



## REPUBLIC OF ARMENIA

### SELF-ASSESSMENT REPORT

# ON IMPLEMENTATION OF CONDITIONS OF THE "EU SUPPORT TO EDUCATION IN ARMENIA" FINANCING AGREEMENT" BETWEEN THE REPUBLIC OF ARMENIA AND THE EUROPEAN COMMISSION (CRIS number NDICI-GEO-NEAR/2023/448-501)

## First fixed and variable tranches

### ➤ 1. EXECUTIVE SUMMARY

The field of education is among the priorities of the government of the Republic of Armenia and is in the center of constant attention. In recent years, educational reforms have gained a great momentum and are mainly aimed at improving the infrastructure and increasing the quality, access and affordability of education.

In 2023, the action plan derived from the law "On approving the state program for the development of education in the Republic of Armenia until 2030" was approved, which sets clear targets and a schedule of the state policy at all levels of education. This will help to implement the sectoral reforms and achieve the goals set in a more systematic way.

Starting from 2021, the testing and implementation of the new general educational standard has begun, teacher qualification programs have been carried out and new textbooks have been developed and published. The subject standards and programs which are based on the general education standard involve measures aimed at improving the quality of human rights and education in RA. These measures include professional development of teachers, provision of state-of-the-art STEM laboratories, qualification of STEM subject teachers, implementation of project-based education, etc.

One of the main targets of the RA government's five-year plan that is currently being implemented is the "Program on building, renovating and reconstructing 300 schools and 500 kindergartens". Built, reconstructed, renovated schools and kindergartens are going to be equipped with necessary property and equipment. In addition, a cluster/educational complex approach will be used in a number of rural settlements, which will contribute to increasing the quality of education and the efficiency of management.

The schools of Tavush region are already equipped with modern laboratories, the Armavir region schools as well as all the high schools in the country will be fully equipped by the end of the year and Aragatsotn, Lori, Shirak, Kotayk, Gegharkunik and Ararat region schools will be included in the program in 2024 /Kotayk, Ararat and Gegharkunik region schools will be equipped with STEM laboratories within the framework of this Agreement/.

As of 2023, in the field of primary and secondary vocational education, the dual education model has been implemented in 20 institutions of Armenia in the sphere of 24 most in demand professions (agriculture, IT, winemaking, tourism, engineering and logistics). The draft of the new Law on Vocational Education and Training was submitted to the National Assembly of the Republic of Armenia, with which the methodological foundations of vocational education and training programs have been radically revised and the work-based learning (dual) system will become dominant in the field.

With regards to the primary vocational education, there are already scholarships available for the most demanded professions for 2023-2024 educational year equal to 50000 AMD. In 2021-2023, construction works were implemented in 14 primary/vocational/ and secondary professional educational institutions.

The Law on Higher and Post-Graduate Professional Education is being amended, the adoption is planned in 2024.

By the decision of the Government of the Republic of Armenia, starting from the 2023-2024 educational year, the size of the state scholarship given to the STEM students /who are going to become STEM teachers/ involved in full-time educational programs, in the majors of primary importance for the state, has been redefined increasing from 5,000 AMD to 70,000 AMD<sup>1</sup>. The scholarship for students involved in full-time educational programs who have a severe or deep limitation of functionality provided by the Law "On the Rights of Persons with Disabilities" is set at AMD 50,000.

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<sup>1</sup> Decision N 1430-N of the Government of the Republic of Armenia of August 24, 2023 "On Identifying the Amount of State Stipends Awarded to Students in Bachelor's and Master's degrees in Higher Education Institutions or Organizations of the Republic of Armenia and Approving the List of Primary and Important Professions (educational programmes) for the State". <https://www.arlis.am/DocumentView.aspx?docid=181856>

***Satisfactory progress in the implementation of "The Action Plan based on the law "On Approving the Education Development Programme of the Republic of Armenia 2030" approved by the decision N-351-L of the Government of the Republic of Armenia dated 16 March, 2023***

**1. Public policy**

**General Education**

The Action Plan based on the law "On Approving the Education Development Programme of the Republic of Armenia 2030" was approved by the decision N-351-L<sup>1</sup> of the Government of the Republic of Armenia dated 16 March, 2023, which defines clear targets and a schedule of the state policy at all levels of education.<sup>2</sup>

- The new standard of general education<sup>3</sup> was piloted in Tavush region of the RA in 2021-2022 academic year, and starting from the 2023-24 academic year, the process of phased implementation of the new state standard of general education in all schools has been ensured in the 2nd, 5th and 7th grades of schools from September 2023. In May-June 2023, school teachers of 2nd, 5th, 7th grades and principals were trained<sup>4</sup>. A network of mentor schools<sup>5</sup> was created which supports teachers and principals of all schools in the RA in the process of implementing the standards. As a result of the introduction of the new standard of general education, grant tenders for the creation and printing of textbooks and educational materials were put out and concluded on 1 June – a total of 75 textbooks were created for the 2nd, 5th, and 7th grades<sup>6</sup>.
- A new management model of public educational institutions was introduced – the educational and administrative-economic processes of the institution were separated. The educational, and the administrative and economic components will be managed

<sup>1</sup> N 351-L <https://www.arlis.am/DocumentView.aspx?docID=175541>

<sup>2</sup> Annual report of the RA MoESCS  
<https://docs.google.com/document/d/1OxVZSkDuGK-kqyyQFuGRBSr09qo7ZaqG/edit?usp=sharing&ouid=111423456670042809339&rtpof=true&sd=true>

