



**PROJECT DOCUMENT**

**Country: Armenia**

**Project Title:** Local Empowerment of Actors for Development (LEAD) in Lori and Tavush Regions

**Project Number:** 00115480 - 00118827

**Implementing Partner:** RA Ministry of Territorial Administration and Infrastructure (MTAI)

**UN Partner Agency:** Food and Agriculture Organization of the United Nations (FAO)

**Start Date:** October 1 2020      **End Date:** September 30 2024      **PAC Meeting date:** October 16, 2020

**Brief Description**

The Local Empowerment of Actors for Development (LEAD) in Lori and Tavush regions Project focuses on overcoming complex place-based development challenges associated with the growing territorial disparities in Armenia. The Project aims at improving local growth and development, leading to improved quality of life, through community engagement in economic and social activities, with particular focus on Lori and Tavush regions of Armenia. It aims at bolstering the participation of a wide range of local stakeholders in sustainable and inclusive socioeconomic development of their communities through pilot implementation of the European Union (EU) LEADER<sup>1</sup>/ Community-Led Local Development (CLLD)<sup>1</sup> approaches. The novelty of the LEADER/CLLD methodology is the way it differs from other development efforts – in its alignment with the integrated development paradigm, in placing the mobilization of local social capital at the centre of developmental efforts, and in giving voice and visibility to local people and their development ideas. The Project pursues the following objectives:

- **Objective 1.** Mobilize, capacitate and incentivize local actors to define community needs-driven strategies in Lori and Tavush regions.
- **Objective 2.** Build supporting infrastructure to prioritize, implement and sustain local-grown initiatives in Lori and Tavush regions.
- **Objective 3.** Improve the capacity of the relevant ministries and other bodies and develop policy mechanisms at the national level for successful piloting and sustainability of the LEADER approach in Armenia (policy component).

The Project is in line with the Single Support Framework 2017-2020 of the Comprehensive and Enhanced Partnership Agreement (CEPA) between Armenia and the EU, particularly focused on economic development, mobility and people-to-people contacts.

<p><b>UNDAF/CPD Outcome 1:</b> By 2020, Armenia’s competitiveness is improved and people, especially vulnerable groups, have better access to sustainable development opportunities.</p> <p>Indicative output(s) with gender marker: <b>Output 1.1</b> 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.</p> <p>Gender Marker: <b>GEN2</b> (Gender equality as a significant objective)</p> <p><b>SDGs 1,8</b></p>	<b>Total resources required (USD):</b>		<b>7,867,812.00</b>
	<b>Donor: EU</b>		
		For UNDP	5,988,930.19
		For FAO	1,878,881.81
		<b>UNDP TRAC:</b>	-
		<b>Government:</b>	
	<b>Unfunded:</b>	-	

Agreed by (signatures):

Government	UNDP
Mr. Suren Papikyan Minister of Territorial Administration and Infrastructure	Mr. Dmitry Mariyasin UNDP Resident Representative
Date:  1.10.20	Date:  1.10.2020

<sup>1</sup> From the French: “Links between the Rural Economy and Development Actions”.

## EXECUTIVE SUMMARY

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In response to the Action Document for Local Empowerment of Actors for Development (LEAD) UNDP in cooperation with FAO undertakes the indirect management of the Action towards specific objectives 1 and 2 in the target marzes of Tavush and Lori. The agencies build their intervention logic based on the approach of the Action and align their efforts towards contributing to the goals set in the Comprehensive and Enhanced Partnership Agreement (CEPA), the Government Programme 2019-2024, the Armenian Regional Development Strategy 2019-2025 and Strategy for Sustainable Agricultural Development in the Republic of Armenia, as well as the Agenda 2030.

The project helps the local population in Lori and Tavush to play active role in inclusive, resilient and sustainable local development by strengthening mechanisms of partnership building, territorial cooperation, organizational and service development and creating better local governance through applying the principles and mechanisms of EU LEADER approach. This happens through building trust and self-confidence, developing entrepreneur attitudes and encouraging a sense of group cohesion within communities and between regions. LEAD helps to design territorial development models, in which women and men, youth, elderly and citizen groups, including minorities, are involved in setting development agenda, decision-making and implementation.

The program's backbone is the strong partnership between different stakeholders (public, private, civil society), which eventually leads to cross-sectoral multistakeholder cooperation through Local Action Groups (LAGs). LAGs are the key actors of LEADER/CLLD initiatives formed by local partners in a bottom-up way, responsible for local development, functioning on a certain territory delineated based on economic, sociocultural or other commonalities, who prepare and agree on territorial development strategies, and facilitate the local development process on a long term basis.

The intervention logic hinges on partnership and synergised efforts between UNDP and FAO when the combined expertise and comparative advantages of two agencies will contribute to defining territorial development partnerships, formation of functional LAGs, building local capacities towards designing and implementing locally driven, sustainable territorial development agenda with a strong focus on resilience. To this end, the efforts will target reinventing local development resources within the context of green economy, eliminating inequalities across groups and between territories, eradicate rural and urban poverty and empowering participatory local governance in Lori and Tavush.

The Project rolls out under the big uncertainty and the socioeconomic crisis that new coronavirus COVID-19 has created in Armenia and worldwide. It is expected that the Y1 implementation of the Project will be adjusted to the new reality with adaptation of the Project approach as an emergency response in the target communities. To this end and within the scope of overall implementation the parties will closely cooperate and coordinate efforts with the Government through regular and systemised communication with the line ministries, particularly MTAI and MoE, as well as various state agencies. It goes without saying, that a strong partnership scheme and sound knowledge sharing platform will be operationalised between the all implementing partners.

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### **I. THE DEVELOPMENT CHALLENGE**

#### ***Socioeconomic challenges of COVID-19 pandemic***

The project implementation will unfold in a socioeconomic context largely defined by the spread of the new coronavirus disease COVID-19. The pandemic is ravaging the world creating extreme vulnerabilities, challenging the progress towards SDG achievement worldwide and breeding risks affecting every aspect of human wellbeing far beyond the health concerns.

The first case of COVID-19 was reported in Armenia on March 1, 2020. Since then the cases grew exponentially making the Government announce a state of emergency on March 16, 2020. As of late April 2020, the country continues remaining in a state of emergency with stringent restrictions on movement, including cross-border movement of people and restrictions on several types of economic activity.

The assessments on the global level are far from being optimistic with looming double-digit annual economic decline for the developed economies. At this point, when the COVID is not yet at its peak in Armenia and the knowledge gaps persist and breed big uncertainties about the virus' "behaviour", the domestic data is scant and the assessments are rare and fractional to comprehensively relay the socioeconomic present and the future of the country. Yet, it is clear that even under the most optimistic scenario the country has to face (and already faces) immense economic, social and public health risks that will require well-coordinated measures on the national and local level to speed up the recovery from this unprecedented shock.

The hardest blow to the economy is the advancing job destruction due to shutdowns, layoffs, and firm exits, not least the restrictions on labour migration. Small and medium enterprises, the self-employed, and daily wage earners are hit the hardest. There are not yet palpable disruptions in supply chains and the food market is stable in Armenia. Restrictions on movement and lockdown, possible shortage of agricultural inputs because of import disruptions, closure of restaurants and other big businesses as consumers of agriproducts may lead to restricted agri-production creating food scarcity and related demand shocks. The financial shock, originating from the chain of non-payments, is yet to come. If that happens, it will reduce the aggregate demand, the vicious loop will be closed, and the country will enter into the "perfect storm"<sup>2</sup>.

Beyond the economic impact, social harm inflicted by COVID-19 is profound. It will take time for the research community to assess the long-lasting effects of social distancing and the self-isolation practiced globally to contain the virus. Meanwhile, not only the virus itself but the measures undertaken by the Governments to suppress its spread are turning detrimental to a different extent to various groups. For example, universal access to education is compromised as a result of distant-learning arrangements, when the most vulnerable are restricted to access education due to absence of facilities and connection. The child labour, domestic violence and child malnutrition are on the rise while the children stop attending schools. The current crisis threatens to push back the limited gains made on gender equality and exacerbate the feminization of poverty, vulnerability to violence, and women's equal participation in the labour force<sup>3</sup>.

In general, the socioeconomic impact of COVID-19 is being borne disproportionately by the most vulnerable groups, including the poor, people with disabilities, elderly, migrants, youth and women. If not properly addressed the social crisis created by the COVID-19 pandemic will dramatically increase inequality, exclusion, discrimination, unemployment and poverty. The Government of Armenia has already approved 22 targeted packages of socioeconomic support creating financial incentives for the SME sector, microenterprises and farmers through subsidised loans and grant schemes, as well as ensuring cash transfers to the vulnerable households, plus two additional initiatives allowing mortgage and utility payment deferrals. The Government is burdened with a new set of vulnerabilities experienced by groups who have traditionally been out of the social support schemes.

The fight against COVID-19 requires decisive action from the Governments which leads to vertical maximisation of power and possible setback on democratic rule. The restrictions on gatherings and the stringent social distancing hinder the work of the civil society organisations, who are mainly engaged in humanitarian aid these days. Meanwhile, Armenia witnesses horizontal mobilisation of citizen volunteering extending a hand of help to those in need. Large groups in the society fall vulnerable to human rights

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<sup>2</sup> EV Consulting, [New Economic Reality and Our Response](#), 2020

<sup>3</sup> [Shared Responsibility, Global Solidarity](#), March 2020, United Nations

violations, especially labour rights, with little opportunity to raise their voice under the disrupted public institutions and CSO activity.

COVID-19 has revealed the deplorable condition of public infrastructure in the Armenian communities and the detrimental effect this has on the disaster response on the local level. Outdated health infrastructure, lack of adaptability and agility of public service delivery, inadequate coordination, lack of management, data and communication create the systemic risks undermining the community resilience and compromising the recovery process on the long run.

### ***Pre-COVID Socioeconomic overview***

Due to absence of data to translate the current situation into a statistical picture on macro, meso and micro levels, the Project Document proposes below the description of the pre-COVID reality as a baseline offering to make this section of the document a dynamic and regularly updated chapter to inform the project implementation and later ease the evaluation of the project; notwithstanding the uncertainties that the pandemic creates and the fact that the overall outline of the existing vulnerabilities remains the same, while their severity and demography will change largely. Meanwhile a new cohort of vulnerabilities is emerging, which severity, as well as the exposure to them of different groups is still being studied.

Global trends and the coronavirus pandemic have resulted in rapid changes in income opportunities and lifestyles across societies. While urbanization has been advancing at a speedy pace making the future prospects for villages often look grim, the COVID-19 may open up opportunity windows for the rural areas, repositioning them as the oasis of livelihood both from the perspective of availability of means for producing and accessing food and proximity of outdoor recreation, both limited for the urban areas under the total lockdown and economic slowdown. In pre-COVID reality interventions by governments and regional policies usually focused on urbanization and macroeconomic development, which has been continually increasing the socioeconomic gap between urban and rural territories. Yet the current global trends and lessons learned indicate the need for careful and efficient interventions in rural areas with an outlook to the changing picture of their vulnerabilities and the new challenges that COVID-19 creates.

COVID-19 has interrupted quite vibrant economic growth of the Republic of Armenia, mainly achieved through massive political and economic transformation that the country has undergone recently. The unprecedented economic growth of 7.5%<sup>4</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 held the promise of a recovering economy with perspectives to further acceleration. This optimism was backed up by the improvement in the poverty rate on the national level with a decrease by 2.2% compared to 2017. For 2018 the poverty rate amounted to 23.5% with an increased consumption rate and decreased poverty severity.

Still Armenia is a country where every fourth person; women and men, children, elderly, the disabled and minority population, both working and unemployed, suffer from material and non-material deprivation. As of 2018 the poverty rate was 21.3 % in rural communities and 24.9 % 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. The extreme poverty is decreasing at a slower rate in the rural communities

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(0.3% compared to 0.9% in urban areas)<sup>5</sup>. 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 Government has aimed to eliminate extreme poverty and significantly reduce poverty and unemployment by 2023.

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 is viewed as the primary poverty reduction tool. Against the backdrop of COVID-19 job creation in formal economy, green jobs, sustainable entrepreneurial practices are the imperatives of employment generation. To attain this goal, promoting new skillset and employment among the poor population and implementing programs encouraging entrepreneurship are of key importance.

The livelihood of rural households is dependent on the availability of land and land cultivation. On average, in 2018 30.9% 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 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. Especially are vulnerable the women engaged mainly in informal and precarious work in agriculture. Informal employment results in reduced access to social protection schemes and along with limited access to land and other agricultural assets (when compared to men), these become factors leaving the women out of social safety nets.

In 2018 the key reasons for non-cultivation of land included unprofitability of agricultural activity (22.2%), lack of access to irrigation (19.1%) and lack of funding (16.1%). The most frequently mentioned difficulties include lack of labour force (19.0%), lack of access to agricultural machinery (14.3%), problems with the sales of products (12.0%), lack of wholesale and retail markets (11.6%), dealing with resellers (7.2%), payments for irrigation (2.7%), acquisition of young plants or seeds (2.6%), remuneration of work (4.0%), transportation of products to the market ( 4.4%), lack of seeds (0.4%) and other problems (17.5%)<sup>6</sup>.

Decline of the agricultural sector further exacerbates the poverty picture of the rural areas. The contributing factors to this are 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 deteriorated infrastructure in the rural communities. While there is a big potential for value addition in the agricultural entrepreneurship the ruptured lands, small land plots, outdated farming focusing mainly on subsistence and primary agriculture, 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.

Creation of non-agricultural jobs in the rural areas and small cities has been a priority for the government and fostering the agro-processing and entrepreneurship are important steps to this end. The sector needs development of vital and efficient value chains, innovation across these chains with introduction of advanced technologies, functioning production and supply models and sustainable institutional mechanisms of management, as well as contractual relations with the producers of raw materials. For years, the state support to SME sector has been streamed through the Fund “Investment Support Center” (former SME DNC fund), still due to the limited resources for regional representation, the Centre's potential for bigger outreach

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<sup>5</sup> Social Snapshot and Poverty in Armenia, 2019. Statistical Committee of the Republic of Armenia.

<sup>6</sup> Ibid

in technical support and consulting on local level remains untapped. 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 value, integrating them into the value chains and ensuring the fair distribution of benefits.

Entrepreneurship as an economic driver for local growth is underdeveloped in the communities despite the legal mechanisms introduced by the Government to facilitated entrepreneurship, the local drive for engagement and entrepreneurship is rather limited., due to lack of initiative, knowledge and capacities, absence of business-oriented thinking and restricted access to finance. While it can meet the community needs for income and employment generation, as well as public service delivery, for the locals this sector remains associated with high risks and uncertainty. In the meantime, the community development needs new actors, new disruptive solutions, non-traditional use of local resources with generation of value addition, as well as social impact. While the locally empowered entrepreneurship can meet these needs, it can also foster local participation. The main assumption is that those economically better off tend to participate more willingly and actively in the socio-political life of their communities and insist on increased role in decision making.

The capital Yerevan accounts for half of the enterprises in the country and 70% of business employment and turnover<sup>7</sup>. It is the development oasis in the country, where most of the economic value, innovation and modernisation happens. With this said, Armenia is developing asymmetrically; the geographic location plays a crucial role in shaping the growth perspectives of localities. The availability, quality and accessibility of the public services and income levels are considerably low outside Yerevan. This asymmetry largely defines the citizens’ participation in socio-political processes. In the regions the socioeconomic hardships, the persistent poverty, the stereotypes formed under the social system of vertical power relations hold back the locals from engagement into the socio-political processes and economic development in their areas. While the sustainable development and democratic governance presuppose bottom-up approach and community participation in decision-making processes, there are no clear-cut mechanisms for this on the local level. The wider participation in the decision-making processes in the communities is left to the discretion of the local administration, the commitment and the scope of activities of the scarce network of local CSOs or is limited to scheduled events, as elections.

The Government is tackling this issue through administrative reform. The reform which has been underway since 2015 and targeted community consolidation, fiscal and administrative decentralization, unified 915 settlements of the country into 502 communities. While currently the Government is strategizing the further implementation of decentralization, the already unified communities face a new reality full of both opportunities and challenges. The newly elected local governments should properly exercise their authorities, continue delivering public services as previously, ensure the accessibility of new public services for all the settlements within the communities and be ready to undertake new responsibilities. The unified budget of the communities allows to solve bigger issues, which the smaller communities could not afford before. In this respect, the local governments lack knowledge, capacities and skills to get adapted to the new reality. In the meantime, there is the risk for the smallest settlements to find themselves on the periphery of community development, when they have weak representation in decision-making, especially when their representatives are not elected into community Councils. In addition, local population have vague understanding of their agency in local development, their rights (be them political, economic or environmental) as citizens and schemes of participation.

Delivery of public services remains one of the main challenges for the local communities. The capacities of the local government are restricted to negotiate and design effective service delivery models and fundraise; manage service providers and associated budgets; monitor and evaluate the service delivery

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<sup>7</sup> OECD, Compendium of Enterprise Statistics in Armenia 2018

models. In addition, there are no mechanisms to engage with different groups (citizens, private sector, civil society organizations, community organizations) who could design and deliver innovative and effective services.

At the same time, the local democracy (driven by community and citizens) still require additional efforts. Centralized decision-making has shaped a culture of hierarchic governance and obedience. Citizens are reluctant to participate in the sociopolitical life and their main priority is to sustain their families often resulting in emigration. At the local level, women's leadership role continues to be limited. For example, in 2019, there was only one female mayor in the 46 urban communities of Armenia<sup>8</sup> and despite the reform of local governance structures in recent years, out of the 52 heads of the consolidated municipalities only one was a woman<sup>9</sup>. Furthermore, currently no woman holds the office of governor and only two out of the twelve deputy governors are women (2019).<sup>10</sup> Women's participation as business owners and managers also remains limited, particularly when compared to their high levels of education.<sup>11</sup> The reasons behind this constitute a complicated picture of socioeconomic and cultural factors, ranging from stereotypes on gender roles, women's disproportionately high participation in unpaid care work to limited access to quality and affordable childcare and support services for older persons. Services was the main sector of employment for women in 2018, with women's engagement at 6 percent, followed by agriculture (26 percent) and industry (10 percent).<sup>12</sup> Women's labour force participation rates remain a challenge, at 62.4% as compared to men's 86.1% (July 2019).<sup>13</sup> The adjusted gender pay gap (hourly) is estimated at 28.4% in Armenia. It is larger than the unadjusted gender pay gap, suggesting that working women have better labor market characteristics than men. Hence, qualifications cannot explain the gender pay gap in Armenia; quite the contrary, they amplify it.<sup>14</sup>

## Development challenges in the pilot regions

The LEAD Project will be implemented in two neighbouring northern regions of Armenia, Lori and Tavush. Both are located at high altitudes in border regions. They suffer weak economic diversification and limited access to markets, as well as increased vulnerabilities for rural communities, especially in remote and border parts. Both are on the list of regions with the highest poverty and unemployment rates in the country.

