicators: - Number of integrated development plans.	- 45 Integrated community development plans elaborated	Activity 1. Development planning										
		Data collection and analysis on all 45 bordering communities;	UNDP	GOV RF	30,000	15,000					45,000	
		Development of participatory integrated community development plans for 45 communities with consideration of socio-economic, environmental, disaster risk reduction pillars.	UNDP	GOV RF	60,000	30,000						90,000
		Personnel costs (Coordinator, experts)	UNDP	GOV RF	43,328.05	43,328.05						86,656.1
				Total Activity 1.	133,328.05	88,328.05					221,656.1	
Output 2: Community sustainability activities on agriculture and agro processing implemented Baseline: - Obsolescence of agricultural machineries reduce productivity; - Limited access to lands, due to border conflict. - Lack of knowledge and means for introduction of best agricultural, agro-	- 4 agricultural machinery pools established; - 90 greenhouses constructed; - 120 ha orchards/vineyards established/improved; - 30 agro-processing units established; - 3 collection centers established; - 6 training courses organized; 7 study tours organized.	Activity 2. Agriculture, Agro-processing										
		Establishment of agricultural machinery pools for cluster of communities;	UNDP	GOV RF	100,000	100,000	100,000				400,000	
		Construction of small energy/water efficient greenhouses;	UNDP	GOV RF	125,000	150,000	125,000	50,000			450,000	
		Establishment of new and improvement of existing orchards/vineyards; Establishment of small scale contemporary agro-processing	UNDP	GOV RF	80,000	120,000	120,000	80,000	80,000			480,000
				Total Activity 2.	305,000	470,000	370,000	130,000	80,000		1,355,000	

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	PLANNED ACTIVITIES	RESP. PARTY	DONOR	BUDGET USD						
					2015	2016	2017	2018	2019	Total	
<ul style="list-style-type: none"> - processing practices; - Limited opportunities for marketing of the products; <p>Indicators:</p> <ul style="list-style-type: none"> - Number of new CBO's; - Number of new job opportunities; - Number of training courses. - Number of people trained - Volumes of products flown through collection centers 		units;									
		Establishment of cluster collection centers;	UNDP	GOV RF			60,000	60,000	60,000		180,000
		Development of curricula and provision of sector-specific training on best agricultural and agro-processing practices;	UNDP	GOV RF	34,000	34,000	17,000	17,000			102,000
		Organization of business integration study tours to/from Russian Federation.	UNDP	GOV RF		15,000	30,000	30,000	30,000	30,000	105,000
		Personnel costs (Coordinator, experts)	UNDP	GOV RF	43,328.05	43,328.05	86,922.61	80,988.24	69,639.48		324,206.42
					417,328.05	497,328.05	608,922.61	452,988.24	274,639.48		2,251,206.42
Total Activity 2.											
<p>Output 3: Community sustainability activities on energy efficiency/ sustainable water management/ infrastructure rehabilitation implemented</p> <p>Baseline:</p> <ul style="list-style-type: none"> - Budget of the LSG is not sufficient to address communities' infrastructure needs. - Communities are lacking information and knowledge on Energy Efficiency, water saving technologies, etc. <p>Indicators:</p> <ul style="list-style-type: none"> - Number of community infrastructures rehabilitated; - Number of population benefitting from access to safe drinking water and other infrastructures. 	<ul style="list-style-type: none"> - Recommendations on best practices on EE and water saving technologies prepared; - 10 community infrastructures rehabilitated; - Water saving technologies introduced on 50 ha land; - 6 communities benefitting from access to safe drinking water; - 60 local trainers trained. 	Activity 3. Infrastructure Rehabilitation									
		Preparation of recommendations on best practices on Energy Efficiency and water saving technologies;	UNDP	GOV RF			30,000	40,000	30,000		100,000
		Rehabilitation of community infrastructures;	UNDP	GOV RF	120,000	180,000	120,000	120,000	60,000		600,000
		Introduction of water saving technologies (irrigation/drip irrigation, soil humidity retaining, etc.);	UNDP	GOV RF	50,000	100,000	50,000	50,000			250,000
		Ensure access to safe drinking water (reconstruction of potable water lines, intakes, reservoirs, etc.);	UNDP	GOV RF	67,500	67,500	45,000	45,000	45,000		270,000
		Training of local trainers on resilient crop production, application of water-saving technologies and energy efficiency practices.	UNDP	GOV RF		15,000	15,000				30,000
Personnel costs (Coordinator, experts)	UNDP	GOV RF	34,034.20	57,207.36	86,324.52	80,390.15	59,781.30		318,737.52		