<sup>3</sup> Decision N 136-N of the Government of the Republic of Armenia of 4 February 2021 "On Making Amendments to Decision N 439-N of the Government of the Republic of Armenia dated 8 April 8, 2010".  
<https://www.arlis.am/documentview.aspx?docid=149788>

<sup>4</sup> [https://drive.google.com/file/d/1TWkKkLBqUSIJsu\\_n\\_K2n1LSZPaAvOvWY/view?usp=sharing](https://drive.google.com/file/d/1TWkKkLBqUSIJsu_n_K2n1LSZPaAvOvWY/view?usp=sharing)

<https://www.facebook.com/search/top?q=%23%D5%AF%D5%A6%D5%B6%D5%A1%D5%AF%20%D5%B0%D5%BA%D5%B9>

<sup>5</sup> Order N 09-L of the Minister of ESCS of the Republic of Armenia of February 3, 2023 "On Approving the List of Mentor Schools for the Implementation of the State Standard of General Education in the 2nd, 5th, 7th and 10th Grades of the Schools of the Republic of Armenia in 2023".

<https://escs.am/files/files/2023-02-07/f22449c404fd7e98b7f9ae0c2625a7a3.pdf>

<sup>6</sup> Armenian educational Environment, Resource Repository.

<https://lib.armedu.am/category/80?f=273&sb=>

by the principal and the coordinator of the institution, accordingly. This approach will result in a clear distribution of powers, duties and responsibilities in institutions, as well as enable having specialized services in schools. A new funding formula for public education institutions was initiated in 2023 which will be implemented in 2024 with new components of quality and management that were missing before<sup>1</sup>.

A transition to a new management system has been initiated in schools with a new process of appointing principals. Substantive criteria have been set for principals, and the examination of development programmes<sup>2</sup> submitted by candidates for the appointment to the position has been delegated to two different organizations, ensuring the objectivity and transparency of the process<sup>3</sup>.

- Voluntary certification is carried out for the purpose of continuous professional upskilling and encouragement of teachers of public educational institutions. From 2023, all teachers teaching in grades 1-12, as well as persons meeting the requirements of a teacher but not working as a teacher, teachers of general education subjects teaching in colleges and training institutions can participate in the voluntary certification. About 6320 teachers<sup>4</sup> - about 20 percent of the total number of RA teachers (about 30 thousand<sup>5</sup>) have applied to participate in the organized voluntary certification in 2023. As a result of voluntary certification, teachers' salaries have at least doubled. A new system for awarding teachers' qualification categorizations was introduced; as a result, 54 pedagogues<sup>6</sup> received qualifications, including the highest,

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<sup>1</sup> N 79-N order of the Minister of ESCS of the RA of 7 December, 2022.

<https://escs.am/files/files/2023-01-16/7aef9fdd6a9b96455abd8f2fe6d9717c.pdf>

<sup>2</sup> N 35-N order of the Minister of Education, Science, Culture and Sports of the Republic of Armenia dated 22 September, 2022 "On Approving the Format for the Development of the Development Programme of the State Public Educational Institution and the Performance Indicators and Requirements of the Annual Report on the Implementation of the Development Programme, and Repealing the Order N 16-N of the Minister of Education, Science, Culture and Sport of the Republic of Armenia dated 15 January, 2021".

<https://www.arlis.am/documentview.aspx?docid=168835>

<sup>3</sup> Decision N 259-N of the Government of the Republic of Armenia of March 2, 2023 "On Approving the Procedure for the Appointment of the Coordinator of the Administrative and Economic Component of the State Public Educational Institution" <https://www.arlis.am/DocumentView.aspx?DocID=174989>

Decision N 57-N of the Government of the Republic of Armenia of January 12, 2023 "On Approving the Order Delegating the Management of the Administrative and Economic Process of the Authorized Body in the State Educational Institution to a Legal Entity".

<https://escs.am/files/files/2023-01-13/6d85807b4e13bf7f534e41bb3df2e8df.pdf>

<https://escs.am/files/files/2023-01-13/eb17c3f6751bbb959019a7de799a6ad9.pdf>

<sup>4</sup>[https://docs.google.com/document/d/1-](https://docs.google.com/document/d/1-KB7ZKwihFensgJctb9tcHflOpIEB5xs/edit?usp=share_link&ouid=111423456670042809339&rtpof=true&sd=true)

[KB7ZKwihFensgJctb9tcHflOpIEB5xs/edit?usp=share\\_link&ouid=111423456670042809339&rtpof=true&sd=true](https://docs.google.com/document/d/1-KB7ZKwihFensgJctb9tcHflOpIEB5xs/edit?usp=share_link&ouid=111423456670042809339&rtpof=true&sd=true)

<sup>5</sup> Basis: [emis.am](https://emis.am)

<sup>6</sup> [https://drive.google.com/file/d/1vy2i1S9yFmV6ptxKhhV\\_RfGX\\_VT-Msu8/view?usp=drive\\_link](https://drive.google.com/file/d/1vy2i1S9yFmV6ptxKhhV_RfGX_VT-Msu8/view?usp=drive_link)

fourth-level category with a 50 percent bonus. There are teachers who are paid from 400 thousand to 530 thousand drams through the categorization and voluntary certification systems<sup>1</sup>.

- The Government of the RA pays special attention to the implementation of the programme of construction, capital renovation and reconstruction of 300 schools and 500 kindergartens until 2026, which is one of the main targets of the five-year plan of the Government. About 110.0 billion drams have been allocated in the draft budget 2024 of the Ministry under this programme. The constructed, reconstructed or renovated schools and kindergartens will be equipped with necessary assets and equipment. In addition, a cluster/educational complex approach will be used in several rural settlements, which will contribute to increasing both the quality of education and the efficiency of management. Within the programme of construction, reconstruction and capital renovation of 300 schools, construction works have been completed in 26 schools as of October 30, 2023, currently works are underway in 44 institutions, construction of 234 schools will be underway in 2024, 18 of which are planned to be completed in 2024<sup>2</sup>.