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<sup>8</sup> Ministry of Territorial Administration of Armenia. Website visited in December 2019. <http://armavir.mtad.am/community-leader-council/166/>

<sup>9</sup> Ministry of Territorial Administration of Armenia. Website visited in December 2019. <http://armavir.mtad.am/community-leader-council/166/>

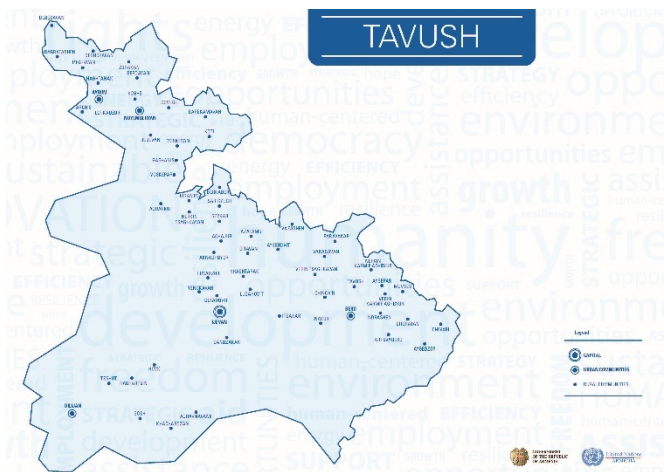
<sup>10</sup> Government of the Republic of Armenia (2019). <https://www.gov.am/am/regions/>

<sup>11</sup> Under a World Bank Survey of 360 firms in Armenia (2013), 25.3% of firms had women participating in the ownership of these firms (as compared to the ECA Regional Average of 32.2%); 14.5% of firms had women with majority ownership (compared to the ECA Regional Average of 13.5%); 19.1% of firms had women as the top managers (as compared to the ECA Regional Average of 18.2%). In 2018, women only constituted 19 percent of persons working as employers and 38 percent own-account workers in Armenia. Armstat (2019). *Women and Men in Armenia 2017*. Page 74.

<sup>12</sup> Armstat (2019). *Women and Men in Armenia 2017*. Page 72.

<sup>13</sup> ILO (July 2019). *Labour Force Participation Rate - ILO Database*.

<sup>14</sup> UN Women & Armstat (2020). *Analysis of the Gender Pay Gap and Gender Inequality in the Labour Market in Armenia*. UN Women and Armstat.



**Tavush**<sup>15</sup> covers 9.1 per cent of Armenia's territory (270,400 km<sup>2</sup>) and has 123,500 inhabitants, including 71,500 villagers. The region has negative population growth. As a result of the territorial reform, there are five urban communities (three of them have fewer than 10,000 inhabitants) and 35 rural communities; 45 out of 61 settlements in the region are located on the borderline recognized by the Government of Armenia as bordering communities. Tavush Region borders the Republic of Georgia in the north and the Republic of Azerbaijan in the east. Of the 400 km of international border, 352 km is with Azerbaijan. Regional ethnic and cultural

diversity covers Armenians (97.09 per cent), Yazidis and Kurds (1.3 per cent), Russians (0.5 per cent) and a smaller number of Ukrainians, Assyrians and Greeks.

The region's mild winters, warm summers and average climatic conditions are favourable for agricultural production, which, as a result, represents the main opportunity for creating sustainable livelihoods. The agricultural land covers 110,750 ha; 1,400 ha is not arable, because of the lack of water. Only 55 per cent of the arable land in the region is cultivated. This is due to security concerns in communities on the border, the lack of innovation and modernization, the low availability of irrigation (16 per cent of cultivated lands are irrigated) and the lack of workforce as a result of seasonal outmigration. In Tavush, as in the rest of the country, women are over-represented in informal, seasonal and precarious employment, and the share of women in agricultural non-formal employment is 82.1 per cent.

Lack of capital, low adaptability to the market economy, a high dependence on primary agriculture that is prone to disaster risks, debilitated infrastructure and the high rate of emigration all contribute to high poverty rate in the region, currently 35.3 percent. The rate of unemployment in the rural areas of Tavush is one of the highest in Armenia (12.1 per cent). The emigration flow is also very high: 8 per cent according to the most recent statistics.

The region has a strategic significance for freight traffic to Georgia, Russia and other Commonwealth of Independent States countries, as well as to Europe.

**Lori** occupies 12.8 per cent of Armenia's territory and has 217,400 inhabitants; 88.6 per cent of them are villagers. There are 56 communities (122 settlements), including eight towns in the region; four of them have no more than 10,000 inhabitants. Lori is located in the north of the country and borders the Republic of Georgia in the north, Tavush Region in the east, Kotayk in the southeast, Ararat in the southwest and Shirak in the west. Ethnic diversity covers Armenians (97 per cent), Russians (1.5 per cent), Greeks (1 per cent), and Yazidis and Kurds (0.5 per cent).



<sup>15</sup> Data sources: ARMSTAT.AM; CADASTRE.AM.



Winter in Lori is cold and snowbound, while summers are mild. The area is rich in natural resources, including copper, gold, silver and stone. The GDP of the region is mainly derived from the industrial sector, but the lack of investment and modernization after the collapse of the Soviet Union, and the devastating earthquake in Spitak in 1988, resulted in most of the industrial assets of the region being ruined. Of the 251,154.6 ha of agricultural land in Lori, 42,075 ha is arable. The majority of the agricultural households are small. Because of market problems, 8,400 ha of land is not cultivated.

The poverty rate is 36.2 per cent in the region. The urban areas are highly dependent on large mining or industrial companies. The main factor influencing poverty is high level of unemployment, and, consequently high rates of emigration. At the same time, Lori is rich in historical and natural monuments, and, thanks to tourism development interventions in recent years, the sector's contribution to the regional income is rising.

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## II. STRATEGY

LEADER is an EU initiative, a method and a programme (since 1991) for supporting locally driven rural development to reinvent rural areas and create local businesses, jobs and better living conditions. Because of its development efficiency, the LEADER method has been implemented in thousands of local rural areas, with significant economic, social and environmental success. LEADER programmes cover all EU member states and the method has been implemented in EU pre-accession and neighbouring countries with EU aid or with financing from other donors. Since 2013 LEADER approach-based programmes have been extended to urban development under the name CLLD. The key actor in LEADER/CLLD is a group of empowered local change-makers which emerge throughout community coaching and enter into a partnership as Local Action Group (LAG). In LEADER/CLLD, the LAG functions as a local development initiator, representing local public institutions, businesses and civil society.

**The theory of change** of the programme hinges on the main assumption that real progress takes place only when the local communities are actively involved in laying out their development agenda and working towards its realisation, when the local resources are maximised through uniting the assets, knowledge, talents and leveraging the power on different levels beyond the administrative limitations and for public good, and when the real results for resilient and sustainable growth are achieved through investments towards expanding people's knowledge, skills and ownership of the process.

The "*intermediate change*" that the LEAD in Lori and Tavush Project aims to achieve is a wide range of mobilized, capacitated and incentivized local actors that define community needs-driven strategies and establish LAGs; the project-built supporting infrastructure to sustain local-grown initiatives in the northern and other target territories; and improved capacities and policy mechanisms at the national level to ensure the sustainability of the LEADER approach in Armenia.

The expected "*ultimate change*" is resilient territorial growth through uninterrupted patterns of territorial partnerships and high level of ownership of local growth. The underpinning principle behind these efforts is leaving no one behind ensuring the participation of all the community groups, especially the most vulnerable ones, first of all recognising the capacity of each community member to offer ideas for growth, secondly investing in skills and capacities to translate these ideas into projects/strategies, and finally enabling the implementation of these projects through technical, financial and networking support. The Programme aims at levelling the vertical relations through increasing the bargaining power of the community groups who traditionally see themselves as subordinate in power relations.

The LEAD in Lori and Tavush programme will pilot implementation of the EU LEADER/CLLD methodology based on lessons learned from international and regional experience, aligning efforts with other relevant projects active in Lori and Tavush Regions. The LEADER/CLLD approach is built on a broad “participatory” and “integrated development” conceptual model that addresses the complex problems experienced by those involved in local development. These problems stem from the strongly interdependent pattern of local needs; different, sometimes conflicting interests and the fact that sustainable area-based development is both top-down and bottom-up in character. The approach strongly relies on the resources of the Government and development organizations, local talent, assets and the energy of the local people. Single actions (local projects) form a part of the local development process: they are tools for learning, with visible small successes leading to larger achievements— acting as elements in an integrated development process which embraces people, the economy and the environment.

LAG territories, as the units of development interventions and actions, are considered as a social and economic whole, comprising people, nature, know-how and other resources. Application of the integrated approach requires addressing multisectoral issues and offering comprehensive solutions, ensuring efficiency and long-term sustainability. To this end, it is necessary to reach an agreement among different interest groups; harness the resources and energy of local communities; and to implement a coherent and integrated development process.

It is important to underline, that the LEADER/CLLD approach-based strategy which guides the LEAD programme is not a conventional project plan setting out full details of all the interventions. It is rather a framework setting out principles, summarising development vision, ideas, actions and projects suggested by local people. Meanwhile, LEAD is multisectoral in nature focused on piloting integrated and innovative organizational, financial and technological models to change the development status quo in Lori and Tavush regions across different sectors.

The European LEADER methodology is based on seven specific approaches, which must all be present simultaneously in order to ensure the method is applied correctly. These seven characteristics define LEADER as a methodology and distinguish it from other funding programmes.

The territorial development interventions, and the community coaching method are additional elements that make LEADER/CLLD implementation appropriate for inclusive place-based development.

**Area-based.** Area-based approach implies a focus on a small, homogeneous, socially cohesive territory, one often characterized by common traditions, a shared local identity, and a sense of belonging or common needs and expectations. The reason for creating territorial cooperation is the insufficiency of development resources owned by a small single village/settlement. Their human and economic development resources are too limited to be visible to the external world and to attract development partners, markets, investors, etc. The LAG territorial delineation criteria are the following: territorial delineation will be agreed by local partners; one settlement cannot be part of more than one LAG and the territory of the LAG must be cohesive; at least three settlements can establish a LAG; the number of inhabitants covered must be a minimum of 10,000 and no more than 100,000, to ensure the minimum necessary “territorial capacity”, on one hand, and the territorial identity, ownership and cohesion needed, on the other hand; urban areas with more than 10,000 inhabitants cannot be part of a LAG. These criteria are intended to ensure the empowerment of peripheries, but it is recommended that LAGs cooperate with urban centres in their territory on strategic issues.

**Local partnership.** LAG, which brings together public, private and civil society partners, must have a well-balanced representation of the existing local interest groups, drawn from different sectors. The legal form of the LAGs varies from country to country, but partnerships often have a non-profit status. The LAG partnership will be formalized within the framework of a territorial partnership agreement signed by all members.

**Bottom-up.** The bottom-up approach means that local stakeholders participate in decision-making, and in the selection of the priorities to be pursued in their local area through strategic planning and implementation. LEADER can be seen as a tool of participatory democracy – one which supplements electoral parliamentary democracy.

**Multi-sectoral integration.** LEADER is not a sectoral development programme; the LAG strategy must have a multi-sectoral rationale, integrating several dimensions of territorial growth.

**Innovation.** The innovative character of LEADER/CLLD can be seen as a way of promoting development of new solutions for organizing/reorganizing local/rural communities. This innovation lies in LEADER/CLLD's approach of (re)discovering local resources by the community and revisiting them with new knowledge and technologies. It involves fostering change-making to reinvent local prosperity. It is not an exaggeration to say that the adoption and application of the LEADER approach will represent a significant innovation in the target Armenian rural communities. The method aims to bring new local development opportunities to light and build new partnerships. This is an important basis for further innovation and prosperity.

**Local management.** The management, including the financial management, of LEADER programmes is entrusted to the LAGs. The benefits of this local management arise primarily due to their proximity and their direct relation to local development stakeholders in the given territory. Local management helps to identify projects that are adapted to local needs and potential, without necessarily fitting within traditional institutional frameworks. In LEAD programme different models will be piloted to institutionalise the structure of the LAG's accountable and management body (examples may include but are not limited to the community development funds designed and piloted within the scope of UNDP community development project). Certain aspects of the LAG decision -making will happen in coordination and with the approval of the Programme (i.e. approval of the pool of grants, the thematic directions of calls. etc). In LAG territories, where the required organizational capacity is not available, the first required step is to build it.

**Networking and cooperation.** LEAD will support networking and cooperation activities of the Armenian LAG initiatives at the regional, national and European level. Networking is a means of transferring good practice, of disseminating innovation and building on the lessons learned from local development. Cooperation goes further than networking: it involves a LAG undertaking a joint project with the urban centre of the region, another LEADER group or even another country. Regional cooperation is often the best source of innovation for LAGs. New perspectives can often lead to new opportunities. A LAG's cooperation with technological and research institutions is crucial towards sectoral innovation, as well as business and social service development.

**Local mobilization and animation – community coaching to ignite the spirit of change.** In order to ensure local participation, people need to feel motivated and committed to development of their localities. To spur motivation, the LEAD Programme will apply external coaching in each of the potential LAG areas (geographical/cultural sub-areas). The coaching is expected to kindle the impulse towards creating “common good” or developing social capital. The community coaching system is a tool to mobilize and animate the local stakeholders, and to sensitise the local actors to local development.

Community coaches will be experts who are familiar with the local development challenges, but external to the given communities. Their being “the other” would help to ensure neutrality and objectivity in their work. They function in a passive social environment, where the challenge is to find the local change-makers –ready to launch on this new experience called LEADER. Each coach will work with local communities for two years, after which local stakeholders/LAGs should be able to continue functioning on their own.

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### III. RESULTS AND PARTNERSHIPS

#### Expected Results

**The LEAD in Lori and Tavush Project will contribute to UNDAF/CPD Outcome 1 (For the 2015-2020 programme period):** By 2020, Armenia's competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities. **UNSDCF Outcome 4 (2021-2025):** People, communities and regions benefit from equitable economic opportunities, decent work and sustainable livelihoods, enabled through competitiveness and inclusive green growth. **Output 1.1 (2015-2020)** Local capacities strengthened to develop and implement innovative and diversified income-generating practices that are sustainable, employment- and livelihood intensive, targeting most vulnerable groups. **Output 1.2 (2021-2025)** Capacities at national/sub-national levels strengthened to promote inclusive local economic development (LED) and deliver inclusive public services. **Strategic Plan Outcome: 1** Advance poverty eradication in all its forms and dimensions. **Strategic Plan Output 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.

The Project contributes to the following SDG:  
**SDG 8 – Decent Work and Economic Growth**

Target: 8.3, Indicator: 8.3.1

Target: 8.5, Indicator: 8.5.1

It also significantly contributes to the following SDGs:

**SDG 1 – No Poverty**

Target: 1.2, Indicator: 1.2.1

Target: 1.4, Indicator: 1.4.1.

**IMPACT STATEMENT: People of Lori and Tavush regions will benefit from improved social cohesion and stronger territorial partnerships and local ownership schemes offering new paths of sustainable and resilient growth.**

**Inception phase.** In order to ensure the successful implementation of this multi-stakeholder, multicomponent project, that also has strong bottom-up element, a five-month inception phase will precede the main implementation phase. During the inception phase, the following activities are planned:

- **A legal study** will be prepared to set out the legal framework for implementation, especially in relation to the LAG partnership model.
- **A detailed implementation plan** will be designed, including a detailed time frame and human capacity needs.
- **Guidelines for** programme activities will be prepared, establishing the framework for efficient implementation.
- **The team setup** will be established, including the programme office and the expert teams.
- **A local stakeholders-map** will be created, collecting relevant data on public, private and civil society bodies with the potential to be the driving force of LEADER implementation at the local level.
- **A partners-map** will be created, mapping relevant public, private, non-government organization, research and civil society organizations, donors and financing institutions, and international organizations that could be potential partners in the project implementation.
- **A partners' permanent round-table setup** will be established – this is a permanent roundtable with the participation of the above partners for sharing information, experience, lessons learnt.

- **Training of trainers** is meant for the potential experts and staff members who will be involved in the Project implementation. The training should aim at creating a common understanding of the LEADER/CLLD method and the LEAD Project in detail; it should create a common language among the implementers and build a cross-cutting programme implementation team. FAO will participate in the implementation of the training through international experts on agriculture and rural development. The final selection of potential community coaches should be done after the training, taking into consideration the training performance of the candidates.
- **An international LEADER workshop** will be held with participation of selected LEADER stakeholders from the EU and neighbouring countries to introduce relevant LAG projects, development tools and organizational systems that can be suitable for the Armenian context (e.g. the LAG business model from Ireland, business and tourism development models from Tuscany, etc.)

#### ***Outcomes of the inception phase***

- Documentation and information prepared for implementation.
- Detailed programming process and implementation plan, including legal framework, prepared.
- Relevant human capacity ensured; trained and motivated staff and experts; a team built.
- International LEADER experiences inserted into the project implementation plan.

As a result of the participatory method, all relevant partners informed on, and contribute to, the Project contents.