INTENDED OUTPUTS	OUTPUT TARGETS FOR 5 YEARS	PLANNED ACTIVITIES	RESP. PARTY	DONOR	BUDGET USD					
					2015	2016	2017	2018	2019	Total
			Total Activity 3.		272,534.20	419,707.36	346,324.52	335,390.15	194,781.30	1,568,737.52
		Project implementation costs			120,189.09	114,689.09	124,263.03	119,263.03	132,763.03	611,167.28
		GMS 8%			75,470.35	89,604.2	86,360.81	72,611.31	48,174.7	372,221.39
		Project Total			1,018,849.74	1,209,656.76	1,165,870.97	980,252.73	650,358.51	5,024,988.7

VI. MANAGEMENT ARRANGEMENTS



The Ministry of Territorial Administration and Emergency Situations will be the Implementing Partner of the Project. The First Deputy Minister of Territorial Administration and Emergency Situations, 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 MTAES, 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 programme 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 programme Analyst 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 Analyst 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.

Main Partners

The project will be implemented in close cooperation with:

Ministry of Territorial Administration and Emergency Situations, Ministry of Agriculture, Ministry of Economy, Ministry of Nature Protection, Ministry of Energy and Natural Resources, Regional Administration of Tavush Region, Local self- government bodies as well as other stakeholders.

In order to increase the efficiency of the project it is envisaged to identify additional, local and international, funding sources. UNDP will also seek synergies with its ongoing projects such as: Disaster Risk Reduction - 4th Phase, Energy Efficiency in Buildings, Third National Report to UNFCCC, Integrated Border Management, Women in Local Democracy, Innovation Lab, etc. Whenever possible synergies will be established with WFP Project "Development of sustainable school feeding" as well as other programmes implemented by national or international organizations.

The Eurasian Center for Food Security (Moscow) will take part in designing specialized courses for full-time and distance learning, as well as implementing training programmes to support small and medium enterprises.

For implementation of this component it is also recommended to involve the scientists and experts from Moscow State University after M. Lomonosov, Agrophysical Research Institute of the Russian Academy of Sciences, Russian State Agrarian University after K. A. Temeryazev and other institutes.

VII. MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
- Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- a project lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
- a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Evaluation

An independent Final Evaluation will take place at the end of the project. The Final Evaluation will look at impact and sustainability of results. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO in consultations with Donor and Government counterparts.

VIII. COMMUNICATION, VISIBILITY AND PUBLIC RELATIONS

To increase the level of awareness among government counterparts, civil society, the private sector, media, other development partners, and public at large, a communication strategy will be developed. UNDP will use various conventional and non-conventional communications channels, such as UNDP Armenia website, social media, broadcast, print and online media outlets, blogs, op-eds, to disseminate project successes. Communications content will be drawn from project events, field visits (for beneficiary narratives), project reports, database of killer facts, database of photos, audio-visuals, etc.

Visibility guidelines of the donor and the implementing agency will be adhered in all publications and outreach materials, and will be agreed between the parties during the preparation process. Logos and other branding and visibility requirements of the project donor and the implementing agency will be applied based on communications policies of both parties.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of Armenia and UNDP, signed on 8 March 1995.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency 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 executing agency's security, and the full implementation of the security plan.

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 this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the 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/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

X. ANNEXES

Annex 1. Risks Analysis

#	Description	Date identified	Type	Impact and probability	Countermeasures / Management response
1	Worsening of the situation on Armenia-Azerbaijan border (cease-fire violations) may create difficulties/security restrictions for operating in certain communities and impose risk for sustainability of actions.	February 2015	Operational Political	I = 4 high P = 4 high	Project will follow instructions from UN DSS for the trips to those communities (additional security measures may be taken into account). In case of restrictions to effectively operate in certain communities that result in considerable implementation constrains relevant project activities and budget will be adjusted accordingly.
2	Insufficiency of funds due to: fluctuations of currency exchange rates, increase of prices for materials, equipment, machinery etc.	February 2015	Financial Operational	I = 3 medium P = 3 medium	Attracting additional funds from the communities and beneficiaries, establishing public private partnerships, leveraging funds with other organizations / projects operating in the region. Budget revision may also be considered.
3	Certain reputational risk and undermined project impact due to limited resources to address all the components which will be included in community development plan.	February 2015	Communications	I = 3 medium P = 3 medium	Proper communication plan with the communities regarding the capacity and scale of the project. Continuous search for partners (institutional donors, government, and private parties) to provide resources for components of the plans not covered under this project.
4	Undermined long-term sustainability of the developments implemented by the project due to lack of adequate management and financial resources, after the completion of the project.	February 2015	Operational Financial	I = 3 Medium P = 3 medium	Set of measures addressing sustainability aspects for the developments should include built-in mechanisms for income generation or secured financing to cover operational maintenance of the facilities set-up by the project; as well as promoting and enforcing sense of ownership and responsibility in local communities and governance bodies towards set-up structures.