The programme for the construction, reconstruction and capital renovation of 500 kindergartens is being carried out in cooperation with other state agencies and is being implemented at the expense of state and community budgets allocated not only to the MoESCS, but also to other agencies. The programme includes both separate kindergartens and preschools operating in schools and kindergartens in educational complexes. Within the programme, as of October 30, 2023, construction works have been completed in 127 institutions, and currently works are underway in 104 institutions. In 2024, work will be carried out in 306 institutions, 109 of which are planned to be completed in 2024.

In 2023, by various decisions of the RA Government<sup>3</sup>, 276 schools from Yerevan, Aragatsotn, Ararat, Armavir, Gegharkunik, Lori, Kotayk, Shirak, Vayots Dzor, Tavush,

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<sup>1</sup><https://docs.google.com/spreadsheets/d/1OWk02SjrAH1-lw8GaMRSfkviw00sbSve/edit?usp=sharing&ouid=111423456670042809339&rtpof=true&sd=true>

<sup>2</sup> <https://drive.google.com/file/d/1zX2-UREBPT4NbofzEfh2RrVpGlv21RLe/view?usp=sharing>

<sup>3</sup> By decision N 491-N "On Redistribution, Amendments and Supplements to the RA Law "On the State Budget of the Republic of Armenia 2023" of April 6, 2023 and on Making Amendments and Supplements to the Decision No. 2111-N of the RA Government dated December 29, 2022", and decision N 1790-A/2 of September 11, 2023 of the Minister of ESCS of the RA "On Approving the List of Public Educational Institutions Included in the Programme of Ensuring Access to Quality Educational Services of the Republic of Armenia".

<https://www.arlis.am/documentview.aspx/?docid=176241>  
<https://escs.am/files/files/2023-09-11/447d04d2fcb3042b6a0f639370f3279.pdf>

Decision N 682-N "On Making Redistribution, Amendments and Supplements to the Law of the Republic of Armenia on the State Budget of the RA 2023 dated May 4, 2023, and on Making Amendments and Supplements

and Syunik regions were included in the list of the programme for the reconstruction, construction, and capital renovation of 300 schools and their complete equipment by 2026. Newly created educational complexes are associations of educational institutions implementing various educational programmes, which will serve as a community centre, as necessary.

With respect to the construction works of educational complexes in the Syunik region of the RA, they have been postponed due to the tense situation from continuous Azerbaijani aggression on the borders of the RA (especially in Syunik region of the RA), as well as the difficulties related to the reception of more than 100 thousand compatriot refugees who were forcibly displaced because of the aforementioned aggression.

- Within the programme of equipping all schools in the Republic of Armenia with laboratories, contracts for the supply of laboratory equipment and furniture were signed for 87 schools in Armavir region; however, due to the tense regional situation, the process was postponed.
- A 25 percent bonus was set for about 8,200 STEM (except mathematics<sup>1</sup>) teachers in all public educational institutions of the Republic of Armenia, effective from 1 September 2023. It is noteworthy that by the decision of the RA Government, a special stipend policy has been established from September 2023, i.e., 70 thousand AMD stipend<sup>2</sup> per month will be paid to encourage more applicants for the “Teaching STEM subjects” specialisation in the higher educational institutions. The mechanism has

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in the Decision N 2111-N of the RA Government dated December 29, 2022". <https://www.arlis.am/documentview.aspx?docid=177249>

N 823-N decision “On Making Redistribution, Amendments and Supplements to the Law of the Republic of Armenia on the State Budget of the RA 2023 dated May 25, 2023 and on Making Amendments and Supplements in the Decision N 2111-N of the RA Government dated December 29, 2022 as well as Granting Permission to Declare the Procurement Procedure Void”. <https://www.arlis.am/DocumentView.aspx?docid=178357>

N 977-N decision “On Making Redistribution, Amendments and Supplements to the Law of the Republic of Armenia on the State Budget of the RA 2023 dated June 16, 2023, and on Making Amendments and Supplements in the Decision N 2111-N of the RA Government dated December 29, 2022, as well as Granting Permission to Declare the Procurement Procedure Void.” <https://www.arlis.am/DocumentView.aspx?docid=178357>

N 1140-N decision “On Making Redistribution, Amendments and Supplements to the Law of the Republic of Armenia on the State Budget of the RA 2023 dated July 6, 2023, and on Making Amendments and Supplements in the Decision N 2111-N of the RA Government dated December 29, 2022, as well as Granting Permission to Declare the Procurement Procedure Void”. <https://www.arlis.am/DocumentView.aspx?docid=178357>

<sup>1</sup> The goal is to encourage teachers who have difficulty filling the prescribed rate due to the fewer class hours teaching science subjects, and mathematics teachers have no problem filling the rate under the conditions of the prescribed amount of workload.

<sup>2</sup> Decision N 1430-N of the Government of the Republic of Armenia of August 24, 2023 "On Identifying the Amount of State Stipends Awarded to Students in Bachelor's and Master's degrees in Higher Education Institutions or Organizations of the Republic of Armenia and Approving the List of Primary and Important Professions (educational programmes) for the State".

<https://www.arlis.am/DocumentView.aspx?docid=181856>

already had a significant impact on increasing the number of applicants in these areas; for example, the number of applicants in master's programmes has doubled.