#### **Results Chain**

<b>Overall goal</b>	<b>Promote local growth and development, leading to improved quality of life, through community engagement in economic and social activities, with particular focus on Lori and Tavush regions of Armenia.</b>	
<b>Objective 1</b>	<b>Mobilize, capacitate and incentivize local actors to define community needs-driven strategies in Lori and Tavush regions</b>	
<b>Output</b>	<b>1.0 Emergency response action to the socioeconomic crisis created by COVID-19</b>	
<b>Activities for Output 1.0</b>		
<b>Activity number</b>	<b>ACTIVITIES</b>	<b>RESPONSIBLE AGENCY</b>
<b>(COVID) 1.0.1</b>	Establish a support scheme through a local call soliciting proposals from individuals, informal groups, cooperatives, microenterprises and SMEs in agriproduction and agriprocessing, as well as through offering technical support and other learning and knowledge sharing opportunities.	<b>UNDP</b>
<b>(COVID) 1.0.2</b>	Support building local supply chains	<b>UNDP</b>
<b>Output 2.0.1</b>	<b>Emergency response action implemented by FAO to the socioeconomic crisis created by COVID-19</b>	
<b>Activities for Output 2.0</b>		
<b>(COVID) 2.0.1</b>	Conduct an assessment on the impacts of COVID-19 related to the food value chain in Tavush and Lori for identifying needs and targeting project support.	<b>FAO</b>

<b>(COVID) 2.0.2</b>	Support for overcoming negative impact of COVID in communities through non-cash contributions on innovative inputs and machinery.	<b>FAO</b>
<b>(COVID) 2.0.3</b>	Support to vulnerable beneficiaries of the “Developing Capacity for Strengthening Food Security and Nutrition in Selected Countries of the Caucasus and Central Asia” to overcome COVID crisis through non-cash grants	<b>FAO</b>
<b>(COVID) 2.0.4</b>	Provide necessary specialized support to building local supply chains (to support UNDP in activity 1.0.2).	<b>FAO</b>
<b>(COVID) 2.0.5</b>	Fast extension support in agri-production.	<b>FAO</b>
<b>Inception phase</b>		
<b>Objective 1</b>	<b>Mobilize, capacitate and incentivize local actors to define community needs-driven strategies in Lori and Tavush regions</b>	
<b>Output</b>	<b>1.1 Replicable mechanism for community mobilization, engagement and animation established and operational</b>	
<b>Activities for Output 1.1</b>		
<b>Activity number</b>	<b>ACTIVITIES</b>	<b>RESPONSIBLE AGENCY</b>
<b>1.1.1</b>	Hold a Project launch conference with the participation of national partners and different stakeholder groups (including the local private sector, civil society organizations and municipalities) to present the Project national implementation plan and the criteria for the creation of LAGs, to collect feedback and to integrate this into the implementation plan.	<b>UNDP-FAO</b>
<b>1.1.2</b>	Launch a national media campaign informing the wider public about the LEAD Project, explaining how it works, who can be a part of the process and how to become a part of the Project.	<b>UNDP</b>
<b>1.1.3</b>	Roll out the coaching phase in the preliminary delineated territories with development experts and facilitators external to the community for local animation, partnership building and identification of potential members of LAG working groups, representing local public bodies, local businesses and the local civil society. Coaches: capacity development and strategy development experts – UNDP; agricultural expert (natural resource management/cooperation/agriculture) – FAO	<b>UNDP-FAO</b>
<b>1.1.4</b>	Mobilize LAG working groups and prepare them for membership	<b>UNDP (FAO and UNDP will jointly work on the agriculture working group)</b>
<b>Output</b>	<b>1.2 Improved capacity of local actors to develop and deliver community needs-driven vision and strategy</b>	<b>UNDP-FAO</b>
<b>Activities for Output 1.2</b>		

<b>1.2.1</b>	Support the LAG working groups to prepare the documentation for formalization, signature of the partnership agreement and formal approval of LAG	<b>UNDP</b>
<b>1.2.2</b>	Organize study tours to EU and non-EU countries for the LAGs to learn from the experience of LAGs in other countries	<b>UNDP-FAO</b>
<b>1.2.3</b>	Support the LAGs to form LAG strategic planning working groups, with voluntary membership	<b>UNDP-FAO</b>
<b>1.2.4</b>	Build the capacities of the working groups in the strategic planning method	<b>UNDP</b>
<b>Output</b>	<b>1.3 Community needs-driven strategies developed in an inclusive and evidence-based manner and promoted in the target regions of the Project</b>	<b>UNDP</b>
<b>Activities for Output 1.3</b>		
<b>1.3.1</b>	Organize participatory and facilitated working meetings in the LAG territory (facilitators should external experts who support the working group) for territory assessment, defining the LAG's mission, vision and strategic objectives, and identification of territorial needs and priorities and project ideas	<b>UNDP (FAO experts will facilitate the identification of needs, potential, resources and problems in the agricultural sector and support sustainable agriculture-related issues in the environmental sector)</b>
<b>1.3.2</b>	Prepare territorial development strategies (with at least a five-year vision), a two-year action plan, budget, and a communication and monitoring plan, with the participation of working groups and facilitated by the experts	<b>UNDP (FAO experts will draft the agricultural section of the strategies and participate in the sustainable agriculture-related issues in the environmental sector)</b>
<b>1.3.3</b>	Present and submit the planning documents for the approval of the LAG	<b>UNDP</b>
<b>Sub-output</b>	<b>Sub-output 1.3 Agricultural section for community needs-driven strategies developed in an inclusive and evidence-based manner</b>	<b>FAO</b>

<b>Activities for Sub-output 1.3</b>		
Sub-activity 1.3.1	Organize participatory and facilitated working meetings in the LAG territory, to assess the agricultural sector, define the LAG strategic objectives in regard to the development of the agricultural sector, and identify the sector's priorities and Project ideas	<b>FAO</b>
Sub-activity 1.3.2	Development of the sectoral analysis on agriculture for the LAG	<b>FAO</b>
Sub-activity 1.3.3	Conduct local awareness-raising events (community workshops, conferences, roundtables, lectures, focus group discussions, etc.) for smallholder farmers, representatives of extension services, and groups and individuals engaged in agriculture, with the support of local authorities	<b>FAO</b>
Sub-activity 1.3.4	Based on the findings of working meetings draft inputs for the strategic plan, two-year action plan, budget, and communication and monitoring plan	<b>FAO</b>
<b>Objective 2</b>	<b>Build supporting infrastructure to prioritize, implement and sustain local-grown initiatives in the northern and other target territories</b>	
<b>Output</b>	<b>2.1. LAGs established, and applicants/ grantees capacitated</b>	<b>UNDP</b>
<b>Activities for Output 2.1</b>		
<b>2.1.1</b>	Study European and non-EU experiences of establishing the LAG accountable body	<b>UNDP</b>
<b>2.1.2</b>	Based on the findings, pilot different institutional mechanisms to formalize the work of the accountable body (community development funds, local information centres, non-governmental organizations, cooperatives, etc.), including registration and setup of the office	<b>UNDP (FAO will contribute at the stage of piloting different mechanisms operating in the agricultural sector)</b>
<b>2.1.3</b>	Capacity building of the accountable body as a hub for managing, implementing, incubating and monitoring local development	<b>UNDP</b>
<b>2.1.4</b>	Organize a study tour for the LAGs to learn from the experience of functioning accountable bodies in EU states (destination TBC)	<b>UNDP</b>
<b>Output</b>	<b>2.2 A pool of fundable initiatives created for further prioritization and implementation</b>	<b>UNDP</b>
<b>Activities for Output 2.2</b>		
<b>2.2.1</b>	Support the LAGs to form a selection committee and set the criteria for the selection of applicant grantees	<b>UNDP</b>
<b>2.2.2</b>	Support the LAGs to announce local calls for proposals in line with the strategic goals and priorities, as well as the two-year implementation plan of the LAG territory	<b>UNDP</b>
<b>2.2.3</b>	Provide independent expertise for the assessment of the selected start-ups	<b>UNDP-FAO (Each organization for</b>



		<b>the projects related to its agreed sectors)</b>
<b>2.2.4</b>	Assess the needs and provide needs-based capacity building to the selected start-ups	<b>UNDP</b>
<b>Output</b>	<b>2.3 A pool of initiatives financed through a results-based scheme established</b>	<b>UNDP</b>
	<b>Activities for Output 2.3</b>	
<b>2.3.1</b>	Based on the impact of the start-ups on the community development during the initial stage, create a pool of projects for evidence-based financing	<b>UNDP</b>
<b>2.3.2</b>	Assess the needs and provide needs-based consulting/trainings to the scaled-up projects	<b>UNDP</b>
<b>2.3.3</b>	Pilot different sustainability mechanisms to ensure the longevity of LAGs, including positioning the most vibrant LAGs as service providers and producers, setting up revolving funds, linking LAGs to different sources of financing, including diaspora funds, and piloting innovative financing mechanisms	<b>UNDP</b>
<b>2.3.4</b>	Organize study tour for grantees and service provider-LAGs to learn from EU best experiences	<b>UNDP</b>
<b>Sub-output</b>	<b>Sub-output 2.3 Capacities of the applicants of the pool of fundable initiatives and evidence-based funding from the primary agricultural production sector are strengthened (if it relates also to agricultural processing, upon coordination with UNDP)</b>	<b>FAO</b>
	<b>Activities for Sub-output 2.3</b>	
Sub-activity 2.3.1	At the territorial level, upgrade the skills and technical capabilities of different stakeholders engaged in agriculture to apply for the calls announced by the LAGs	<b>FAO (agri-processing will be the main focus of UNDP)</b>
Sub-activity 2.3.2	Provide needs-based capacity building to the successful applicants engaged in agriculture	<b>FAO (with agri-processing being the main focus of UNDP)</b>
Sub-activity 2.3.3	Organize specialized study tour focused on the LAG's agriculture and rural development experience	<b>FAO</b>
Sub-activity 2.3.4	Support the start-ups in agriculture to apply for evidence-based funding	<b>FAO (agri-processing will be the main focus of UNDP)</b>
Sub-activity 2.3.5	Provide needs-based capacity building to the successful candidates for the pool of evidence-based funding engaged in agriculture	<b>FAO (agri-processing will be the main focus of UNDP)</b>
<b>Output</b>	<b>2.4. Networking and cooperation established, and lessons learned shared and documented</b>	<b>UNDP-FAO</b>

<b>Activities for Output 2.4</b>		
<b>2.4.1</b>	Support LAGs' horizontal, vertical and international networking and cooperation with development partners through linking them to international rural networks (ELARD, ENRD, PREPARE Black Sea Initiative, Georgian and Moldovan Association of LAGs, etc.).	<b>UNDP-FAO</b>
<b>2.4.2</b>	Organize local product fairs (including agricultural products) locally featuring the LAG-supported initiatives	<b>UNDP-FAO</b>
<b>2.4.3</b>	Share Armenian experience of the LEAD Project, lessons learned and results during a closing LEAD conference	<b>UNDP-FAO</b>
<b>Sub-output</b>	<b>Sub-output 2.4 Strengthen the cooperation between farmers through capacity building and consultancy</b>	<b>FAO</b>
<b>Activities for Sub-output 2.4</b>		
Sub-activity 2.4.1	Under LAG's umbrella, create an association of agro-producers that will use unifying capacity of LAG to improve the business competitiveness of its members: reducing expenses and increasing revenue	<b>FAO</b>
Sub-activity 2.4.2	Organize capacity-building training for AAs on the development of their agricultural competitive advantages and business managerial and financial skills	<b>FAO</b>
Sub-activity 2.4.3	Develop a methodology for cooperating with "external businesses" operating or having demonstrated interests in the LAG's territory, with the purpose of diversifying the sources of finance for the LAG's projects. The key issue is to design a methodology to secure the LAG decision-making process from the direct influence of the "external business"	<b>FAO</b>
Sub-activity 2.4.4	Support in establishment of cooperation with agricultural international organizations and potential business partners	<b>FAO</b>
<b>Objective 3</b>	<b>Capacity of ministries and other relevant bodies are improved and policy mechanisms at national level are developed for the successful piloting and sustainability of the LEADER approach in Armenia (policy component)</b>	
<b>Output</b>	<b>3.1 Policy framework for overall adaptation of the LEADER approach to the territorial development strategy of Armenia</b>	<b>UNDP</b>
<b>Activities for Output 3.1</b>		
<b>3.1.1</b>	With the involvement of relevant line-ministries, institutions and donor community start a policy consultation and submit recommendations for the improvement of the administrative and policy framework in support of territorial development, including application of the LEADER approach	<b>UNDP</b>
<b>3.1.2</b>	Capacity development of administrative staff of the Ministry of Territorial Administration and Infrastructure (MTAI) and regional administrations of Lori and Tavush marzes on integrated territorial development and LEADER approach	<b>UNDP</b>
<b>3.1.3</b>	Exchange of experiences for the administrative staff of MTAI through study tours abroad, conferences and workshops	<b>UNDP</b>

<b>3.1.4</b>	Concept note formulated for potential scale-up of the Project based on the experience	<b>UNDP-FAO</b>
<b>3.1.5</b>	<b>Support establishing development assistance database (DAD) - a coordination platform upon the request of the Government.</b>	<b>UNDP</b>
<b>Output</b>	<b>3.2 Policy framework adjusted in regard to Armenia's agricultural policy</b>	<b>FAO</b>
<b>Activities for Output 3.2</b>		
<b>3.2.1</b>	With the involvement of the Ministry of Economy, agriculture-related bodies, academic and research institutions, and donor community initiate discussions on agricultural policy adaptation of the LEAD Project, and formulate recommendations for improvement of the administrative and policy framework in support of the agriculture component of the LEADER approach	<b>FAO</b>
<b>3.2.2</b>	Capacity development of administrative staff of the Ministry of Economy and local municipalities on agricultural development and the LEADER approach	<b>FAO</b>
<b>3.2.3</b>	Trainings, though exchange of experience, conducted at national and local level through coaching, study tours in-country and abroad, hosting international and regional conferences and workshops, etc.	<b>FAO</b>
<b>3.2.4</b>	Prepare a package of policy changes in light of the new development reality, with the LEADER approach territorial delineations and LAGs as new actors in the agriculture sector of the Armenian economy	<b>FAO</b>

### **LEAD in Lori and Tavush emergency response action to the socioeconomic crisis created by COVID-19**

The overarching principle of the LEAD in Lori and Tavush interventions as emergency response to the COVID-19 crisis is keeping people, households and businesses afloat with a focus on families, women, youth, persons with disabilities and the elderly, low-wage workers, labour migrants, small and medium enterprises, microenterprises and the informal sector. The provided assistance will target individuals hit hardest by the spread of the virus and facilitate their access to the basic living standards. The response action should enable all the vulnerable layers of the local communities to access non-financial means, support schemes (including peer to peer, community and Government support), knowledge, information, infrastructure and inputs in the form of hard and soft asset investment to overcome the socioeconomic shock of job loss, access alternative income sources to compensate the heavy cuts on household income, substitute the loss of employment opportunities in some sectors through redeployment to the sectors with hiring capacities, recovery to those who are falling through the safety net.

Given the fact that under the total shutdown the agricultural sector is relatively unscathed, forecasted rise of the demand on local agriproducts, the rising concerns of food security and the necessity to boost the supply, the labour absorptive capacities of the sector and its significance in the regional economies of Tavush and Lori, agricultural entrepreneurship, primary production and value chains will

be the main sectoral focus of the COVID-19 response action plan under LEAD in Lori and Tavush project.

The Project will closely collaborate with EU-GAIA project implemented in the same target regions to complement the work already initiated in terms of COVID response. While the EU-GAIA project has focused at purchasing and distribution of seeds and seedlings to farmers, providing some equipment to the municipalities and hiring agricultural experts to assist the works of the Hotline of the Ministry of Economy, the LEAD project will mainly look at creating enabling infrastructure in the region and supporting those farmers who have applied for state assistance projects to enhance and strengthen their capacities, thus, complimenting the works of EU-GAIA and other initiatives related to COVID-19 response.

### **Activity 1.0.1**

The support scheme will be enacted through a local call soliciting proposals from individuals, informal groups, cooperatives, microenterprises and SMEs in agriproduction and agriprocessing in targeted value chains in each preselected area of Tavush and Lori region with strong emphasis on potential LAG communities. The selected areas will cover the whole territory of two regions, while the “economic zoning” will be done from the perspective of the main agriproduction capacity of the area. The call will allow room for alternative/innovative agricultural activities, especially in the light of food security. The selection criteria will have strong social outlook, when the lack of knowledge, capacities and co-funding availability will be compensated by fast learning track available through consulting/capacity building component, knowledge exchange mechanism, peer to peer learning, “after-harvest” pay through contributing to a seed bank, reinvesting in revolving funds (i.e. in case of cooperative production), contributing to community support activities, etc.

The applicants with the capacity of employment (decent jobs) generation, still not demonstrating severe social vulnerability will be co-funded, if state funding through economic support packages is ensured. No direct cash transfers are intended as a part of the support. Instead, the scheme aims at ensuring the accessibility of technical support, enabling institutional setup and production/processing inputs (seeds, seedlings, equipment, greenhouses, drip irrigation, etc.) directly provided by the Project. Collective initiatives will be highly welcome from the perspective of creating support nets, increased bargaining power, significant supply volumes and joint access to Project provided resources.

Technical support is going to be the important aspect to this component enabling the most impactful use of Project investments. While both the Programme and the Government may offer a plethora of tools and solutions to salvage the SME sector, their adoption by the local SMEs is slow and fragmented. The SME sector lacks the agility and flexibility to quickly restructure themselves, from the perspective of management, marketing, market access and production process. This creates gaps causing inefficiency in demand-use nexus of SME support.

With the aim of extending the access of the microbusinesses and SMEs to consulting and information support, the Programme will cooperate with the facilities of UNDP funded local R&D centres and EU GAIA Project, to ensure availability of technical support for maturing the emerging entrepreneurial initiatives, fostering innovation (beyond digital technological innovation), service delivery, strengthening the SMEs in traditional sectors of the economy, as well as facilitating the access of the SMEs to Government support packages.

### **Activity 1.0.2**

In response to the challenges to food security, supply disruptions, local economic slowdown and job loss the Project will undertake building local supply chains as part of COVID emergency response action. To this end the collection, production and processing capacities of UNDP funded local collection/storage facilities will be strengthened and new centres will be established. These centres will be set up to 1) produce local safe food getting engaged in producing and processing loops of local value chains (e.g. incubate poultry, slaughterhouse services according to new quality/sanitary standards, bakery, pasta production, processing of vegetable and fruit surplus that will arise due to export restrictions, etc.); and 2) collect and package for delivery the locally grown/produced agriproducts, including the Project supported production.

In order to make the scheme truly serve its purpose LNOB principle should be mainstreamed across activities through reaching out to the groups who desperately need this support. To this end the Program will make sure that strong cooperation with the national, regional and local governments are in place and the activities are well coordinated with the line Ministries, especially MoE and MTAI. In addition, closely cooperate with the civil society and grassroots organizations, community-based organizations (CBOs) and faith-based organizations (FBOs) at the local level. Many of them assist the most vulnerable populations through bringing economic and livelihood opportunities and are very well familiar with the vulnerability context of the communities in COVID-related situation.

The Project will loop in the private sector particularly for the knowledge transfer, will establish peer to peer learning network, as well as will closely cooperate with partner organisations and UN agencies active in the target regions. The COVID emergency response activities will be synergised with the EU-GAIA Project, especially hinging on its technical support measures. There will be a cooperation modality with the Government around the economic support packages allowing a co-funding opportunity by the Project to those applicants from the regions of Tavush and Lori who will demonstrate employment generation capacity (decent jobs).

The Project's public launch in the light of the pandemic might be moved to the digital space. LEAD may officially be launched through a multistakeholder teleconference convening all the parties if necessary, including local stockholders who can act as multipliers of the information and influencers on different levels. The media campaign of the Project will start using digital tools. The Project will mobilise its stakeholders through one digital platform, thus creating digital community(ies) which can smoothly transform into offline partnerships once the COVID crisis is overcome and ensure regular communication between the stakeholders and implementing partners.

### **Activity 2.0.1**

Conduct an assessment on the impacts of COVID-19 related to the food value chain in Tavush and Lori for identifying needs and targeting project support

A number of measures have been adopted by countries around the world to contain the epidemic of COVID-19. The so called "lock-down" include restrictions in the movement of people, export bans, import restrictions, burdensome border controls of people and merchandise, and the closure of wet markets, restaurants, food stalls and hotels. All of these measures have the primary objective of containing infection, but they can negatively affect food supply chains. In general, the FAO has emphasized from the outset of the pandemic the need to closely monitor the functioning of food supply chains, and to identify and flag problems that could be compromising food security, notably food availability. The areas of the implementation of the LEAD project in Armenia, Lori and Tavush are also affected by the negative implications of the COVID-19. Therefore, before launching any COVID response project in the above-mentioned regions, it would be

valuable to understand their current situation of the agriculture and rural development after pandemic. This analysis will increase the productivity of the COVID response activities of the LEAD projects and the effectiveness of usage of the project's limited resources for the recovery actions of potential members of the LAGs.

To make more targeted COVID response activities and identifying needs, FAO will conduct an assessment of the impacts of COVID-19 related to the food value chain in Tavush and Lori. International and national experts, with particular knowledge on the economic analysis, as well as on national context in Armenia on agricultural and rural development policies, will conduct assessments through surveys and data analysis. Since the two pilot regions of the project have their own characteristics in their agricultural production patterns, local consultants will focus on the specific needs of the potential members of the future LAGs.

The results of the assessments will be shared with UNDP, as well as with the government, GAIA project and other interested partners engaged in Lori and Tavush for the consideration of their planning for support and recovery actions.

### **Activity 2.0.2**

Support for overcoming negative impact of COVID in communities through non-cash contributions on innovative inputs and machinery.

Based on the results of the assessment on the impacts of COVID-19 related to the food value chain in Tavush and Lori conducted in the Activity 2.01 for identifying needs of the agro producers affected by the crisis, FAO will design a support scheme and then implement it through non-cash contributions on innovative inputs and machinery. As UNDP will emphasize social component and linkage to the state support packages during selections of the applicants, also taking into account that FAO's Activity 2.03 has strong social orientation, therefore, under current activity FAO will mostly focus on the recovery support of the disrupted various food value chains by provision of identified needs. FAO will also create opportunity for the farmers who could not use the chance to participate in the COVID response state projects. The key criteria of the applicants' selection would be clear demonstration of the affected part of the value chain, and strong understanding of the support type by strengthening the weak link with innovative inputs (irrigation system, e-agriculture tools, intensive agriculture components, etc.).

Not to duplicate GAIA's intervention in the regions, FAO will not focus on the organic and post-harvest activities, while will support the cycles of food value chain by inputs. FAO will support by 4-wheel tractors or other similar modern equipment and/or replacement parts, which is different from the GAIA's interventions based on the Tavush and Lori governors' requests. In any case, FAO will periodically initiate consultation with the partners from GAIA project to achieve more effectiveness of the synchronization of efforts.

### **Activity 2.0.3**

Support to vulnerable beneficiaries of the "Developing Capacity for Strengthening Food Security and Nutrition in Selected Countries of the Caucasus and Central Asia" to overcome COVID crisis through non-cash grants

Faithful to its commitment to support governments in developing and strengthening inclusive social protection systems to fight hunger, malnutrition and poverty in coherence with agricultural, food security, nutrition and rural development efforts, FAO within the "Developing Capacity for Strengthening Food Security and Nutrition in Selected Countries of the Caucasus and Central Asia" Project, initiated and succeeded in implementing the Cash+ pilot in Lori and Shirak marzes of Armenia, targeting in total 133 beneficiary households. Selection of pilot marzes and households was done based on the clearly defined criteria considering the poverty and child poverty rates, number of children in household and availability of children under age 5, etc. In total 802 people including 388 children, of which 200 were below five years of age have been benefited from implemented pilot project. Out of those, 24% were women-headed households, including single women bearing responsibility for older people and children. According to the nature of their

livelihood profiles, including labor potential and ownership of specific assets, pilot participants received agricultural inputs (either cattle or poultry and a high value crops) to support households' capacities to diversify their livelihoods, on the one hand, while addressing nutrition gaps in animal protein consumption through the increased production of and access to animal protein and increased income generation, on the other hand.

The pilot beneficiary households have received trainings and regular follow-up consultations in livestock rearing and have been equipped with information materials on livestock management and feeding practices. Nutrition training was developed based on the results of the training needs assessments that FAO conducted among pilot participants jointly with the Ministry of Health and local authorities. The training sought to raise pilot participants' awareness on nutrition, hygiene, food security and food safety.

In the scope of the Cash+ pilot, FAO provided cattle to around 60 most vulnerable and poor families in Lori. The selection of the families was done in close consultation with the Government taking into consideration the poverty standards in the region. COVID-19 created financial and operational troubles, particularly for a more vulnerable segment of the rural communities, therefore, they face difficulties to keep and feed the animals received from the FAO. Consequently, it may force the families to sell the cattle, which is a stable source of income and primary nutrition requirement, especially for children. Thus, as COVID response activity, FAO will support these families by the provision of fodder and/or other necessary inputs to ensure the sustainability of the 60 families, potential members of the LAGs in Lori.

Though the EU-GAIA project aims to assist the people from vulnerable groups, such as women and the young generation in strengthening their capacities with small equipment and technical solutions in Lori. However, possible items of support are quite different. GAIA considered for the non-cash support inputs like super-elite seed, agricultural tractor implements, driers and improved sheep breeds. Meanwhile, FAO, under this activity, plans to provide mainly fodder and other livestock-related inputs. Anyway, to increase effectiveness and avoid duplications, FAO will synchronize its support with GAIA, as the FAO's targeted groups in Lori could clash with GAIA's vulnerable groups.

#### **Activity 2.0.4**

Provide necessary specialized support to building local supply chains (to support UNDP in activity 1.0.2).

As a COVID response activity, UNDP is planning to undertake to build local supply chains. In the scope of the project, UNDP will strengthen the local collection/storage facilities and establish new centers for the production of the local safe food (incubate poultry, slaughterhouse services, processing of vegetable and fruit surplus, etc.) and preparing locally agriproducts for the market. FAO, as a specialized agriculture organization with broad experience in agriculture supply chains, will support UNDP with requested specific agriculture expertise by inviting local and international well-qualified experts.

#### **Activity 2.0.5**

Fast extension support in agro-production.

Disrupting supply chain and creating difficulties for agriculture inputs import, COVID-19 directly affected agricultural activities and production. In these circumstances, it becomes a priority to increase the competitiveness of the local agro-producers. Core competency and revenue increase will be noticed by the implementation of investments in technology for cost reduction. In this way, farmers can increase yields and develop more resilience to not only pandemic but also to extreme climate events in the future. According to various assessments conducted in Armenia, due to the COVID crisis, the income in rural areas decreased around 40%, therefore, meanwhile qualified extension services on the introduction of the innovative and advanced technologies and effective organization of the agriculture processes will ensure the further success of agro-producers in COVID recovery period. Hence, FAO, based on the requests, will provide relevant specialized extension services to the farmers of Lori and Tavush marzes, as potential members of LAGs.

Though the risk of duplication and overlapping with GAIA's similar activity in the marzes is low, as GAIA plans to support the development of the business plans of the loan applicants to the government support

packages, while FAO will provide technical specific agriculture expertise to the farmers in the action stage, however, FAO will stay in close consultations with GAIA to synchronize efforts.

**Overall goal: Promote local growth and development, leading to improved quality of life, through community engagement in economic and social activities, with particular focus on Lori and Tavush regions of Armenia.**

**Objective 1: Mobilize, capacitate and incentivize local actors to define community needs-driven strategies in Lori and Tavush regions**

**Output 1.1: Replicable mechanism for community mobilization, engagement and animation established and operational**

The project will kick-start with an opening conference and a media campaign which will aim at wide and targeted dissemination of information about the project, LEADER approach, the opportunities for cooperation, the criteria of establishing LAGs, etc. This process should inform and mobilize all the local stakeholders who can act as the 'seed' of the potential LAGs representing the regional and national government, local CSOs, business sector. The Programme starts facilitating the preliminary territorial partnerships prior to the coaching phase. This is the stage when the Program can already solicit statement of interests from the local communities to cooperate within the scope of the LEADER, thus drawing the initial boundaries of potential LAGs.

The actual entry of the Programme into the communities will be marked by the start of the coaching phase, jointly delivered by UNDP and FAO. This is the community animation process facilitated by external experts. This moderation will help the people to organize themselves, inform, build partnerships, help identify the local changemakers, assist ideas to emerge, build self-confidence, shape attitudes and thinking. Coaching leads the local groups from public, private and CS sectors into voluntary formation of LAG working groups and clear delineation of LAG area.

This phase brings together all the interested groups from the communities of the target territory and facilitates formation of working groups on the territorial level to start a discussion of common needs and development perspectives juxtaposing different views and interests. The series of thematic discussions facilitated by FAO and UNDP experts in the working groups will contribute to building partnerships (candidate LAGs). The work in the groups facilitated and mentored by the Programme should build trust and collaboration between the parties.

The discussions on the territorial level should reveal the features and the key assets of the territory which have a strategic importance for its long-term sustainable development, current problems which challenge the local growth, reconcile different interests and formulate on a consensus a joint vision for the territory development. Candidate LAGs will be created by local stakeholders in accord with the LEADER and CLLD approach and guidelines, based on a phased and competitive approach.

The Programme will provide tools and facilitate opportunities for local actors to express their views on the core issues and prepare for designing a shared strategy. This phase is marked by the signature of the LAG Territorial Partnership Agreement, and its official approval. The result of this is the formally approved LAG (territory and members). The Programme will keep 33.3% public organizations, 33.3% businesses, 33.3% civil society representation of the LAG membership. 10,000 population and the membership of at least three rural municipalities in the LAG will be mandatory.



### *FAO's specific role*

In order to provide in-depth analysis to identify the priority sectors for the development of the local strategies, the LAGs with support to organize community mobilization campaigns focused on identification and prioritization of local needs in the agricultural sector for the selected territories in both marzes. Local farmers, extension service providers, parties engaged in agriculture activities and potential members of LAG, as well as local and regional government representatives will participate in the meetings and workshops led by FAO experts that will ensure wider discussions on needs, constraints, priorities and opportunities in the agriculture of the LAG territories. In this stage, local and international experts will present the LEADER approach with focus on agriculture to the farmers and other beneficiaries of the project, discovering the productive linkage of the specific competitive advantages of the specific territories and communities to the development opportunities through the LEADER approach.

### **Output 1.2: Improved capacity of local actors to develop and deliver community needs-driven vision and strategy**

Local Action Groups shall design and implement the community led local development strategies. Though there is not a fit for all template and approach for designing these strategies, there are available guidelines which allow the LAG working groups to design the document with the expert support, and it is the role of the Programme to enable and motivate the LAG working groups to reflect local needs and capabilities into the strategic vision for the territorial development and frame feasible action plan towards its achievement. The preparatory stage will apply participative and actively managed LDS method, coupled with a learning opportunity from the EU LAGs through a joint UNDP-FAO study trip organised for the local LAGs. The study trip will allow the LAG members to get hands-on knowledge on the strategic planning process directly from the hosting LAG members, learn about dos and don'ts, which will help to keep the process practical, focused and the outcome document brief and to the point.

The main objective of the process is to familiarise the working groups with participatory planning and essential content of the LDS. The working group should validate the template of the LDS and identify the scope of the information required to complete it. The template would commonly include sections on the territory, its geography and environment, resource efficiency, heritage, climate change, transport, infrastructure, population, social inclusion and poverty, the economy, including agricultural sector (covered by FAO) and labour market, governance and administration. This provides a basis around which the working group's analysis and initial thinking about possible LDS priorities can take place. Each of the sections, its significance, related vocabulary and the required data will be thoroughly presented and discussed with the group by UNDP and FAO experts creating a common ground and a thesaurus for comprehensible and effective working process during the next stage of strategy development.

### **Output 1.3: Community needs-driven strategies developed in an inclusive and evidence-based manner and promoted in the target regions of the Project**

The LAG working groups will further facilitate the community mobilization process with the support of FAO and UNDP experts, to develop community-driven strategies, which will provide the vision, priorities and road map for the future development of the LAG territory. The priorities will be set out by the working groups with multisector representation, taking into consideration the local context and local needs. Thematic, sectoral or area based subgroups or working groups may be formed as a part of the process to offer a further means of broadening, extending and deepening the participative and consultative process and addressing

sectoral needs or priorities. These may be established in response to a specific need or interest group e.g. as a result of a more general meeting or as a direct initiative by the group leading the LDS process. The subgroup on agriculture will be facilitated by FAO experts.

Next to broader strategizing, the groups will identify and generate local project ideas that will act as the base for creating the so-called 'Project Folder', which will include clearly formulated project proposals based on the identified strategic priorities. The Project Folder will be a significant part of the LAG strategy document and will cover the important aspect of the local strategy development directed to identifying and (re)discovering local development resources by the communities that might have been forgotten or never used.

The expert support will include tools and methods to carry out research and analysis of the territory for identifying its strengths, competitive advantages and action potential, which could form the foundation for local development. The analytical part of the strategies will be informed with the recent assessments and research covering the target territory and will integrate strong dimensions on gender, resilience and sustainability, as well as crisis recovery. The strategy development marks an important milestone in the LAG lifecycle. Approval of the LAG local Strategic Action Plan (SAP), two-year Implementation Plan and the Project Folder means that the LAG has completed the process and prepared the plans needed to start the implementation of the participatory strategy at the local level.

### **FAO Sub-output 1.3: Agricultural section for community needs-driven strategies developed in an inclusive and evidence-based manner.**

As a specialized international organization in food and agriculture, FAO will, based on its unique experience and professional resources, carry out sectoral analyses on agriculture and provide qualified expertise, recommendations and other necessary support for further development of the agricultural part of the LAG strategies. For this purpose, the various analytical and scientific methods will be used. Activities will be implemented addressing joint rural development efforts among local authorities, local advisory services, local communities and farmer organizations. The aim is to address the issues of sustainability of the selected territories through trainings of farmers and local authorities in a participatory way by means of an integrated community development approach. Thus, capacity development will be offered for local stakeholders, including local authorities, extension and advisory service as well as LAG members on strategic planning, prioritization, strategy formulation and resource mobilization. Based on the findings, the draft inputs for the strategic plan, the two-year action plan, budget, and communication and monitoring plan will be prepared and offered to the LAGs for further discussion.

While identifying priorities in the agriculture sector, it is important that LAGs, with support of the project experts, also focus on analysis of the post-COVID-19 crisis in the local agriculture sector, and try to measure results and potential risks for primary production, supply of inputs, access to mechanization, agri-processing, access to markets, etc. These analyses will help the LAGs to design a specific recovery plan and support farmers and others engaged in agriculture to overcome the new economic difficulties. During these discussions concrete project ideas will be identified and developed in order to consider for further elaboration in the grant phase of the LEAD project.

### **Objective 2: Build supporting infrastructure to prioritize, implement and sustain local-grown initiatives in the northern and other target territories**

#### **Output 2.1: LAGs established, and applicants/ grantees capacitated**

The institutional setup of the LAG will be operationalised through a legal status, defining its executive bodies and staff. By its structure LAG brings together public, private and civil society partners, and in this sense, it should allow a well-balanced representation of the existing local interest groups. Its legal form varies from country to country, but partnerships often have a non-profit status. It is a basic criterion that at the decision-making level, private partners and civil society representatives must make up at least 50%, plus one person. In some countries, LAGs are not-for profit limited liability companies created by their members (municipalities, businesses and civil society organizations). In other countries, the form of the LAG organization is a public association. In a third group of countries, the LAG is represented legally by one of the legal members (a so-called Accountable Body) of the LAG partnership. In LEAD Programme, this third type of LAG organization will be established. The Program will pilot different models based on the findings of the legal study, the EU experience as presented during the study tour and UNDP vast expertise and best practices of establishing multipartite community-based organisation. FAO, based on its experience on community development approaches, will also contribute to the process from the perspective of smallholders and the agriculture sector. During this stage UNDP will organise a study trip to the EU LAGs with the purpose of studying the EU experience of institutionalising the work of Accountable Bodies through different models. Key members of LAG Accountable Bodies will participate in this trip to get first-hand experience, learn from a working model of Accountable Bodies, and establish personal connections with colleagues in other countries.

In LEAD Programme LAG members may represent:

- local public bodies (administration, council, public service providers and other public institutions)
- local businesses and local emerging businesses
- small farmers, smallholders
- LEAD AAGs or CAG
- local grass roots and locally active NGOs
- locally active development foundations
- individuals

In addition to LAG members, some other bodies can be represented in LAGs with the right of consultation:

- LEAD Programme representatives (in the programme implementation period)
- Locally active or interested financial partners
- Representatives of the regional government(s)
- Partners representing technical cooperation and relevant research institutions
- NGOs national international active in the country

In the LEAD Programme, the LAG partnership will be formalized within the frame of a Territorial Partnership Agreement signed by all members. Its operational scope will be defined in the so-called LAG Mode of Operation document, approved by the LAG partnership. LAG partnerships may not be legal bodies; they may elect one of the LAG member organizations to be the legal representative of the partnership (the so-called accountable body), or a new local development organization will be created and function as the accountable body of the given LAG. Accountable body organizations shall be responsible for creating the management unit of the LAG.

LAG strategic decisions will be made by the LAG Council – the assembly of the members. The elected LAG Board may be responsible for daily and project decisions. The Accountable Body shall implement both LAG Council and LAG Board decisions. Capacity development of LAG Accountable Body will be carried out based on the needs of the Accountable Body. The capacities of project management, financial management, legal and accounting, fundraising, as well as other relevant skills will be delivered through formal trainings and mentoring as necessary.

The number of LAG members is unlimited, but certain criteria will be introduced to ensure targeted and transparent membership. The composition of the LAG has to follow gender, minority, age and territorial equality criteria. In an optimal situation, public bodies, businesses and civil society are represented by 33.3% on the Council with gender and age balance and with equal representation of each member settlement.

The number of LAG Board members is limited. The minimum number is five people representing the three key stakeholder groups with two persons from local public authorities and three from businesses and civil society. The maximum number of Board members shall not be more than nine, including four persons from public authorities and five from the other two sectors. In an optimal situation, the President of the LAG Board shall be the most interested, committed and innovative mayor from the partnering settlements, ensuring a strong public voice for the LAG. However, other models might also be tested should there will be clear justified demand and consensus from the LAG.

### **Output 2.2: A pool of fundable initiatives created for further prioritization and implementation**

LAGs will support their members come up with realistic and relevant ideas to solve social and economic issues. This will be enacted through open call for proposals to create a pool of fundable initiatives for territorial development. The LAGs will set the selection criteria and procedure assisted by UNDP and FAO experts. They will identify and finance the most viable ideas based on their feasibility, focus on vulnerability and environmental sustainability and resilience, community or/and social impact, relevance to the priority areas as defined in Territorial Development Strategy, innovation in the sense of bringing novelty in product and procedures, scalability and availability of co-financing. The operationalization of the process will be achieved through the following activities: design of the call, including the announcement, application forms, manual, grant agreement form, setup of selection committee and criteria, communication plan, orientation meetings, project/initiative ideation, preparation, and presentation (including developing a business case, where appropriate) support; project/ initiative appraisal, prioritization and selection; financing and capacity building through active learning, tailor-made training, coaching and mentoring.

With the approval of the grant pool, LAGs will prioritize small but impactful initiatives that will reach or engage collective action. The eligible ideas could be in different fields and will be widely solicited, including from the LAG members, public, Private and CSO sectors operating on LAG territory, individuals and legal entities who are not necessarily LAG members. At this stage, small grant applications submitted by migrants or migrant families that do not contradict the overall LAG strategy, per ICMPD recommendation, may also be considered. UNDP will provide grants to grantees selected by LAG selection committee based on [UNDP POPP Low Value Grants Operational Guidance](#). Total Grant amount will be defined at a later stage of the project once the portfolio of projects is compiled. LAG may consider the Project ideas included in the LAG Project Folder. During the lifecycle of the projects the LAGs will monitor their implementation and access the community impact. To enhance the competitiveness and transparency of the grants selection process and improve the effectiveness of the selected projects, UNDP and FAO will hire/contract experts/audit company to provide independent expertise for the assessment of the selected start-ups related to agreed sectors for each of organizations.

Each of the selected grantees will get sector-specific counselling and mentorship to improve their business case or proposal. All the trainings will be widely announced and open not only for the selected start-ups, but also individuals/enterprises in the communities interested in developing new skills and knowledge in the marked sectors (optimal number of participants will be decided per training/seminar without undermining the quality of the training). This is a part of the vision of the Programme to position LAGs as territorial hubs of technical support and business incubation.

### **Output 2.3: A pool of initiatives financed through a results-based scheme established**

Projects/initiatives supported by the LAG will be matured and scaled up to further increase their sustainability and their tangible impacts on communities. Depending on their impact and results during the initial stage, initiatives which demonstrate potential could be further financed (results-based financing). In order to be considered for funding the projects should prove that their implementation is addressing the priority areas of the strategic plan creating an added value for the communities/territory, has a potential for scaling up to the territorial or interterritorial level, has a clear business plan for expansion and enough management resource for its implementation, is ready for co-financing, offers an innovative use of the local resources or a new product/service.