### **Pre-school Education**

- Amendments were made to the law on preschool education<sup>1</sup> based on which the administration in the certification and management processes of principals was simplified, the possibilities of ensuring inclusiveness were improved, and the conditions of licensing of preschool services were clarified.
- On May 13, 2021, the RA government's decision N 744-N<sup>2</sup> approved the state educational standard for preschool education, which is based on the competence-based approach. Current investments are aimed at the development of existing pedagogical potential in the context of the substantive revision of preschool education.
- On July 25, 2022, an order No. 27-N<sup>3</sup> "On the procedure for the selection and training of the vocational organizations for principals and pedagogical workers of preschool educational institutions" was approved by the Minister of Education, Science, Culture and Sports. It creates an opportunity to systematically and regularly inform educators about the current state of preschool education, its requirements and modern learning techniques. At the same time, measures are taken aimed at the introduction of complex mechanisms of pedagogical career advancement, continuous professional development and continuous salary increase. On March 2, 2023, the order No. 16-N<sup>4</sup> "On granting qualification to pedagogical workers of community preschool educational institutions and providing additional pay to pedagogical workers already received qualification at the expense of the state budget" was approved by the Minister of Education, Science, Culture and Sports.
- The RA government's decision No. 1169-N<sup>5</sup> of July 15, 2021 approved "The order on setting an increased amount of funding for pre-school educational institutions per student from the state budget, including the increased amount of funding necessary to ensure the special conditions of education and development", according to which, funding per student with special educational and development needs is implemented starting from September 1, 2022. Guided by the same decision, starting from September 1, 2023, children of military personnel, children of parents who

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<sup>1</sup> <https://www.irtek.am/views/act.aspx?aid=156955>

<sup>2</sup> <https://www.arlis.am/DocumentView.aspx?DocID=152575>

<sup>3</sup> <https://www.arlis.am/DocumentView.aspx?DocID=166525>

<sup>4</sup> <https://www.arlis.am/DocumentView.aspx?DocID=175124>

<sup>5</sup> <https://www.arlis.am/documentview.aspx?docid=154530>

participated in military operations receive free preschool education covered by the state budget.

- To ensure the target of 85% enrolment of children of pre-school age fixed by the RA Government programme, the programme of construction, reconstruction and capital renovation of 500 kindergartens continues, within which construction works are underway in 104 institutions. Preschool services will also operate in all 70 educational complexes<sup>1</sup>.

### **Extracurricular Education**

- In 2023, a number of supplements were made to the Law "On Education" that specify the financing and substantive standards and unified management criteria for institutions of extracurricular institutions<sup>2</sup> aimed at regulating the provided services and bringing them into a unified field.
- According to the statistics, 5237 teachers teach in music, art, fine arts, dance schools and creative centres for children and youth in the 2022/2023 academic year. A total of 2125 coaches-pedagogues carry out trainings in children's sports schools<sup>3</sup>.

### **Craftsmanship and Secondary Vocational Education**

- The demand of the economy and the labour market in the regions was studied through the needs assessment and analysis of vocational education, which was compared with the existing educational resources and the introduction of new professions was outlined. Based on the analysis, admission places in educational institutions were allocated according to the most demanded professions for 2023-2024; the process will be continuously improved in the future. The conceptual documents developed based on the analysis will become the source for the redistribution of programmes implemented in colleges according to regional and sectoral development priorities. This principle is already applied for the optimization of educational institutions. During 2023, eight institutions have already been reorganized. As of 2023, the dual education model is introduced in 14 institutions of Armenia with around 13 specialties (IT, winemaking, tourism, precise engineering and logistics).

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<sup>1</sup><https://drive.google.com/file/d/1zX2-UREBPT4NbofzEfh2RrVpGlv21RLe/view?usp=sharing>

<sup>2</sup> <https://www.arlis.am/DocumentView.aspx?DocID=175020>  
<https://www.e-draft.am/projects/6199>  
<https://www.e-draft.am/projects/6238>  
<https://www.e-draft.am/projects/6201>

<sup>3</sup><https://docs.google.com/document/d/1u0Z82MgSFjJ48BgVUWLlLoqZkwYRynQB/edit?usp=sharing&oid=111423456670042809339&rtpof=true&sd=true>



- On January 17, 2023, amendments and supplements to the Law "On Primary (Craftsmanship) (hereinafter referred to as Craftsmanship) and Secondary Vocational Education"<sup>1</sup> came into force, which established the possibility of certification and classification for the sector employees; the system of certification and classification will be introduced from 2024.

### ***Higher Education***

- The Higher Education and Science Committee was established based on the Science Committee, the Higher Qualification Committee and the Department of Higher and Postgraduate Education of the MoESCS to ensure a unified policy in the field of higher education and science.<sup>2</sup>
- The Law on Higher and Post-Graduate Professional Education is being amended, the adoption is planned in 2024.
- In 2023, the entrance examinations were conducted in two rounds for the first time, thus reducing the examination stress and tension to some extent and enabling the applicants to demonstrate their abilities.
- According to the Law "On Approving the Education Development Programme 2030", it is planned to establish an "Academic City" as a group of campus clusters providing a contemporary educational environment for quality higher education and research, which will ensure the solution of a number of target issues, in particular, having at least four universities in the top 500 international rankings and at least double the number of foreign students, increasing the international reputation of the higher education system.