To provide initiatives with additional access to finance, different models for financing will be explored, such as creating a specialized revolving funds and micro financing mechanisms (e.g. results-based payment systems), along with their feasibility in the community context. Additional financing sources to maximize the impact and complementarity may include public (e.g. government support programmes or subsidies), private or donor funds. This will be particularly relevant in the case of poorer communities, where it could be more difficult to mobilize co-financing from the existing resources.

Capacity building will be offered to the refinanced projects for delivering at bigger scale. The scaled-up initiatives may need technological consulting in their respective areas to reach bigger volumes of production or cover a larger market, marketing tools for accessing new market segments, rebranding, new capacities to organise a supply chain, design new service lines, or cover a new area, etc. The trainings covering agricultural sector will be jointly offered by UNDP and FAO with distinct roles assigning the primary agriculture to FAO, while the topics related to agricultural processing will be delivered by UNDP.

Throughout its work the Programme will sensitise the LAGs to the perspective of delivering services, owning and managing assets, as well as getting engaged in entrepreneurship by sharing the best examples and success stories created under the community development projects of UNDP in the country (particularly considering Tavush experience). These piloted cases include intercommunity development funds which own assets and capacities to address common problems on territorial level through delivering services or organising certain production or processing (i.e. Chinari case of large-scale seedling production, Ayrum case of gardening center, Tsaghkavan-Sarigyugh case of agromachinery pool and harvesting services, etc.).

Capacity development opportunities will be offered based on the needs assessment of each LAG to ensure right set of skills is offered to build local talent and ensure long-term sustainability of the structure. To this end LAGs will be supported to develop a business case, get trainings based on the sector they have selected as a field of activity (management, fundraising, marketing, logistics, sector-specific technological basis of production or processing, asset management, maintenance and operation).

The newly developed capacities and experience will allow the LAGs to transfer the knowledge to the communities thus providing consulting services and building another pillar of their sustainability. In this respect, the LAGS can serve as learning hubs for the Armenian National Agrarian University, offering a space for empiric learning to the university undergrads in their respective specialisation sectors.

The empowered and incapacitated LAGs owning production assets can undertake provision of public services delegated by the local administrations (can apply for the bids announced by the local administrations for delegating public services, i.e. waste management).

Based on the service lines offered by the LAG, certain assets for production and processing will be transferred to the LAG by the Programme (i.e. agricultural machinery, processing equipment, seedling for orchards, etc.). The LAGs will be selected on competitive basis considering the availability of co-financing and sound business case proving its ability to make the best use of the assets to the benefit of the local development. Whenever successful LAG operation requires certain infrastructure, the Programme will consider rehabilitation or construction of local infrastructure. Examples may include but not limited to construction of production/processing sites, improvement of public buildings, construction of waterlines and greenhouses, energy-efficient street lighting, adoption of energy-efficient, water-saving smart and green technologies, etc. The Programme will support the LAGs to design service lines or production/processing models which will target the identified needs and be based on the competitive advantages, resources and know-how of the LAG territory.

The learning dimension of the output will be enhanced through study tours for the selected grantees and LAGs. The agenda will be designed based on the needs of participants and the hosting partners will be selected accordingly. The visiting participants will also have the opportunity to share their experience for feedback from the European partners.

**FAO Sub-output 2.3: Capacities of the applicants of the pool of fundable initiatives and evidence-based funding from the primary agricultural production sector are strengthened (if it relates also to agricultural processing, upon coordination with UNDP)**

One of the key instruments for effective implementation of LEADER is the grant component for supporting local socio-economic initiatives, which are in line with the drafted LAG development strategy. This instrument ensures improvement of decision-making skills, as well as increases the confidence of the local population towards a participatory approach and serves to improve their livelihood and life conditions. Implementation of the grant mechanisms requires well-planned preparatory actions, such as designing a grant manual, creation of application forms, setting up a grant selection committee, identification of information tools and organizing information campaigns ensuring full coverage of the target territories.

Training and coaching of local experts on the requirements of the grant schemes and the methodology for assisting potential beneficiaries in their preparation of business plans and investment projects under the framework of future grant schemes will be essential. Awareness raising, capacity development and networking activities will be conducted for local stakeholders (potential beneficiaries) on preparation of fundable initiatives (proposals) – including joint proposals - under grant schemes. Thus, cooperation and partnerships for managing local businesses and producer groups will be supported and strengthened. This component will be closely coordinated with sub-output 2.4.

Besides establishing the institutional structure of the grant disbursement of the LAGs, there is another important component of the grant mechanism, the capacities of applicants. The necessary expertise, knowledge and practice in agriculture will be provided to the potential applicants for the LAG announced calls for strengthening their competitiveness through upgraded skills and technical capabilities. Organizing sectoral, tailor-made trainings for potential beneficiaries is of crucial importance, especially for those involved in the agriculture sector. Training modules – depending on the local needs - may include financial and business development, short value chains as well as agriculture specific components such as the technological cycle, agricultural operations, sustainable agricultural practices, including climate smart agriculture, integrated pest management, livestock production, sustainable water and land management

practices. This type of support for successful applicants will be continuously provided also after grant selection process to build their capacity for effective implementation of their projects and investments. This will include technical support on improvements and practical application of innovations at farm level and technical workshops on promoting good production practices. In addition, professional support and capacity building will be provided also for the start-ups on the territory of the LAG.

Those willing to participate in trainings will be identified during information campaigns and through the community workshops/meetings that will be organized as part of drafting the LAG development strategy. Organization of specialized study tours to the countries with already established LAGs will be considered as another instrument for upgrading the practical knowledge and skills in agriculture and contributing to clear development vision for the agricultural sector within the scope of LEADER. The study tour is designed for the participants who are intensively engaged in agriculture activities, and plan to develop and expand their business, including through applying for LAG's grants. The study tour will equip potential applicants with professional and technical knowledge and skills needed for the grant applications.

#### **Output 2.4: Networking and cooperation established, and lessons learned shared and documented**

The LAG is a network itself, but it should also look out to cooperate with other development organizations, at local, regional, national and international levels to validate its role as a development actor on the territorial level. Networking mechanisms will be used by the Programme for transferring good practice, disseminating innovation and building on the lessons learned from local development. Networking events will build links between people, projects and rural areas, and can help overcome the isolation faced by some rural regions. It can help stimulate cooperation projects by connecting LEADER groups around shared interests. The Programme will create the necessary conditions, including financial conditions, for LAGs' horizontal and vertical networking through setting up a functioning national LEADER network, as well as facilitating the cooperation of the national network with the international rural networks (ELARD, ENRD, PREPARE, Black Sea Initiative, European Rural Parliament, etc.).

Cooperation goes further than networking: it involves joint projects with the urban centre of the region, another LEADER group or even another country. Cooperation with another region is often the best source of innovation for LAGs and it will be the ultimate goal of the networking initiatives to frame catalytic partnerships between LAGs and third parties, such as technological and research institutions towards innovative practices in business and service delivery, agricultural modernization, business and social service development, etc.

#### **FAO Sub-output 2.4: Strengthen the cooperation between farmers through capacity building and consultancy**

The LEAD in Lori and Tavush project creates great opportunity to use the capacity of the LAG's for establishing productive cooperation between farmers and to increase the negotiation power of agriproducers. Establishment of an Association of Agri-producers under the LAG umbrella aims through using unifying potential of the LAG to strengthen the business competitiveness of the LAG members. This is an experimental approach which will be conducted with the support of international experts in the field. Before organizing capacity-building trainings for the Association of Agri-producers, a needs assessment will be conducted supported by the project team. After this, technical trainings will be organized on specific topics related to the characteristics of the local agrieconomy, organizational and managerial skills of the coordinators of Association of Agri-producers, as well as basic financial and business knowledge. Trainings

will include theoretical, as well as practical components during which field demonstration activities will be organized.

Creating an enabling environment for the functioning of potential cooperation is inevitable not only within LAG in terms of Association of Agri-producers, but also with external business partners outside of LAG. LEADER approach assumes that LAG will stay independent in its decision-making process based on the bottom-up approach. On the other hand, LAG should have been engaged in the cooperation with external partners, including private sector. As the sustainability of LAG after the end of the LEAD project is one of the important components of its effective functioning the normal functioning of the LAG, and financing is not similar to EU member state's LAG mechanism, therefore LAG will look for other sources of financing and cooperation. In scope of the project, with support of international and local experts, the methodology will be developed that provides guidelines to LAG for partnership with external business without being depended on them.

As agriculture is the main economic activity in the rural area in Armenia, therefore additional investment, foreign markets, import and export new opportunities are crucial elements of the development of the modern competitive agriculture in the LAG territory. Thus, the project will support LAG to establish strong cooperation with international organizations in agriculture, as well we create productive business relations with foreign partners of the sector. Specific and tailor made trainings will be organized on the development of communication and marketing skills, preparing qualified business plans, development and establishment of contract farming; market and production information professional stress on the competitive advantages will attract also external investment to the business activities of the LAGs member, which will increase income of householders and reduce poverty in the villages.

Based on the priorities of the after COVID recovery plan of the LAG, Association of Agri-producers will target firstly the vulnerable members of the LAG who suffered from the implications of the COVID.

**Objective 3: Capacity of ministries and other relevant bodies are improved and policy mechanisms at national level are developed for the successful piloting and sustainability of the LEADER approach in Armenia (policy component)**

**Output 3.1: Policy framework for overall adaptation of the LEADER approach to the territorial development strategy of Armenia**

Pilot of LEADER is disrupting the understanding of rural development in Armenia introducing a new locality where the development happens in the LAG territories extending the accepted boundaries of communities (be them consolidated or not) and creating new actors of development in the face of LAGs. While in most of the EU countries LEADER approach is a part of the rural and agriculture development policy framework, Armenia is still to explore the opportunities of integrating it in its policies, make relevant policy changes and initiate policy making to fully embrace the opportunities that LEADER approach offers for territorial/rural development.

With this said, the operation of LAGs and their sustainability greatly depends on the policy frameworks which regulate the sectors related to rural and territorial development. To meet this need, UNDP and FAO will study policy constraints and opportunities and prepare a package of policy changes which will position the LAGs as equal development actors on the delineated territories and provide conducive environment for rural development.

While LAG's success is determined by the extent of mobilized local human resource, its diversity, representativeness, participation and initiative, the financial aspect of its sustainability should be overseen and ensured by the project. Through its experience of territorial development, UNDP has piloted different



schemes of sustainability for the community organizations established to foster local development. One of the examples is the subvention of AMD 20 million received by the Community Development Fund of Ayrum from the Government in accord with the Government Decree (January 31, 2019) approving the change to the provision of subventions for development of economic and social infrastructure in the communities. The decree provides for financing from the state budget for LSG mandatory scope of actions as defined by the Law on Local Self-governance (Article 12). The same scheme can be applied to the LAGs ensuring their financial sustainability and positioning them as potential applicants for the Government subventions.

To this end, UNDP, with the involvement of relevant line-ministries, institutions and donor community, will initiate policy consultation and submit recommendations for the improvement of the administrative and policy framework in support of territorial development, including application of the LEADER approach. Possible area of interest may be exploring the opportunity for the LAGs to be delegated service delivery authority in the framework of decentralization. Within this context, UNDP may offer changes to the RA Law on Intercommunity unions.

Another dimension of policy work will be capacity development of administrative staff of the Ministry of Territorial Administration and Infrastructure (MTAI) and regional administrations of Lori and Tavush marzes on integrated territorial development and LEADER approach. In this regard the Programme will organize exchange of experience for the administrative staff of MTAI through separate study tours abroad, conferences and workshops that specifically focus at capacity building and exchange of higher-level information exchange and learning from the best European experience.

Finally, the Project will support establishing development assistance database (DAD); coordination platform upon the request of the Government. DAD will allow transparent, open and results-based public reporting on development funds and their allocation in Armenia. It is expected to provide all development actors and stakeholders with a unified source of data on development projects enabling aid tracking and effective management of development efforts. The Development Assistance Database (DAD) has been adopted by 35 country governments so far as fully customized national systems. DAD will offer a complete source for official data on development assistance offering tools for aid information collection and management, visualization and analytics, reporting and publishing. It will facilitate information exchange between government systems to prevent information silos, minimize data discrepancies, and provide accurate data to decision-makers. The database will be compatible with International Aid Transparency Initiative (IATI) and will allow export of DAD data into IATI format.

### **FAO Sub-output 3.2: Policy framework adjusted to Armenia's agricultural policy**

Agriculture and rural development are key directions where the Government concentrates its attention. As stated in the Program of the Government of the Republic of Armenia, the Government will continue to mitigate disproportions of regional development, through supporting social and economic sustainability and further economic growth of the regions of Armenia. For proportionate regional development, the Government will boost economic activity in the regions of the Republic of Armenia, to attract local and foreign investments, and set up sectorial development centers in the regions of the Republic of Armenia aimed at shifting from one-polar economy concentrated in the capital of the country to sustainable and proportionately developing a more multipolar economy. Additionally, measures will be implemented to encourage cooperation among communities. Moreover, the Prime Minister highlighted the role of agriculture for overcoming the negative implications of the COVID-19 crisis and announced agriculture as a priority area for the Government for this COVID outbreak period.

Thus, to achieve Objective 3, FAO will support linking the LEAD project/LEADER approach to the strategic goals of the Government of Armenia in agriculture and rural development, as FAO has been fully engaged

in the development of the Strategy of the main directions ensuring economic development in agricultural sector of the Republic of Armenia for 2020-2030”, therefore components of local strategies in rural area can be effectively harmonized by FAO with the overall agricultural development strategy on agriculture.

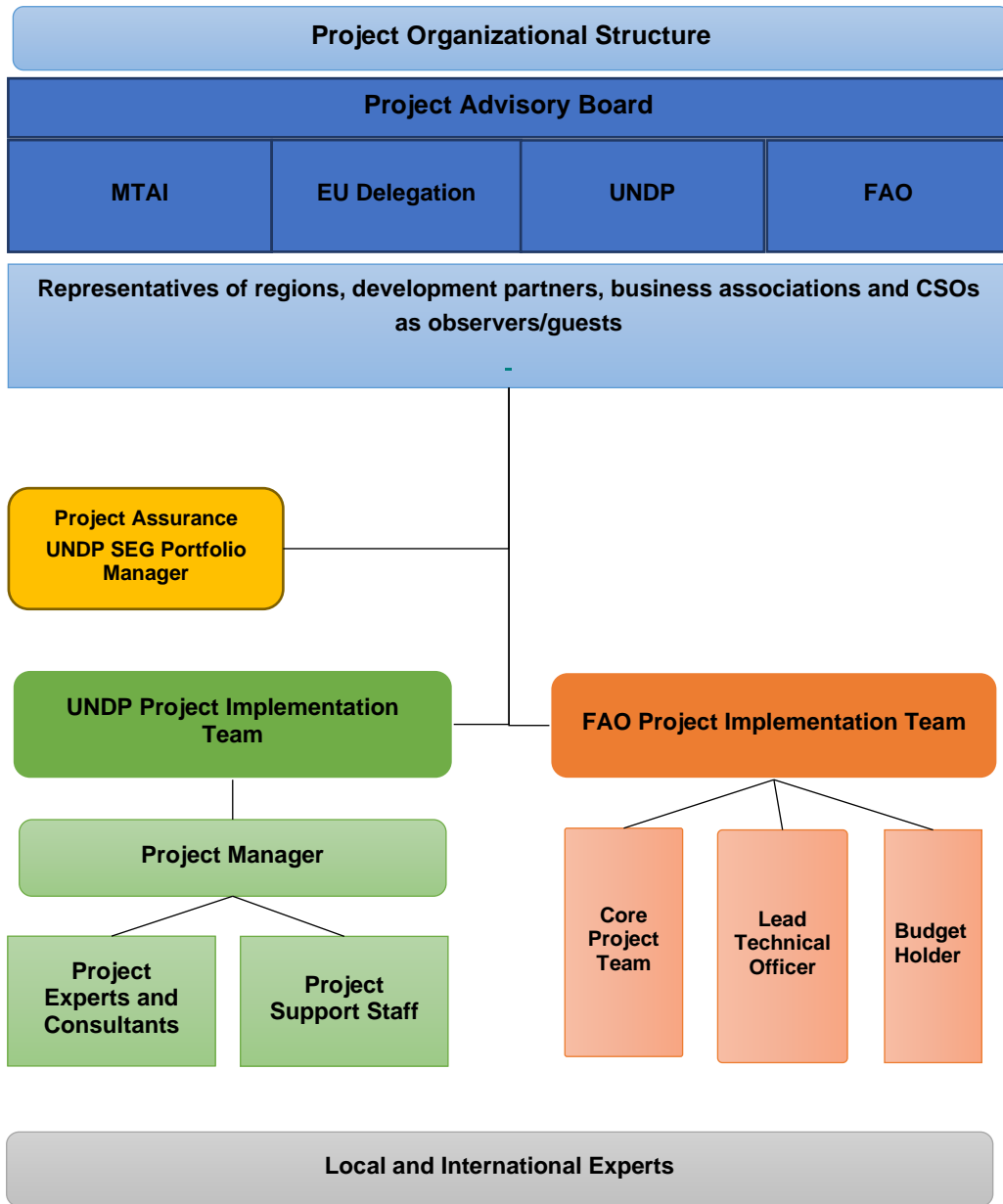
The support provided under this output targets the development of sustainable gender sensitive and socially inclusive models for agriculture and rural development both at national and local level based on the experience gained in the selected LAGs. It aims at bridging the gap between the community, marz and national level. The series of activities proposed to be implemented are addressing joint rural development efforts among the Ministry of Economy other line Ministries, agriculture-related bodies, academia, research institutes and donor community as well as local authorities, local communities and rural entrepreneurs.

Thus, the aim of the component is to address the issues of sustainability of rural areas through policy analysis, policy dialogues as well as capacity development and exchange of experiences of both relevant national and local authorities through their practical engagement in the design and implementation of the integrated LEADER approach from their own perspectives. To achieve this capacity development will be conducted for administrative staff of the Ministry of Economy and local municipalities on agricultural development and LEADER approach. Additional training topics may include programming, monitoring and evaluation, impact assessment, sustainability of LAGs and resource mobilization, etc. Trainings, though exchange of experience, will be conducted at national and local level through conferences, workshops and study tours, etc. The study tour participants will include administrative staff of the Ministry of Economy and local municipalities on agricultural development and the LEADER approach to improve their capacities on policy development.

All these activities will enable the stakeholders to actively participate in the preparation of a package on policy changes in light of the new development reality, with the LEADER approach territorial delineations and LAGs as new actors in the agriculture sector of the Armenian economy.

### ***Project Governance and Management Structure***

While the United Nations Development Programme (UNDP) will be the main implementing agency of the Project, the Food and Agricultural Organization (FAO) will partner for partially implementing key elements of the Project. FAO has a strong track record of agricultural programmes in Armenia and will positively contribute to the Project within FAO mandate. As the Project’s Partner Organization, FAO reports will be submitted to the UNDP Project Manager. After approval of the Project Manager and UNDP SEG Portfolio Manager as Project Assurance officer, the FAO reports, as part of the general Project reporting, will be submitted to the Donor and the Board.