The Academic City will be located in the area adjacent to the 17th district of Yerevan and around the "Hayfilm" movie studio named after Hamo Beknazaryan with a total area of about 700 hectares. Within the "Academic City" project, the concept of the "Academic City" project<sup>3</sup> was approved by the RA Government decision N 1802-L dated October 19, 2023 "On the Approval of the Concept of the "ACADEMIC CITY" Project".

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<sup>1</sup> HO-8-N dated 17 January 2023 "On Making Amendments and Supplements to the Law "On Primary (Craftsmanship) and Secondary Vocational Education".  
<https://www.arlis.am/DocumentView.aspx?docid=174019>

<sup>2</sup> N 28-L order of the RA Minister of ESCS dated July 12, 2023  
<http://scs.am/files/GK-kanonadrutyun-28L-12.07.2023.pdf>  
HO 155-N <https://www.arlis.am/documentview.aspx?docid=178449>

<sup>3</sup> N 1802-L <https://www.arlis.am/DocumentView.aspx?DocID=184227>

Multifaceted activities are also underway to increase the efficiency of sectoral management and the degree of digitalization.

In general, the share of education in the RA state budget increased from 7.4% in 2021 to 9.7% in 2024, and in absolute terms, it almost doubled from around 144 billion drams to around 293 billion drams.

**Education Sector Statistics** is provided below.<sup>1</sup>

### **Reports on Education sector of Budget Performance 2023 of the RA Ministry of Education, Science, Culture and Sport**<sup>2</sup>

- Craftsmanship and Secondary Vocational Education - 89,7 %
- Higher and Post-Graduate Professional Education – 89.8%
- General Education – 83.1%
- Extracurricular Education – 91.4%
- Safe school program - 30.3 /The construction works of educational complexes have been delayed due to the tense situation on the border of the RA due to the continuous aggression of Azerbaijan/
- Improving the quality of Education – 56.9 % /The procedures for the procurement of equipment for STEM laboratories have been postponed due to regional tension due to the continuous aggression of Azerbaijan, as well as the issues related to the proper reception of more than 100 thousand forcibly displaced compatriot refugees as a result of the aforementioned aggression/.
- Inclusive education – 78.6%

It is expected to perform at least 98 % by the end of the year for all the sectors except 5 and 6.

***All processes of the aforementioned reforms are performed in accordance with pre-approved schedules, all the activities have been implemented without any delay up to day***<sup>3</sup>.

**Conclusion: Based on the data and developments recorded during the reporting period, we can conclude that a credible and relevant educational reform policy has been maintained in due course.**

## **2. MACROECONOMIC STABILITY**

<sup>1</sup> [https://drive.google.com/file/d/16vO1\\_ES-oz2EaTzJ5puTPmhJRlpKO9j9/view?usp=sharing](https://drive.google.com/file/d/16vO1_ES-oz2EaTzJ5puTPmhJRlpKO9j9/view?usp=sharing)

<sup>2</sup> <https://drive.google.com/file/d/1z5kq6id6YdYmCtGNWwWezvBVzuMCqoJA/view?usp=sharing>

<sup>3</sup> N 351-L <https://www.arlis.am/DocumentView.aspx?docID=175541>

Annual report of the RA MoESCS

<https://docs.google.com/document/d/1OxVZSkDuGK->

[kqyyQFuGRBSr09qo7ZaqG/edit?usp=sharing&ouid=111423456670042809339&rtpof=true&sd=true](https://docs.google.com/document/d/1OxVZSkDuGK-kqyyQFuGRBSr09qo7ZaqG/edit?usp=sharing&ouid=111423456670042809339&rtpof=true&sd=true)

**Economic growth:** After the shocks of the pandemic and the Artsakh war, the pace of economic recovery of 2021 accelerated at the beginning of 2022. Despite a certain slowdown in economic activity in March as a result of the Russian-Ukrainian conflict that began in late February and the negative effects of sanctions against Russia, the growth rate of economic activity accelerated sharply (especially in the service sector) from April, due to the influx of people to Armenia, a significant increase in tourism and the relocation of IT companies to Armenia, as well as another new influx of migrants to Armenia in September. As a result, 12.6% economic growth was registered in 2022, which was mainly due to the growth of services (contribution: 9.4 percentage points). Industry and construction also grew, contributing to economic growth (contribution: 1.2 and 1.2 percentage points, respectively). Meanwhile, the decline in agriculture had a negative impact on economic growth (contribution: 0.1 percentage point). From the point of view of aggregate demand, the growth was determined by both the growth of domestic demand (private consumption and investment) and the increase in exports.

High rates of economic growth continued in 2023 as well. In January-September, compared to the same period of last year, the economic activity was 9.7%, which was mainly contributed by the services sector. Growth in the trade and construction sectors also contributed significantly. The growth of services sector in January-September was conditioned mainly to growth in information and communication, transport, accommodation and public catering sub-sectors. The economic activity has been accompanied by both an increase in domestic demand, as evidenced by continued increase in services and construction, and an increase in external demand, especially in exports of services.

**Foreign Trade: Exports and Imports.** In 2022, foreign trade registered a significant increase: the export and import of goods increased by 77.7% and 63.56%, respectively. Despite the significant slowdown caused by the conflict between Russia and Ukraine and the negative effects of the unprecedented sanctions against Russia, the growth rates of exports and imports have accelerated again since April.

In January-September 2023, foreign trade continues the trends of the previous year, registering a double-digit growth (47.2%): the export of goods increased by 48.5%, and the import by 46.4%.

**Inflation and Monetary Policy.** Average inflation in January-September 2023 was 2.8%, and 12-month inflation in September was 0.1%. Responding to the existing low inflation environment, the Central Bank of Armenia lowered the refinancing rate by 1 percentage points defining 9.75% in January-September.

Inflation was 0.1% in September 2023 and the CBA lowered the policy rate by 0.5 percentage point, accordingly.

**State Budget, Debt and Fiscal Policy.** During 2022, RA state budget revenues increased at a high rate due to high rates of economic growth and inflation, as well as changes in tax legislation. According to the results of 2022, the total revenues of the RA state budget amounted to AMD 2,063.1 billion, increasing by 22.5% compared to the same period of the previous year. Taxes and duties amounted to AMD 1,926.0 billion, increasing by 21.4% compared to the same period of the previous year. The increase in tax revenues is mainly due to the restoration of tax bases (mainly due to the growth of consumption and imports, except for customs duties), as well as the introduction of the export duty on metal minerals, which was valid until September 1, 2022.

In 2022, an increase in state budget expenditures was recorded. State budget expenditures amounted to AMD 2,242.6 billion, increasing by 11.9% compared to the same period of last year. In the same period, current expenses amounted to AMD 1,862.2 billion, increasing by 4.2% compared to the same period of last year.

In 2022, operations with non-financial assets amounted to AMD 380.4 billion, in which expenses on non-financial assets (capital expenditures) amounted to AMD 389.1 billion, increasing by 75.8% compared to the same period of last year.

As a result of the above developments, a deficit state budget was formed. In 2022, a deficit of AMD 179.5 billion was formed in the state budget, compared to a deficit of AMD 320.5 billion in the same period of last year.

In January-September 2023, the revenues of the RA state budget continue to grow due to the expansion of tax bases in conditions of high economic growth. In January-September 2023, state budget revenues amounted to AMD 1708.5 billion, increasing by 13.8% compared to the same period of last year, and taxes and duties amounted to AMD 1617.1 billion, increasing by 15.0% compared to the same period of last year. The increase in tax revenues is mainly due to the increase in tax bases (mainly last year's profits, imports, consumption and salaries). At the same time, the increase in tax revenues was counteracted by the decrease in the income tax rate and the increase in the volume of refunds, as well as the suspension of the export duty on metal minerals (from September 1, 2022).

In January-September 2023, an increase in state budget expenditures was recorded. State budget expenditures amounted to AMD 1633.9 billion increasing by 12.7% compared to the same period of last year. In the same period, current expenses amounted to AMD 1401.7 billion, increasing by 9.9% compared to the same period of last year. Operations with non-financial assets amounted to AMD 232.3 billion, in which expenditures on non-financial assets (capital expenditures) amounted to AMD 238.2 billion, registering an increase of about 33.1% compared to the same period of last year.

In January-September 2023, the state budget had a surplus of AMD 74.6 billion, compared to a surplus of AMD 51.4 billion in the same period of last year.

**Short-term forecasts.** For 2023-2024, 7.0% economic growth is predicted by the state budget in line with the target of the RA Government program. Moreover, in 2023, for the purpose of contributing to the increase of the economic growth potential and at the same time ensuring fiscal stability, the fiscal policy aimed to significantly increase the level of public investments and at the same time ensure the maintenance of a stable level of the RA Government debt.

In 2023, because of legislative reforms and measures aimed at improving tax administration, tax revenues are expected to reach 23.4% of GDP, and 24.2% of GDP for 2024 (MTEF 2024-2026). Meanwhile, the total expenses of the state budget will increase in relation to the GDP, making 27.4% for 2023 and 28.0% for 2024. As a result, in 2023-2024, the state budget deficit will be 2.9% of GDP in average. In order to increase the potential for economic growth in the medium term, it is planned to significantly increase capital expenditures in 2023-2024, bringing it to 6.3% of GDP (an increase of 1.8 percentage points compared to the actual 4.5% in 2022).

***Conclusion: Based on the data and developments recorded during the reporting period, we can conclude that a credible and relevant stability-oriented macroeconomic policy has been maintained in due course.***

### 3. PUBLIC FINANCE MANAGEMENT

The Strategy for the Public Finance Management System Reforms (PFMSR) for 2019-2023 (hereinafter the “Strategy”) and the Action Plan for the Reforms of the Public Finance Management System for 2019-2023 (hereinafter the “Action Plan”) were approved by the RA Government Decree №1716-L, dated November 28, 2019. Pursuant to the Point 15 of the Strategy, the general management of the PFMSR, envisaged by the Strategy, is carried out by the RA Minister of Finance, and the heads of state bodies are responsible for the implementation of the PFMSR in those state bodies. According to the Point 16 of the Strategy, in order to coordinate the activities carried out in different areas of the PFM, a PFMSR Secretariat is established in the RA Ministry of Finance, on behalf of the Budget Process Coordination Department. Pursuant to the Point 17 of the Strategy, the heads of the responsible bodies and units of the RA Ministry of Finance submit reports to the PFMSR Secretariat on the implementation of the actions (measures) provided by the Strategy and related to their competences. Forms of reports and submission deadlines are defined by the Order №93-A of the RA Minister of Finance, dated March 30, 2020.

As a result of monitoring the implementation of the measures planned by the Strategy, the PFMSR Secretariat initiated a process of revising/extending the implementation deadline for a number of measures in 2020-2021, as a result of which a number of measures of the Strategy were developed and edited by the RA Government Decrees №283-L, dated March 04, 2021, and №2189-L, dated December 30, 2021.

The PFMSR Secretariat developed and published semi-annual and annual reports on Strategy Measures Implementation Process for 2020-2022, as well as first semester report for 2023 (available [here](#)).