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.

UNDP Socio-Economic Governance (SEG) Portfolio Manager will provide overall project quality assurance, including other programme support as necessary.

### **Advisory Board**

While UNDP's management and monitoring of the implementation of the Project is done on a daily basis, the Advisory Board is the highest management body of the project.

The Advisory Board meetings will be convened by the UNDP project manager in cooperation with the MTAI and the EUD. The Advisory Board will be composed of one high-level representative of the Ministry of Territorial Administration and Infrastructure, one from the EU Delegation to Armenia, one representative of UNDP and one representative of FAO. Representatives from regional administrations, other development partners (e.g. ADA and ICMPD), business associations and civil society organizations may be invited to participate in the Board meetings as guests as necessary. UNDP actively promotes equal participation of women and men in the Advisory Board.

The Advisory Board will meet semi-annually and will provide strategic guidance for the implementation of this Project. In addition, the Advisory Board will meet on urgent matters, if requested by an Advisory Board member. The Advisory Board will endorse annual progress reports and the final report. Advisory Board meetings will also serve for exchange of information with other actions funded from the EU and other partners relevant to the rural development sector.

The minutes of the Advisory Board will be shared with its members for comments and no-objection.

### **Project Offices and Project Teams**

As the implementation of the Project requires the use of one or more project offices and equipment as relevant, the capitalised and operating costs of which will be directly supported the project budget. Under the project management section of the budget, there are several categories of costs that are envisaged for the functioning of the Project Office, including inter alia:

- General expenses: To support all project activities, these are expenses related to travel and subsistence costs for the project staff and experts, office rent, utilities, office security, IT equipment, communication and internet services, stationery and other office supplies, and maintenance.
- Expenses for documents and printed materials: For the activities related to community mobilization, public awareness and outreach, technical advisory, and capacity building, various brochures, booklets, training materials, and other outreach materials will need to be produced.
- Expenses for vehicle and transportation: one vehicle (for FAO project team) would need to be procured, and the related expenses would include vehicle maintenance and fuel costs.

### **UNDP office costs**

UNDP will have the main project office at the UN House in Yerevan, which will host the project staff and experts and provide space for internal meetings. In order to ensure more effective operations in the regions, UNDP may also consider using its regional R&D centers in Ijevan and Vanadzor for research and mobilisation activities as well as for work and meeting/workshop space for the project staff and experts working in those regions for an extended period of time, without incurring additional expenses for rent.

UNDP will allocate two of its vehicles to provide reliable transportation for the project staff and experts. Vehicle amortization, maintenance, fuel costs and necessary repairs will be paid by the project.

## **UNDP human resources**

In order to implement the Project, UNDP will recruit relevant project staff and experts, relying also on the operational support of the UNDP Country Office for procurement, human resources management, payments, and IT.

From the programmatic point, the UNDP Socio-Economic Development Portfolio Manager will provide overall project implementation guidance and quality assurance, identifying and proposing synergies with other UNDP projects, including other programme support as necessary. A part-time Reporting Officer will prepare the project narrative and financial reports and provide various analyses on the development context of the project.

From the operational point, a part-time IT Officer will provide IT support services to the Project staff (including IT equipment setup and maintenance). A part-time Finance Officer will provide assistance with registering the Project in UNDP's corporate financial system, and ongoing support and troubleshooting with the corporate system. A part-time Budget Officer will provide assistance with making payments through the UNDP corporate financial system. A part-time Communications Officer will provide advice and guidance to the Project team, including the Project PR Expert, on UNDP corporate communications policy, guidelines, and approve the posts to the UNDP corporate website. A part-time M&E Officer will provide advice and guidance on internal monitoring and evaluation processes based on UNDP corporate requirements and rules.

The project team will be managed by a full time Project Manager, who will manage the project activities and serve as the financial authorizing officer. The Project Manager will report to the UNDP Socio-Economic Development 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. The management of project funds including budget revisions, disbursements, record keeping, accounting, reporting, and auditing will follow the UNDP rules and procedures. The Project Manager will be responsible for the project's daily planning, implementation quality, reporting, timeliness and effectiveness of the activities carried out. S/he will be supported by support staff and experts.

A full-time Project Assistant will provide daily support to the Project Manager, including preparation of relevant payment vouchers, financial reporting, etc. A full-time Public Relations Expert will be the focal point of the Project for all PR materials, human interest stories, building media library, preparing press releases, articles, various communication materials, also supporting LAGs in setting up their websites and managing them. Two Project Drivers will be responsible for the safe operation of Project vehicles, provision of transportation support and assistance with logistics to the project.

A short-term international LEADER expert/resource person will provide technical assistance for different project activities, introduce good practices to the implementation process on international workshops at each important implementation milestone, and will contribute locally to the capacity development of the LAGs and the monitoring of the locally implemented initiatives in the implementation phases. Local facilitation and consultation teams (community coaches and strategic planners, technical advisers and monitoring experts) will work in the field. Finally, as necessary, the Project will hire other special experts (lawyers, engineers/architects, agricultural and community development experts, banking experts, investment experts, etc.)

## **FAO office costs**

FAO will set up a project office in Yerevan which will host the project team and experts and provide working space for internal meetings.

FAO will purchase one vehicle to provide reliable transportation for the project staff and experts. All relevant vehicle operations and maintenance costs will be paid by the project.

### **FAO human resources**

The implementation of the agricultural components of the project by FAO requires specific technical expertise. Besides the core team of the Lead Technical Officer and the Budget Holder, the involvement of international Agronomists and a Rural Development Specialist is required. It is also necessary to involve national experts, with particular knowledge on the national context in Armenia on agricultural and rural development policies as well as on local rural development and community mobilization and participatory process ensuring that no one is left behind. Since the two pilot regions of the project have their own characteristics in their agricultural production patterns, it is important to engage Local Consultants, who have the specific skills on raising awareness on agriculture related issues as well as on mobilizing farmers. The business planners, management and finance specialists, and communication and international relations experts (both international and local) also may contribute to the project in the different stages of the implementation period, alongside with legal experts, economists, statisticians and other specialists depending on the particular needs, constraints and opportunities in the LAG territories. Additionally, to make the project operationally sustainable, administrative and operational staff will be needed.

### ***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, as well as private sector and civil society organizations (CSOs). There are strong partnerships formed throughout the years of work in Lori and Tavush marzes. UNDP and FAO will closely cooperate with the local administrations of the target communities, the regional administrations, and the relevant national partners, such as the Ministry of Economy and the Ministry of Territorial Administration and Infrastructure to further strengthen the existing partnerships and shape new ones.

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 the infrastructure construction and rehabilitation within the communities. The Project will cooperate with **the Fund Investment Support Center** to strengthen the technical support component of the Programme, align the financial and non-financial support schemes to the SME sector with the existing support packages of the Government. In addition, the Programme will share information and synergise with **ICMPD** on regular basis ensuring the migrant segment of the local population receives targeted and timely support.

The Project will closely work with **EU-Green Agriculture Initiative in Armenia (EU-GAIA) project** which supports the development of sustainable, inclusive, innovative and market-based agribusiness particularly in the northern Marzes of Armenia – Shirak, Lori and Tavush. EU-GAIA has a strong focus on technical assistance and capacity development to the relevant stakeholders for ensuring green, inclusive and rights-based agriculture development. A big portion of the project support is rolled out directly to Armenian producers and processors through a call for grant applications. Grants will be available for smallholder farmers, producers and agribusinesses in general. Modern infrastructure and green technologies will be established at the demonstrative farms. Selected agribusinesses will, therefore, be more competitive in local

and international markets, through access to equipment and services. This will also lead to the creation of better employment conditions in the rural areas.

The Project will apply the co-financing mechanism successfully applied throughout the Integrated Support to Rural Development Project in Tavush 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 regions and working in the project priority areas, with a view to establishing partnerships and obtaining an understanding of paths of cooperation.

The Project will consider the experience of past EU-funded projects and build on their results, such as:

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

**EU4 Citizens: Strengthening Democracy in Armenia.** In the framework of the Programme it is planned to establish 40 childcare and education institutions in Armenia's rural communities, in which children with disabilities will be involved. Increasing investments in improving availability, quality and equal access of childcare services, as well as assistance to families, parents, and particularly women are high priority for Armenia, particularly, in order to raise the level of gender equality and women's economic independence.

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

To increase the sustainability of community led initiatives through entrepreneurship, the Programme will capitalize and seek for synergies with the **EU4Business** programmes which are supporting private sector development through various instruments and projects at regional and national levels, further contributing to the start-up ecosystem in Armenia. Most notably it will build on the experience of Support to SME Development in Armenia (SMEDA), co-funded by the German BMZ10 which seeks to improve the business and investment climate and support the creation and development of SMEs in Armenia, strengthen the private sector, and the capacities of Armenian SMEs to foster competitiveness. It targets the development of alternative funding mechanisms for innovative start-ups and existing companies, further complementing the SME Finance and Advice Facility established in collaboration between EU and EBRD.

In addition, the EU will further build on the success of its past programmes in agriculture, specifically, **ENPARD** budget support and technical assistance. The programme will directly benefit from AAP 2015 Support to VET agriculture colleges as highly trained human capital is a vital prerequisite for generating, implementing and scaling community driven initiatives.

The Programme will build on the **EU-funded civil society** capacity building and support to financial sustainability of projects and the various networks which have been established (e.g. Bridge4CSOs, STRONG, etc.). It will take into account the ongoing and planned projects launched under the civil society organizations and local authorities (CSO-LA) umbrella. Furthermore, the programme will build on projects implemented under Eastern Partnership Civil Society Facility. In particular it will capitalize on the results of **“EU4Women: Economic Empowerment through Social Enterprise”** project aiming to launch or develop social enterprises to benefit women and children at risk in Aragatsotn, Gegharkunik, Lori and Syunik Marzes

as well as **“EU4Civil Society: Energy Efficiency in Armenian Communities”** project aimed at raising awareness and implementing practical measures to improve energy utilization pattern, increase quality of life and reduce energy bills in five marzes (Lori, Tavush, Gegharkunik, Kotayk, Ararat).

Throughout the implementation of the “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**, which can offer mentoring and capacity building for the beneficiaries engaged in horticulture.

The Project will work with the **UNDP ImpactAim Accelerator** to apply innovation to agricultural processes and product improvement, through technology acceleration programmes using the existing tested mechanisms and the partner’s global network. Drawing on the partnerships network established throughout the implementation of the Climate Change Technology Accelerator, as well as the AgriTech Incubator, the Project will work through close cooperation with (though not limited to) the following institutions:

**Armenian National Agrarian University (ANAU)** is the only higher educational institute in the agrarian sphere in Armenia. Since 2000 an Agribusiness Teaching School has been established in the University. It has carried out various programmes of cooperation 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 associations since 2000. It actively participates in and follows the events and progress happening in the sphere of agrarian education across the world.

**The Agribusiness Teaching Center (ATC)** is the first and the flagship unit of the **International Center for Agribusiness Research and Education (ICARE) Foundation**. ICARE is a non-governmental and non-commercial organization established in Yerevan in 2005 by Texas A&M University. ICARE is an umbrella institution for ATC, the Agribusiness Research Center, 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 graduate levels who are armed with broad economic, marketing, and managerial skills, up-to-date communication abilities, and excellent knowledge of English.

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

**Innovative Solutions and Technologies Centre (ISTC)** is one of the leading innovation centres in Armenia and has been operating as a joint initiative of IBM, USAID, the Armenian Government and EIF since 2015. ISTC is strongly involved in the development of Armenian higher educational institutions through curricula modernization. The IBM Academic Initiative programme was made accessible to all Armenian higher education institutions through ISTC, which aided in the development of new courses within the universities, and eventually the creation of new master’s programmes.

The Project will also synergize its efforts with other UNDP projects, such as the **Future Skills and Jobs for Youth** in the Regions of Armenia programme, to offer capacity-building and employment opportunities. Similarly, the Project will partner with **Disaster Risk Reduction related projects** implemented in the target regions to support resilience building and disaster preparedness of the target areas.

The Project will align its efforts with the **UNDP GEF Small Grants Programme** to ensure the sustainability of the enterprises supported by the Project by applying energy-efficient solutions. Given the integrated nature



of the interventions at the community level, the Project will reinforce the environmental pillar of the planning and implementation phase through seeking consultancy and expertise from the **UNDP-GCF National Adaptation Plan project**, particularly in relation to addressing climate change adaptation issues, whenever they are recognized as the gravest and most high-priority issue in the communities. Locally active potential partners in Lori and Tavush are listed in Annex 4

### ***Risks and assumptions***

**The Project hinges on the following assumptions:** (1) Territorial development is sustainable if the local community members become the main actors in development process and have a sense of ownership over it. (2) LAGs cover a suitable territorial unit, with a proper number of residents to ensure the required internal resources and capacities are available for growth on the long run. (3) Local public-private -civil society partnerships maximise the local capacity to use development resources for common good and bigger impact. (5) Local stakeholders can absorb innovation through capacity development/training, networking and cooperation. (6) The local actors of development can be sensitised to enact LNOB approach on territorial level offering development opportunities to those who are usually excluded from competitive economic processes.

**Risks** that can hinder the project implementation are as follows:

- External armed conflict in NK potentially spilling over to Armenian territory will threaten the safety of staff and partners and will undermine project result and implementation because of a change in security situation, especially in the border communities of Tavush region (High risk).
- Second wave of COVID19 pandemic in Armenia that will impact the health of the staff and project beneficiaries, travel restrictions may slow down project implementation (High risk).
- Violence threatens staff or the Project and undermines project results and implementation because of a change in the security situation, especially in the border communities of the Tavush Region. (Moderate risk)
- Financial risk related to the fluctuation of currency exchange rates increasing the cost of materials, equipment, machinery etc. (Moderate risk)
- 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's implementation. (Low risk)
- The communities may have expectations which will be outside the Project's scope and budget, and which the Project thus cannot meet. This, in its turn, could cause a general sense of disappointment and a lack of motivation for engagement. (Moderate risk.).

### ***Stakeholder engagement***

The Project will target the following four key stakeholder groups who are essential to provide the integrated and participatory territorial development as defined by the LEADER.:

- local and regional administration, as well as public institutions
- National government, especially MOE and MTAI, as well as relevant government agencies
- Business sector, SMEs, startups, social enterprises, microenterprises.

- local grassroots, CSOs, NGOs, foundations that are active at the local level
- informal (non-registered) civil initiatives and active citizens ('change-makers')

While on the first level LEADER is building partnerships between the capable human and institutional resource on the territorial level, it also creates opportunities for those who are less competitive. The territorial partnership and the local animation create a development "gravitation" which attracts those who are not usually winners in competitive economic processes. With this said, the special focus of the Project will be to involve: (1) women who are sole heads of households; (2) young people; (3) people with disabilities; (4) men and women as heads of multi-child families; (5) people having refugee status, and naturalized refugees, (6) both women and men engaged in informal economy, (7) labor migrants (8) the unemployed (9) people who demonstrate socioeconomic vulnerabilities as a result of COVID-19.

The Project will ensure that its support to 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 mainstreaming social and environmental sustainability

The Project will be inclusive and participatory at its core and will use community mobilization techniques, open call mechanisms, community meetings, focus group discussions, and 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 a sound communication strategy to ensure the Project's visibility and the proper coverage of its activities.

### ***South-South and triangular cooperation***

The Project implementation will, *inter alia*, include a regional component for South-South exchange with Georgia, Moldova, and other European countries (technical workshops, community of practice, and/or other formats). The Project will build upon the successful experience and will consider the examples and lessons learned from similar projects in the region and from EU countries.

### ***Knowledge***

Throughout its implementation the Project will:

- design LEADER/CLLD training modules for training of trainers and for the capacity building of the beneficiaries
- conduct feasibility studies based on the identified potential of the LAG target areas
- design LEADER/CLLD implementation guidelines, including the formats and schemes needed in the local implementation process
- design the pilot LAG strategies in two regions

The Project lessons learned, and cases will be summarized at conferences, in conference leaflets, and in periodical publications available online.

An edited version of the implementation guidelines, including lessons learned and case studies, will be edited and published online and in printed hard copy (Armenian LEADER/CLLD handbook).

The visibility of the Project will be ensured through regular social media posts, video and photo content, online and offline media outlets, interviews, opening ceremonies of the Project-funded initiatives, and field visits engaging donors and partners. EU visibility criteria will be followed.

### ***Visibility of the action***

In order to maximize the impact of the action, the project will develop and apply a robust visibility strategy throughout the project cycle.

Throughout the implementation of the action, the project team will ensure that all communication and thought products comply with the EC visibility and branding requirements, as denoted in the Joint Visibility Guidelines for EC-UN actions in the field 16.

This will be organized via the following means:

- ✓ Public information in reference to the EU funding provision for the launching and final/closing ceremonies of the project (and its sub-activities), public events and “share” conferences, to be disseminated via social media, press conferences and press releases;
- ✓ Regular updates and information on project activities under the remit of EU funding provision through UN online platforms, to be discussed and agreed with EU;
- ✓ Project reports and related publications compliant to the EU visibility standards and requirements.

### ***Gender Mainstreaming***

The Project’s gender mainstreaming framework is in line with the gender equality dimensions of UNDP Armenia Country Programme Document, UNDP Strategic Plan, and UNDP Gender Equality Strategy, including at the local level. In particular, the Project aims at tackling structural inequalities that keep women in poverty as per gender mainstreaming niche of UNDP Strategic Plan Outcome 1b, *“Supporting national and local partners to expand women’s access to and control of resources and basic services, including financial and non-financial assets, with a particular focus on the most marginalized and left behind, including poor women and women with disabilities”*.

Giving prominence to the integration of gender equality and non-discrimination into local development recognises that women and men, migrants and ethnic minorities, older people, youth and people with disabilities have unequal access to resources and opportunities in society. Moreover, the needs of some groups often tend to differ from those of ‘mainstream’. Gender equality will be in the core of local empowerment process. The needs and conditions of both women and men will guide the implementation of the project. The LAGs established to lead community development will be following gender equality principles, ensuring balanced representation and platform for women to freely voice their problems, vision and ideas.

The selection and implementation of community driven initiatives and projects will seek to tap into the valuable resource of women and foster their participation through ensuring that the support and income opportunities are available for those women who are juggling their roles as care givers and home makers, are the heads of multi-children households, are engaged in informal sector with poor working conditions and endangered labor rights, are leading microenterprises or SMEs severely hit by the economic crisis, etc. Furthermore, the Programme will ensure participation of women and men in all Programme activities to

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<sup>16</sup> <https://ec.europa.eu/europeaid/node/45481>

provide inclusive and representative needs identification, prioritization, and strategy development. To this end the gender mainstreaming dimension of the Programme will follow the below policy principles:

- Consider gender differences in need prioritization during the strategy formulation.
- Ensure women's representation in the Boards and management structures of the LAG and build women-led partnerships
- Prioritize solutions which are targeting the gender-sensitive problems (i.e. childcare, female health, etc.)
- Facilitate the access of women to learning and income opportunities through gender-sensitive mechanisms of coaching, engaging, capacity-building and grant support.
- Put special emphasis on gender-responsive and social inclusive policies;
- Ensure gender-responsive implementation considering the specific needs of women and men during trainings, awareness-raising campaigns, assessments and focus group discussions, coaching phase, etc,

### ***Environmental sustainability and Resilience***

LEAD approach is intrinsically wired to provide essential aspects of resilience in the local communities. This is particularly interpreted in its community-owned and community-led nature leading local people to embrace their responsibility to build resilience and to define political, economic, environmental and social priorities accordingly. The Project offers the frame of territorial strategies to embed the resilience building as a long-term process that needs to be context appropriate and embedded in local planning backed with relevant financial resources and coordination schemes. The spread of the COVID-19 and the multidimensional insecurities it creates across communities builds a momentum to underscore the significance of resilient growth as a multisectoral action implemented through multipartite partnerships. The people-centric approach of the programme will contribute to increasing the capacities of the most vulnerable groups greatly exposed to various risks; to absorb shocks and to cope with stresses, but it will also constitute an opportunity for transformation, in terms of adaptation to changing environments, empowerment, improved livelihoods, health and economic opportunities.