In the meantime, the new Public Expenditure and Financial Accountability (PEFA) assessment is currently being implemented for Armenia, the outcome of which will be the presentation of the relevant report. The PEFA Assessment will provide an opportunity to develop new strategic approaches within the framework of PFMSR. The previous PEFA assessment for Armenia was carried out in 2013 and the reports were published on PEFA official website (available [here](#) and [here](#)). As a result of consultations with state bodies involved in the PFM process and discussion of PEFA Assessment report indicators, a PEFA Assessment Concept Note was developed by the PEFA team.

**Conclusion:** *Based on the information provided above, we can conclude that the GoA has ensured the continuous improvement of PFM in line with existing Strategy and Action Plan.*

### 4. BUDGET TRANSPARENCY

Taking into account the Articles 3 and 4 of the RA Law “On Normative Legal Acts”, Article 26.a of the RA Law “On Budgetary System of the Republic of Armenia”, the Section 12 of the RA Government Decree N 1164 “On Defining the Order of Organizing and Conducting Public Discussions and Declaring the Decree N 296-N of the Government of the Republic of Armenia, dated March 25, 2010 null and void”, dated March 25, 2018 (the “Decree”) and the schedules approved by the RA Prime Minister's decisions on starting the budget process for each year (the “Schedules”), the RA Ministry of Finance publishes the draft RA laws on state budget for each year on its website and the unified website for the publication of legal acts (available [here](#), [here](#), [here](#), [here](#) and [here](#)).

In addition, since 2019, the public authorities, including the RA Ministry of Finance, are obliged to publish on their official websites the drafts of the MTEF (including the state budget) applications of

the given year, as well as the cost calculations-justifications based on the applications, in order to hold public discussions with the participation of CSOs. The 2023-2025 MTEF application for budgetary financing (including budget expenditures for 2023) of the RA Ministry of Finance is available [here](#).

After the approval, the MTEF is published in the RA official bulletins and on the websites of the RA Ministry of Finance and <https://arlis.am>. At the same time, after approval by the RA National Assembly, the state budget of each year is published in the RA official bulletins and on the websites of the RA National Assembly, RA Ministry of Finance and <https://arlis.am>.

The draft report on the execution of the budget of the previous year, information on the progress of the budget on a monthly basis and quarterly reports on the execution of the budget are published on the website of the RA Ministry of Finance.

Since 2018, a brief version of the next year's budget (the Citizen Budget) and simplified reports on the execution of the previous year's budget are published on the website of the RA Ministry of Finance (available [here](#) and [here](#)).

The actual execution of the annual budget structure, programs and budget spending directions is available online on the website of the Ministry of Finance and the [website](#) of the RA e-governance.

**Conclusion:** *Based on the information above, we state that public availability of accessible, timely, comprehensive and sound budgetary information is in place.*

**General condition for the fixed tranche:**

**Based on the self-assessment report of fixed tranche requirements we consider that all the Indicators were compliant and the fixed tranche should be requested to be paid.**

**THE LIST OF INFORMATION ABOUT THE WORKS CARRIED OUT IN THE DIRECTION OF INDICATORS APPROVED WITH THE AGREEMENT IS PROVIDED BELOW.**

<p>1. <b>Secondary school network optimization</b></p>	<p>RA Ministry of ESCS December 2023</p>	<p><b>Status:</b> Not implemented</p> <p><b>2023 target:</b> Secondary school network optimization - Procurement process for construction/renovation work started in at least 7 schools as a part of the Kapan and Goris region optimisation pilot</p> <p><b>Progress made:</b> According to decision N 491-N<sup>1</sup> "On Redistribution, Amendments and Supplements to the RA Law "On the State Budget of the Republic of Armenia 2023" of April 6, 2023 and on Making Amendments and Supplements to the Decision No. 2111-N of the RA Government dated December 29, 2022", and order N 1790-A/2<sup>2</sup> of September 11, 2023 of the Minister of ESCS of the RA "On Approving the List of Public Educational Institutions Included in the Programme of Ensuring Access to Quality Educational Services of the Republic of Armenia" the mapping of 13 educational complexes of Kapan and Goris are completed.</p>	<p><b>Problems:</b> The construction works of educational complexes in Syunik region of the RA have been delayed due to the tense situation on the border of the RA due to the continuous aggression of Azerbaijan, as well as the issues related to the proper reception of more than 100,000 compatriot refugees who were forcibly displaced as a result of the aforementioned aggression.</p> <p><b>Next steps:</b> Taking into account above mentioned external factors, RA Ministry of ESCS will apply to the European Union with a request to extend the period of implementation of the Indicator.</p>	<p>0% (€ 1 M)</p>
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<sup>1</sup> <https://www.arlis.am/documentview.aspx/?docid=176241>

<sup>2</sup> <https://escs.am/files/files/2023-09-11/447d04d2fcbe3042b6a0f639370f3279.pdf>