The new practices of cooperation, service delivery and economic activity fostered by the Programme will be oriented towards safeguarding food and nutrition security, green development trajectory, bringing into practice DRR approach to better understand risks, improve decision making, data collection and management practices on territorial level, integrate adaptation plans into territorial development strategies; identify and address underlying risk and vulnerability factors to disasters with an outlook of minimising disaster risks and related loss; build awareness and capacity for local authorities and communities towards community-based risk reduction.

The outbreak of COVID-19 brings forward the fact that 60 per cent of all infectious diseases in humans are zoonotic, as are 75 per cent of all emerging infectious diseases, in other words they come to us via animals and are all linked to human activity violating ecosystem integrity<sup>17</sup>. Ecosystem integrity as an important part of environmental sustainability underlines human health and development. The changes in the environment are usually the result of human activities, ranging from land use change to changing climate. The environmental sustainability both in Lori and Tavush regions demonstrates several vulnerabilities embedded in the unsustainable use of natural resources which underpins the regional economies, and, in the meantime, undermines the long-term economic growth. It is one of the imperatives of the programme to offer alternative paths of development for the target territories to embark on green economic development, switch to sustainable use of natural resources, increase the access to alternative energy sources, minimising the waste

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<sup>17</sup> <https://www.unenvironment.org>

and environmental impact of all the programme supported agricultural and non-agricultural activities. To this UNDP and FAO synergise their long-time experience in the field to equip the communities with the knowledge, tools, means and infrastructure to recover green, develop sustainable and resilient.

### *Sustainability and scale-up*

The LEADER “dismantles” the old patterns of thinking, planning and doing development. It enables complex processes on the local and territorial level allowing the local population to embark on a long journey of taking control over development of their own localities. Given this complexity, the sustainability pillars of LEADER should be built on behavioural, institutional and financial dimensions.

On the behavioural level the coaching phase will allow to adjust the LEADER tools to the local context, making the local engagement meaningful and inclusive. This “customization” should allow to build the self-confidence and self-realization of the local communities. The coaching process will be implemented with paramount consideration of the cultural aspects and will contribute to internalization of the LEADER principles, building sense of ownership over the process and avoiding the perception of LEADER as a technical or financial support programme.

On the financial and institutional dimension, the Project will work towards validating the role of the LAGs as new development actors on territorial level. LAGs will function as territorial incubators and hubs of support to the local communities. To this end the Project may apply different schemes of institutional setup for the accountable body of LAGs making them self-sustained service provider on the LAG territory. Their versatility will allow them to link public and private sectors acting as mediators of territorial level partnerships to the benefit of local development.

Their institutional structure should allow the LAGs to receive funds from a big variety of sources, from public funds to private donations or investments providing financial sustainability and operationalisation of a wide menu of services. The models of community and intercommunity development funds piloted within the scope of community development projects of UNDP may serve as basis for this pilot. The Project will study what seems a similar model of Irish LAGs to ensure that both the local and international experience inform in the best possible way the sustainability architecture of the LAGs.

The financial sustainability mechanisms may include innovative models, such as results-based payments, social impact bonds and social enterprise development (including activities such as business-based social service delivery). Uninterrupted and meaningful exchange of and access to information and knowledge are equally essential to ensure the sustainability of the Project results. In this regard the networking component of the project and the technical support schemes should play a significant role.

Finally, the policy dimension targeting integration of the LEADER into national policy framework of territorial, rural and agricultural development is a strategic move to provide the sustainability of the LEADER pilot in Armenia. Regular communication with the line Ministries, and their presence on the Project Board, as well as the capacity building component for the MTAI, MoE, and the regional administration, will keep the Government in the loop, creating trusted and proactive communication channel for tracking the dynamics of Government priorities and delivering models, mechanisms and results which the Government will be interested to scale up nationwide.

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#### **IV. PROJECT MANAGEMENT**

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

The goods and services for the project needs will be procured in compliance with the UNDP Programme and Operations Policies and Procedures (POPP) and Standard Operational Procedures, which stipulate the acquisition of appropriate quality goods and services at the most competitive price in the market, with respective value-for-money considerations.

The Project will optimise the costs and increase the impact by 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 a Letter of Agreement signed between the MTAI and UNDP, on Direct Project Costing principles.

Food and Agriculture Organization (FAO) will be UN Partner Agency for implementing some parts of the Project and will be responsible for recruitment and procurement of relevant parts of the Project under FAO responsibility.

The 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 UNDP 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.

V. RESULTS FRAMEWORK<sup>18</sup>

**Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:** (2015-2020) By 2020, Armenia’s competitiveness is improved and people, especially vulnerable groups, have greater access to sustainable economic opportunities. NB (2021-2025 in approval stage) People, communities and regions benefit from equitable economic opportunities, decent work and sustainable livelihoods, enabled through competitiveness and inclusive green growth

**Applicable Output(s) from the UNDP Strategic Plan: Output 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.

**Project title and Atlas Project Number:** Local Empowerment of Actors for Development (LEAD) Programme; 00115480 -00118827

EXPECTED OUTPUTS/ PROJECT OBJECTIVES	INDICATORS <sup>19</sup>	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)						DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1 2020	Year 2 2021	Year 3 2022	Year 4 2023	Year 5 2024	FIN.	
<b>COVID-19 emergency response – corresponds to Objective 1:</b>  Economic impacts of COVID-19 are mitigated in Tavush and Lori regions through economic inclusion of individuals and businesses affected by the pandemic.	1.0 a) Number of businesses reporting restored economic activity -Out of which women-owned/led businesses	Monitoring reports; Beneficiary lists Reports of the recipients on their projects Surveys	0	2020	a) 10 -5w 5m	a)50 -25w -25m	a)40 -20w -20m	-	-	a)100 -50w -50m	Project monitoring Beneficiary surveys Project evaluation
	b) Number of new employment opportunities created, including self-employment -Out of which for women				b) 100 -50w	b)100 -50w			b)200 -100w		
	1.0.1 a) Number of businesses accessing Project support -women-owned/led businesses -Out of which technical support, w b) Number of individuals accessing Project support	Monitoring reports beneficiary lists	0	2020		a) 30 -15w -15tech	a)30 -15w -15tech	-	-	a)60 -30w -30tech	Project monitoring Survey
						b) 150 -75w -75tech	b) 150 -75w -75tech			b)300 -150w	

<sup>18</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.

<sup>19</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.

	<p>-Out of which women</p> <p>-Out of which technical support m, w</p> <p>c)Number of businesses accessing state support facilitated by the Project</p> <p>-Out of which women-owned/led businesses</p>					c) 10 -5w	c)10 -5w			-150tech c)20 -10w	
	<p>1.0.2 a) Number of supply centres established by the Project</p> <p>b) Number of local populations with access to safe supply services. -women</p>	<p>Project reports</p> <p>Supporting/evidence documentation</p> <p>Beneficiary reports</p> <p>Monitoring reports; Beneficiary lists</p>	0	2020		a) 2  b) 1500 -750w	a)1  b)1500 -750w			a)3  b) 3000 -1500w	<p>Project monitoring Reporting Survey</p> <p>Project monitoring Survey</p>
	<p>2.0 a) Number of businesses reporting restored economic activity</p> <p>-Out of which women-owned/led businesses</p> <p>b) Number of households/vulnerable families benefiting of non-cash grants</p> <p>-Out of which women</p> <p>c) Number of the assessments on the impact of the COVID</p>					a) 30 -15w  b) 60 -20w  c) 1				a) 30 -15w  b) 60 -20w  c) 1	<p>Report on the assessment</p>



<b>Objective 1 -</b> Mobilized, capacitated and incentivized local actors to define community needs driven strategies in Lori and Tavush regions	1. a) Number of community members who attended coaching meetings	Participant lists; Monitoring reports; Partner maps	0	2020		1500 -800w -700m	1500 -800w -700m	-	-	3000 - 1600w - 1400m	Project reports, overall project monitoring Beneficiary surveys
	1.1 Replicable mechanism for community mobilisation established (YES/NO)	Participation lists; Media campaign report; Field visit reports; Mobilization workshop reports; Partner and project idea maps	0	2020		YES				YES	Field monitoring visits and reports, overall project monitoring
	<i>1.1.1 Number of opening conference participants</i>		0	2020		100	-	-	-	100	
	<i>1.1.2 Number of media posts featuring the opening conference (including digital and social media channels)</i>		0	2020		40	-	-	-	40	
	<i>1.1.3 Number of mobilisation workshops, field visits, interviews, expert/coach fact finding missions</i>		0	2020		75	75	-	-	150	
	<i>1.1.4 Number of LAG working group members mobilised and capacitated.</i>		0	2020		300	300	-	-	600	
	1.2 (a) Number of LAG members capacitated in strategy development -women	Participant lists; LAG working group and workshop reports; Prepared partnership agreements; Reports on capacity development, training activities	0	2020		a)60 -30w	a)140 -70w	-	-	a)200 -100w	Field monitoring visits and reports, project report, project monitoring
	<i>1.2.1 Number of formalised LAGs</i>	<i>Signed LAG Partnership Agreements</i>	0	2020		-	5	-	-	5	<i>Project monitoring</i>

											<i>Project reporting\Beneficiary reporting</i>
	<i>1.2.2 (a) Number of LAG representatives who participated in study trip -women</i>	<i>Visit agendas; lists of participants</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>a)30 -15w</i>	<i>-</i>	<i>-</i>	<i>a)30 -15w</i>	<i>Project monitoring Project reporting</i>
	<i>1.2.3 a) Number of established LAG strategic planning groups b) Number of strategic planning group members -women</i>	<i>Reports of experts/coaches Lists of group members</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>a)5 b)30 -15w</i>	<i>-</i>	<i>-</i>	<i>a)5 b)30 -15w</i>	<i>Project monitoring Expert reporting</i>
	<i>1.2.4 a) Number of LAG Working Group members capacitated in strategic planning methods -women</i>	<i>Participant lists; Expert reports</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>120 -60w</i>	<i>-</i>	<i>-</i>	<i>120 -60w</i>	<i>Expert reporting Project monitoring</i>
	<b>1.3 LAG strategies developed (Yes/No)</b>	<b>Prepared LAG strategy drafts; workshop reports</b>	<b>0</b>	<b>2020</b>		<b>-</b>	<b>YES</b>	<b>-</b>	<b>-</b>	<b>YES</b>	<b>Independent experts' evaluation report of the strategy drafts</b>
	<i>1.3.1 Number of LAG members who participated in strategy development -women</i>	<i>Participant lists; meeting agendas</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>100 -50w</i>	<i>-</i>	<i>-</i>	<i>100 -50w</i>	<i>Meeting reports Project monitoring</i>
	<i>1.3.2 a) Number of developed Territorial Development Strategies b) Number of identified projects in each Folder</i>	<i>Territorial Development Strategies LAG reports Experts' reports</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>a)5 b)350</i>	<i>-</i>	<i>-</i>	<i>a)5 b)350</i>	<i>LAG reporting scheme Expert reporting scheme Project monitoring scheme</i>

<b>Objective 2 - Built supporting infrastructure to prioritize, implement and sustain local-grown initiatives in Lori and Tavush regions</b>	1.3.3 Number of approved Strategies by LAGs	Meeting minutes; LAG reports	0	2020		-	5	-	-	5	LAG reporting scheme Project monitoring scheme	
	FAO sub-output 1.3 Number of agricultural sections per LAG developed and feeding in the community needs-driven strategies	Prepared sectoral analysis of agriculture in the LAG territories; reports of working meetings and community events	0	2020		-	-	1	-	1	Field assessments; working group meetings, interviews, focus group discussions with the communities	
	2.(a) Number of locally operating CSOs engaged in LAG partnership (b) Number of locally operating business engaged in LAG partnership (c) Number of individual actors engaged in LAG Partnership	Territorial Partnership Agreement LAG reports Monitoring reports LAG meeting records Grant reports Survey reports	0	2020		-	.a)TBC (b)TBC (c)TBC				.a)TBC (b)TB C (c)TB C	LAG reporting scheme Project monitoring scheme Grant reporting Survey
	2.1. (a) Number of established LAG Accountable Bodies	LAG formalisation documents Monitoring reports;	0	2020		-	-	a)5	-	a)5	Field monitoring visits LAG reporting Selection Committee reporting Grant reporting	
	2.1.1 Suggested models for establishing LAG Accountable Body based on EU and non-EU experience.	Study report	0	2020		-	-	3	-	3	Study	
	2.1.2 Number of implemented models	With Registration documentations	0	2020		-	2	3	-	5	Project reporting LAG reporting	

	<i>for establishing LAG Accountable Body</i>	<i>Project progress reports Project monitoring reports</i>									<i>Office space refurbishment and furnishing reports</i>
	<i>2.1.3 Number of capacitated accountable body members -women</i>	<i>Participant lists, capacity development reports</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>10 -5w</i>	<i>15 -8w</i>	<i>-</i>	<i>25 -13w</i>	<i>Surveys and monitoring reports</i>
	<i>2.1.4 Number of Accountable body representatives who participated in the study tour. -women</i>	<i>Visit agendas; lists of participants</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>30 -15w</i>	<i>-</i>	<i>30 -15w</i>	<i>Surveys and monitoring reports.</i>
	<i>2.2 Number of initiatives funded</i>	<i>Selection Committee records Grant management report Local project reports</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>150</i>	<i>-</i>	<i>150</i>	<i>Expert evaluation reports;</i>
	<i>2.2.1 Number of selection committees formed.</i>	<i>Approved lists of committee members and selection criteria</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>5</i>	<i>-</i>	<i>5</i>	<i>Surveys and monitoring reports.</i>
	<i>2.2.2 (a) Number of local calls for proposals announced by LAGs. b) Number of projects awarded with grants -out of which women-led</i>	<i>Announcement texts LAG Selecting committee decisions</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>a)5 b) 150 -75w</i>	<i>-</i>	<i>a)5 b) 150 -75w</i>	<i>Monitoring reports</i>
	<i>2.2.3 Number of independent expertise reports.</i>	<i>Reports/expert's opinion on selected proposals</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>15</i>	<i>-</i>	<i>15</i>	<i>Independent expert's evaluation report on selected proposals.</i>

	2.2.4 (a) Number of applicants who received technical support	Participant lists Expert reports Monitoring report Survey	0	2020		-	-	a)50	-	a)50	Survey Monitoring Project reporting
	2.3 a) Number of results-based initiatives that received financing  b) Share of financed results-based initiatives led by women (%)	Selection Committee records Official documentations Grant agreements	0	2020		-	-	a)50 b)50%	a)10 b)50%	a)60 b)50%	Monitoring LAG reporting Grant reporting
	2.3.1 (a) Number of calls for evidence-based financing announced.  (b) Number of applications received -out of which women-led initiatives	Minutes of selection committees; recommended list of the grantees	0	2020		-	-	a)5 b)50%	-	a)5 b)50%	Reports
	2.3.2 a) Number of grantees who received training b) Share of grantees who report the trainings as useful (%)	Participant lists, consulting summaries Survey results	0	2020		-	-	a)50 b)50%	-	a)50 b)50%	Expert reporting Monitoring Survey
	2.3.3 a) Number of sustainability mechanisms piloted b) Number of innovative financing mechanisms piloted	Project reports Official documentation LAG reports	0	2020		-	-	a)5 b)1	a)0 b)1	a)5 b)2	Project reporting, monitoring, innovative financing evaluations
	2.3.4 a) Number of grantees who participated in study tour.	Visit agendas lists of participants	0	2020		-	-	-	a)30 b)50%	a)30 b)50%	Surveys monitoring Project reporting

	<i>b) Share of grantees who report it as effective (%)</i>										<i>Beneficiary reporting</i>
	<i>FAO sub-output 2.3 Number of stakeholders, men and women, trained at gender sensitive tailor-made trainings organized on local development processes and agriculture (disaggregated by sex, at least 35% are women)</i>	<i>Trainings materials and reports, list of participants</i>	0	2020		-	200	100	100	400	<i>Training needs assessments; reports of community events and other meetings</i>
	2.4 (a) Functional regional networking scheme established (b) Functional international networking scheme established	Project records LAG documentation Stakeholder reports Formal documents							a) 1 b)1	a)1 b)1	Project reporting LAG reporting
	<i>2.4.1 (a) Number of local stakeholders involved in networking scheme</i>	<i>Participant lists; Event and working meeting agendas and reports; Documentation on formalized cooperation</i>	0	2020		-	-		500	500	<i>Project reporting, beneficiary reporting Survey</i>
	<i>2.4.2 (a) Number of local product fairs organized (b) Number of participants to the local fairs -women</i>	<i>Public announcements Registration lists</i>	0	2020		-	-	-	a)5 b)250 -130w	a)5 b)250 -130w	<i>Monitoring Project reporting Beneficiary reporting</i>
	<i>2.4.3 Number of participants of closing conference</i>	<i>Conference agenda, participant lists</i>	0	2020		-	-	-	200	200	<i>Project reporting</i>

<b>Objective 3 -</b> Capacity of the line ministries and other relevant bodies improved and policy mechanisms at national level developed for successful pilot and sustainability of LEADER approach implementation in Armenia	-women											
	FAO sub-output 2.4 (a) Number of established and / or supported AAs per LAG (1);  (b) Number of methodologies for cooperating with “external businesses”	List of participants at networking and training events; Trainings reports;	(a)0 (b)0	(a)2020 (b)2020			-	-	(a)5 (b)1	-	(a)5 (b)1	Training needs assessments; mapping of stakeholders
	3.National policy framework for sustainability of LEADER developed. (YES/NO)	Normative acts accepted Project reports Experts reports								YES	YES	Project reporting Expert reporting Government records
	3.1 Policy recommendation developed on territorial development of Armenia	Policy analysis Expert report Project report								1	1	Project reporting Expert reporting Government records
	3.1.1 (a) Number of meetings and consultations held for overall adaptation of the LEADER approach to the territorial development strategy of Armenia  (b) Relevant expert analysis is conducted to prepare the policy recommendation package	Meeting minutes; submitted recommendations Expert reports	0	2020			-	-	a)5 b)0	a)10 b)1	a)15 b)1	Project reporting, expert reporting
	3.1.2 (a) Number of participants capacitated from the MTAI  -women (b) Number of participants capacitated from	BTORS participant lists	0	2020			0	0	a)15 -8w b)10 --5w	a)30 -15w b) 15 -8w	a)45 --12w b)25 -13w	Beneficiary reporting Project reporting

	<i>regional and local administrations</i> <i>-women</i>										
	<i>3.1.3 (a) Number of MTAI representatives who learned from EU experience through study trips, conferences and workshops.</i> <i>-w</i>	<i>Visit agendas; lists of participants BTORs</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>30</i> <i>-15w</i>	<i>30</i> <i>-15w</i>	<i>Project reporting</i> <i>Beneficiary reporting</i>
	<i>3.1.4 Concept note prepared</i>	<i>Finalized concept note</i>	<i>0</i>	<i>2020</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>	<i>1</i>	<i>Expert reporting</i> <i>Project reporting</i>
	<i>3.1.5 a) DAD established by the Project</i>  <i>b) Improved coordination efficiency as reported by the Government (%)</i>	<i>Supporting/evidence documentation</i> <i>Beneficiary reports</i>			<i>a)1</i>  <i>b)20%</i>					<i>a)1</i>  <i>(b) 20%</i>	<i>Project monitoring</i> <i>Reporting</i> <i>Survey</i>
	<i>FAO output 3.2</i> <i>(a)Number of stakeholders participated at workshops, study tours and capacity development trainings on the agricultural component of the LEADER approach</i> <i>(b); Number of policy packages prepared in light of Armenia's agricultural policy (2)</i>	<i>List of participants of workshops, conferences, policy dialogues, study tours; Training materials; Technical reports; Reports on agriculture related LEADER/CLLD activities</i>	<i>0</i> <i>0</i>	<i>(a)2020</i> <i>(b)2020</i>		<i>-</i> <i>-</i>	<i>-</i> <i>-</i>	<i>(a)100</i> <i>(b)-</i>	<i>(a)100</i> <i>(b)-</i>	<i>(a)200</i> <i>(b)1</i>	<i>Desk research; policy dialogues; technical workshops</i>



## 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.

### Monitoring Plan

<b>Monitoring Activity</b>	<b>Purpose</b>	<b>Frequency</b>	<b>Expected Action</b>	<b>Partners (if joint)</b>	<b>Cost (if any)</b>
<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.	At least annually	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.	At least 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 progress data showing the	Annually, and at the end of the		N/A	N/A

	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.	project (final report)			
<b>Project Review (Project Advisory Board)</b>	The project's governance mechanism (i.e., project advisory 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.	As requested but not less than 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>20</sup>

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term evaluation	FAO	1.2.1	See in RRF	30.09.2022	MTAI, UNDP, EU, FAO	USD 5,000 Project
Final Evaluation	FAO, EU	1.2.1		30.09.2024		USD 30,000 Project, EU resources

<sup>20</sup> Optional, if needed

## VII. MULTI-YEAR WORK PLAN <sup>21 22</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		
		2020	2021	2022	2023	2024		Funding Source	Budget Description	Amount
<b>Objective 1:</b> <i>Mobilized, capacitated and incentivized local actors to define community needs driven strategies in Lori and Tavush regions</i> <i>Gender marker: GEN 2</i>	Activity: COVID response and local actor mobilization, capacitation and incentivization to define community needs-driven strategies, create LAGs	77,040	472,619	676,026	0	0	UNDP	EU	Local consultants	318,000
									Contractual Services/Individuals	341,200
									Material and Goods	112,900
									Audiovisual & Printing/production	22,900
									Contractual Services/Companies	350,500
						Facilities and Administration	80,185			
		17,000	113,742	97,177	14,351	0	FAO	EU	Operating Expenses	242,270
<b>Sub-Total for Output 1</b>									<b>1,467,955</b>	
<b>Objective 2:</b> <i>Built supporting infrastructure to prioritize,</i>	Activity: Capacitate LAGs, create supporting infrastructure	0	0	551,050	1,800,810	836,205	UNDP	EU	Local consultants	101,000
									Contractual Services/Individuals	520,000
									Contractual Services/Companies	1,462,500

<sup>21</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>22</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>implement and sustain local-grown initiatives in Lori and Tavush regions</i>	to prioritize, implement and sustain local-grown initiatives in Lori and Tavush, propose innovative mechanisms for LAG sustainability								Machinery and Equipment	400,000	
									Material and Goods	496,000	
									Facilities and Administration	208,565	
		0	85,835	176,620	135,168	55,902	FAO	EU	Operating Expenses	453,525	
<b>Sub-Total for Output 2</b>									<b>3,641,590</b>		
<b>Objective 3:</b> Capacity of the line ministries and other relevant bodies improved and policy mechanisms at national level developed for successful pilot and sustainability of LEADER approach implementation in Armenia	Activity: Capacitate ministry and local governance representatives, support policy mechanisms at national level to pilot and sustainability of LEADER approach in Armenia	150,000	0	0	22,952	46,577	UNDP	EU	Local Consultants	12,000	
									Contractual Services/Individuals	27,300	
										Contractual Services/Companies	241,700
										Facilities and Administration	19,670
		0	0	0	22,952	46,577	FAO	EU	Operating Expenses	69,529	
<b>Sub-Total for Output 3</b>									<b>370,199</b>		
<b>Project Implementation: 4 Activity</b>		67,175	319,095	298,766	304,115	285,359.19	UNDP	EU	Programme Management Cost	132,480	
									Local Consultants	72,000	

								Contractual Services/individuals	374,400
								Travel	288,400
								Equipment and Furniture	19,000
								Communication and Audio visual	33,600
								Supplies	19,200
								Rental and Maint.Premises	72,000
								Audit Fee	35,251
								Audiovisual and Printing/Production	72,000
								Training, Workshop and Conferences	20,000
								Vehicles-Budget	52,800
								Facilities and Administration	83,379.19
	110,000	291,230	286,950	281,599	143,788.81	FAO	EU	Operating Expenses	1,113,557.81
	<b>Sub-Total for Output 4</b>								<b>2,388,068</b>
<b>Outputs Total</b>									<b>7,476,012.81</b>
<b>GMS Total</b>									<b>391,799.19</b>
<b>TOTAL</b>									<b>7,867,812</b>

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## 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 and FAO in accordance with their respective financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

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## IX. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA, 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.

13. 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.

14. 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.
15. 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.
16. 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.

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**X. ANNEXES****Social and Environmental Screening****Project Information**

<b>Project Information</b>		
1.	Project Title	<b>Local Empowerment of Actors for Development (LEAD) in Lori and Tavush Regions</b>
2.	Project Number	<b>00115480/00118827</b>
3.	Location (Global/Region/Country)	<b>Armenia</b>

**Part A. Integrating Overarching Principles to Strengthen Social and Environmental Sustainability****QUESTION 1: How Does the Project Integrate the Overarching Principles in order to Strengthen Social and Environmental Sustainability?*****Briefly describe in the space below how the Project mainstreams the human-rights based approach***

Throughout its implementation the project will follow the principles of the human-rights based approach accepting the universality and inalienability; indivisibility; interdependence and inter-relatedness of human rights; non-discrimination and equality; participation and inclusion; accountability and the rule of law. The Project will make sure that none of its interventions violates any of the universal human rights and demonstrates respect and tolerance to diversity. Participation and inclusion are the core values of the Project and through its approach, implementation methodology and tools the Project will support wide participation and inclusion of the most vulnerable groups into value creation. All the project activities will be implemented keeping the national law and with zero tolerance for any violations by the beneficiaries or the project staff.

***Briefly describe in the space below how the Project is likely to improve gender equality and women's empowerment***

The Project has clear criteria for selection to ensure women participation in the project. Women as head of the household, women with multiple children and female startups are among the target groups of the Project. The Project will hold focus group discussions with the women to ensure that their needs are heard, their potential is assessed and considered through all the community development initiatives. In the meantime, the women will get capacity building and production inputs to access the opportunity of value creation and competing in the market

***Briefly describe in the space below how the Project mainstreams environmental sustainability***

All the activities of the Project, including construction, agricultural activities and introduced innovation (technology, products and processes) will be in line with the existing environmental norms without adverse environmental effect and without undermining the sustainable growth of the local communities.

**Part B. Identifying and Managing Social and Environmental Risks**

<b>QUESTION 2: What are the Potential Social and Environmental Risks?</b>	<b>QUESTION 3: What is the level of significance of the potential social and environmental risks?</b>			<b>QUESTION 6: What social and environmental assessment and management measures have been conducted and/or are required to address potential risks (for Risks with Moderate and High Significance)?</b>
<i>Risk Description</i>	<i>Impact</i>	<i>Significan</i>  (Low,	<i>Comments</i>	<i>Description of assessment and management measures as reflected in the Project design. If ESIA or SESA is required note that the assessment should consider all potential impacts and risks.</i>
<i>Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such</i>	I = 2 P = 1	<b>Low</b>	referred to SESP Attachment 1: Standard 1, Question 1.2	N/A. There are no project activities, which may have impact on the environment.

by authoritative sources and/or indigenous peoples or local communities?				
<b>QUESTION 4: What is the overall Project risk categorization?</b>				
Select one (see <a href="#">SESP</a> for guidance)			<b>Comments</b>	
<i>Low Risk</i>		<input checked="" type="checkbox"/>		
<i>Moderate Risk</i>		<input type="checkbox"/>		
<i>High Risk</i>		<input type="checkbox"/>		
<b>QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are relevant?</b>				
Check all that apply			<b>Comments</b>	
<i>Principle 1: Human Rights</i>		<input checked="" type="checkbox"/>		
<i>Principle 2: Gender Equality and Women's Empowerment</i>		<input checked="" type="checkbox"/>		
1. <i>Biodiversity Conservation and Natural Resource Management</i>		<input type="checkbox"/>		
2. <i>Climate Change Mitigation and Adaptation</i>		<input type="checkbox"/>		
3. <i>Community Health, Safety and Working Conditions</i>		<input type="checkbox"/>		
4. <i>Cultural Heritage</i>		<input type="checkbox"/>		
5. <i>Displacement and Resettlement</i>		<input type="checkbox"/>		
6. <i>Indigenous Peoples</i>		<input type="checkbox"/>		
7. <i>Pollution Prevention and Resource Efficiency</i>		<input type="checkbox"/>		

## Final Sign Off

<i>Signature</i>	<i>Date</i>	<i>Description</i>
QA Assessor		Anna Gyurjyan, SEG Portfolio Manager

QA Approver/PAC Chair		Mihaela Stojkoska, UNDP DRR
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## Social and Environmental Risk Screening Checklist

<b>Checklist Potential Social and Environmental Risks</b>		<b>Answer</b>
<b>Principles 1: Human Rights</b>		
1.	Could the Project lead to adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
2.	Is there a likelihood that the Project would have inequitable or discriminatory adverse impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups? <sup>23</sup>	No
3.	Could the Project potentially restrict availability, quality of and access to resources or basic services, in particular to marginalized individuals or groups?	No
4.	Is there a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them?	No
5.	Is there a risk that duty-bearers do not have the capacity to meet their obligations in the Project?	No
6.	Is there a risk that rights-holders do not have the capacity to claim their rights?	No
7.	Have local communities or individuals, given the opportunity, raised human rights concerns regarding the Project during the stakeholder engagement process?	No
8.	Is there a risk that the Project would exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals?	No
<b>Principle 2: Gender Equality and Women's Empowerment</b>		
1.	Is there a likelihood that the proposed Project would have adverse impacts on gender equality and/or the situation of women and girls?	No
2.	Would the Project potentially reproduce discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
3.	Have women's groups/leaders raised gender equality concerns regarding the Project during the stakeholder engagement process and has this been included in the overall Project proposal and in the risk assessment?	No
4.	Would the Project potentially limit women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
<b>Principle 3: Environmental Sustainability:</b> Screening questions regarding environmental risks are encompassed by the specific Standard-related questions below		
<b>Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management</b>		
1.1	Would the Project potentially cause adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services?	No

<sup>23</sup> Prohibited grounds of discrimination include race, ethnicity, gender, age, language, disability, sexual orientation, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender people and transsexuals.

	<i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	
1.2	Are any Project activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, including legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	Yes
1.3	Does the Project involve changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	Would Project activities pose risks to endangered species?	No
1.5	Would the Project pose a risk of introducing invasive alien species?	No
1.6	Does the Project involve harvesting of natural forests, plantation development, or reforestation?	No
1.7	Does the Project involve the production and/or harvesting of fish populations or other aquatic species?	No
1.8	Does the Project involve significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.9	Does the Project involve utilization of genetic resources? (e.g. collection and/or harvesting, commercial development)	No
1.10	Would the Project generate potential adverse transboundary or global environmental concerns?	No
1.11	Would the Project result in secondary or consequential development activities which could lead to adverse social and environmental effects, or would it generate cumulative impacts with other known existing or planned activities in the area? <i>For example, a new road through forested lands will generate direct environmental and social impacts (e.g. felling of trees, earthworks, potential relocation of inhabitants). The new road may also facilitate encroachment on lands by illegal settlers or generate unplanned commercial development along the route, potentially in sensitive areas. These are indirect, secondary, or induced impacts that need to be considered. Also, if similar developments in the same forested area are planned, then cumulative impacts of multiple activities (even if not part of the same Project) need to be considered.</i>	No
<b>Standard 2: Climate Change Mitigation and Adaptation</b>		
2.1	Will the proposed Project result in significant <sup>24</sup> greenhouse gas emissions or may exacerbate climate change?	No
2.2	Would the potential outcomes of the Project be sensitive or vulnerable to potential impacts of climate change?	No
2.3	Is the proposed Project likely to directly or indirectly increase social and environmental vulnerability to climate change now or in the future (also known as maladaptive practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
<b>Standard 3: Community Health, Safety and Working Conditions</b>		
3.1	Would elements of Project construction, operation, or decommissioning pose potential safety risks to local communities?	No
3.2	Would the Project pose potential risks to community health and safety due to the transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.3	Does the Project involve large-scale infrastructure development (e.g. dams, roads, buildings)?	No
3.4	Would failure of structural elements of the Project pose risks to communities? (e.g. collapse of buildings or infrastructure)	No
3.5	Would the proposed Project be susceptible to or lead to increased vulnerability to earthquakes, subsidence, landslides, erosion, flooding or extreme climatic conditions?	No

<sup>24</sup> In regards to CO<sub>2</sub>, 'significant emissions' corresponds generally to more than 25,000 tons per year (from both direct and indirect sources). [The Guidance Note on Climate Change Mitigation and Adaptation provides additional information on GHG emissions.]

3.6	Would the Project result in potential increased health risks (e.g. from water-borne or other vector-borne diseases or communicable infections such as HIV/AIDS)?	No
3.7	Does the Project pose potential risks and vulnerabilities related to occupational health and safety due to physical, chemical, biological, and radiological hazards during Project construction, operation, or decommissioning?	No
3.8	Does the Project involve support for employment or livelihoods that may fail to comply with national and international labor standards (i.e. principles and standards of ILO fundamental conventions)?	No
3.9	Does the Project engage security personnel that may pose a potential risk to health and safety of communities and/or individuals (e.g. due to a lack of adequate training or accountability)?	No
<b>Standard 4: Cultural Heritage</b>		
4.1	Will the proposed Project result in interventions that would potentially adversely impact sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: Projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.2	Does the Project propose utilizing tangible and/or intangible forms of cultural heritage for commercial or other purposes?	No
<b>Standard 5: Displacement and Resettlement</b>		
5.1	Would the Project potentially involve temporary or permanent and full or partial physical displacement?	No
5.2	Would the Project possibly result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	Is there a risk that the Project would lead to forced evictions? <sup>25</sup>	No
5.4	Would the proposed Project possibly affect land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
<b>Standard 6: Indigenous Peoples</b>		
6.1	Are indigenous peoples present in the Project area (including Project area of influence)?	No
6.2	Is it likely that the Project or portions of the Project will be located on lands and territories claimed by indigenous peoples?	No
6.3	Would the proposed Project potentially affect the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the Project is located within or outside of the lands and territories inhabited by the affected peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)?  <i>If the answer to the screening question 6.3 is “yes” the potential risk impacts are considered potentially severe and/or critical and the Project would be categorized as either Moderate or High Risk.</i>	No
6.4	Has there been an absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	Does the proposed Project involve the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	Is there a potential for forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources?	No
6.7	Would the Project adversely affect the development priorities of indigenous peoples as defined by them?	No
6.8	Would the Project potentially affect the physical and cultural survival of indigenous peoples?	No

<sup>25</sup> Forced evictions include acts and/or omissions involving the coerced or involuntary displacement of individuals, groups, or communities from homes and/or lands and common property resources that were occupied or depended upon, thus eliminating the ability of an individual, group, or community to reside or work in a particular dwelling, residence, or location without the provision of, and access to, appropriate forms of legal or other protections.



6.9	Would the Project potentially affect the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No
<b>Standard 7: Pollution Prevention and Resource Efficiency</b>		
7.1	Would the Project potentially result in the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
7.2	Would the proposed Project potentially result in the generation of waste (both hazardous and non-hazardous)?	No
7.3	Will the proposed Project potentially involve the manufacture, trade, release, and/or use of hazardous chemicals and/or materials? Does the Project propose use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the Stockholm Conventions on Persistent Organic Pollutants or the Montreal Protocol</i>	No
7.4	Will the proposed Project involve the application of pesticides that may have a negative effect on the environment or human health?	No
7.5	Does the Project include activities that require significant consumption of raw materials, energy, and/or water?	No

## Annex 2: Risk Analysis

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Management response	Owner
1	Escalation of Nagorno Karabakh conflict	September 29, 2020	Armed Conflict and instability	Slowdown and contingency operations. Possible temporary non-availability of national counterparts and beneficiaries. Worsened socio-economic situation in Armenia.  P=5 I=5	Monitoring of the situation and implementation of project in line with UN/UNDP contingency and security policies. In agreement with partners, certain project components may be redesigned to meet emerging socio-economic needs and shifted priorities	CO Management
2	Second wave of COVID19 pandemic in Armenia	June 30, 2020	Environmental	The staff and beneficiaries' health issues and travel restrictions may slow down project implementation.  P = 5 I = 5	Project will follow UNDSS/UNDP instructions for contingency operations and use PPEs to avoid the risk of transferring the disease. Project will apply telecommuting tools as much as possible, including for interactions with the beneficiaries.	Project Manager
3	Change of the security situation along the Tavush border	June 30, 2020	Political	Security restrictions for operating in certain communities may slow down project implementation and impose risk for sustainability of actions.  P = 3 I = 5	Project will follow UNDSS/UNDP security and trip instructions to Tavush communities. In agreement with partners, certain project components may be redesigned to meet emerging socio-economic needs	Project Manager
4	Floating exchange rate of the Armenian Dram and the high frequency of rate fluctuations	June 30, 2020	Financial	The costs may 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

5	The change of internal political situation in the country	June 30, 2020	Political	<p>This will cause instability and cancel the current policy frameworks and the administrative setup needed for the project implementation.</p> <p>P =2 I = 2</p>	The Project will revisit its implementation strategy and while the principles will remain intact, the mechanisms may change.	Project Manager
6	Higher expectations of the community which cannot be met within the scope of the Project, its budget and strategy	June 30, 2020	Other	<p>Unmanaged expectations may cause reputational risks for the Project and reduce motivation on the ground to cooperate.</p> <p>P =3 I = 3</p>	The regular and open communication from day one will set a clear scope on what should be expected within the Project and what are the limitations of the Project.	Project Manager