2. <b>Strengthened school governance</b>	<i>RA Ministry of ESCS</i>	<i>December 2023</i>	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> 100% of new school principals are appointed following recommendations by the newly established professional Council.</p> <p><b>Progress made:</b> As a result of the amendments to the RA Law "On General Education" coming into force in January 2023, a new management system of public educational institutions was established, according to which the substantive and administrative functions of school management were separated. The function of ensuring the quality of education is completely assigned to the principal, and economic management to the administrative coordinator. 179<sup>1</sup> educational institutions have switched to the new management system; part of the competitions for principals have been concluded, the other part is in progress.</p> <p><b>Supporting argumentation and evidence:</b> According to the requirement of Article 6 of Law HO-35-N<sup>2</sup> of February</p>	<p><b>Problems:</b> The implementation of the 100% (€ 0.5 M) indicator ahead of schedule is due to the amendments to the RA Law "On General Education" coming into force in January 2023 – Clause 10: "Management of the Public Educational Institution", and the necessity to apply the new management system in all general educational institutions stipulated by point 4.1.1 of the action plan “Distribution and Separate Implementation of Content and Administrative Functions of the General Educational Institutions” driven by the Law “On Approving the RA Education State Development Plan 2030” in accordance with decision N 351-L<sup>3</sup> of the RA Government dated March 16, 2023.</p>
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<sup>1</sup><https://docs.google.com/spreadsheets/d/1FRnqGN1A23KA2s0IkOJo9OXViyfJrlgD/edit?usp=sharing&oid=111423456670042809339&rtpof=true&sd=true>

<sup>2</sup> Pursuant to Article 6 of Law HO-35-N of February 9, 2022, in accordance with Article 21 of the Law, a transition was made to the new management system of the public educational institution, which entered into force on January 1, 2023. <https://www.arlis.am/documentview.aspx?docid=160449>

<sup>3</sup> N 351-L <https://www.arlis.am/DocumentView.aspx?docID=175541>



9, 2022, "On Making Amendments and Supplements to the Law on General Education", in accordance with Article 21 of the Law, a transition was made to the new management system of public educational institutions, which came into force on January 1, 2023. The mentioned changes will apply to those schools where tenders for the vacant position of the principal will be announced starting from April 13, 2023, as well as to those schools where the tenders announced before January 1 have not been held and the vacant positions have not been occupied, and the processes of announcing tenders will be organized in compliance with the new procedures.

<p><b>3. Multi-age classes teaching</b></p>	<p><i>RA Ministry of ESCS</i></p>	<p><i>December 2023</i></p>	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> The concept and guidelines for the establishment and operation of multi-age classes and teaching is adopted by Government Decree.</p> <p><b>Progress made:</b> Implemented by the RA Government Decision N 1484-N<sup>1</sup> of August 31, 2023 "On Making Amendments to RA Government Decision</p>	<p><b>Problems:</b> The implementation of the indicator ahead of schedule is due to the need to start before beginning of the new Academic year.</p> <p>100% (€ 0.5 M)</p>
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<sup>1</sup> N 1484-N <https://www.arlis.am/documentview.aspx?docid=182088>

N 954-N of August 30, 2018".

**Supporting argumentation and evidence:** The RA Government Decision N 1484-N of August 31, 2023 "On Making Amendments to RA Government Decision N 954-N of August 30, 2018" stipulates that the maximum number of learners in each class of 1st and 2nd levels (elementary and general) in public educational institutions applying the main educational curricula of the Republic of Armenia is 35, and 30 in the 3rd level of education (secondary).

<b>4 STEM labs</b>	<i>RA Ministry of ESCS</i> <i>December 2023</i>	<p><b>Status:</b> Not implemented</p> <p><b>2023 target:</b> Procurement procedures for STEM labs equipment in all functional schools of Ararat, Kotayk and Gegharkunik regions are launched.</p> <p><b>Progress made:</b> Mapping of schools in Ararat, Kotayk and Gegharkunik regions of the Republic of Armenia to be equipped with STEM laboratories has been completed,</p>	<p><b>Problems:</b> The procedures for the procurement of equipment for STEM laboratories have been postponed due to regional tension due to the continuous aggression of Azerbaijan, as well as the issues related to the proper reception of more than 100 thousand forcibly displaced compatriot refugees as a result of the aforementioned aggression.</p> <p><b>Next steps:</b> Taking into account above mentioned external factors, RA Ministry of ESCS will apply to the European Union with a request to extend the period of implementation of the Indicator and to sign an Addendum.</p>	0% (€1 M)
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5	<b>STEM teachers</b>	<i>RA Ministry of ESCS</i>	<i>December 2023</i>	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> An incentive scheme for attracting and retaining teachers in STEM subjects is established by Government Decree and operational.</p> <p><b>Progress made:</b> A 25 percent bonus for about 8,200 STEM (except mathematics) teachers in all public educational institutions of the Republic of Armenia, effective from 1 September 2023/N 108-N order of the RA Minister of ESCS dated August 16, 2023/<sup>1</sup>. A 25 percent bonus for about 8,200<sup>2</sup> STEM (except mathematics<sup>3</sup>) teachers in all public educational institutions of the Republic of Armenia, effective from 1 September 2023.</p> <p><b>Supporting argumentation and evidence:</b> By the decision of the RA Government, a special stipend policy has been established from September 2023, i.e.,</p>	<p><b>Problems:</b> The implementation of the 100% (€ 0.7 M) indicator ahead of schedule is due to the need to start before beginning of the new Academic year.</p>
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<sup>1</sup> Order No. 108-N on "12015: On the Approval of the Funding Procedure for the Measure "Setting a Clear Rate of Increased Salary for STEM Teachers (except for mathematical subjects) in All Public Educational Institutions of the Republic of Armenia" of the "General Education Programme".

<https://escs.am/files/files/2023-10-12/a29019c5e375b2d8d0f7d262a9fa5784.pdf>

<sup>2</sup> The list is confidential according to the provisions of the RA Law of May 18, 2015 "On the Protection of Personal Data"; however, the required information can be verified on the spot by EU representatives. <https://www.arlis.am/documentview.aspx?docID=98338>

<sup>3</sup> The goal is to encourage science teachers due to the fewer class hours, and for mathematics teachers there is no problem of scarce class hours.

				70 thousand AMD stipend <sup>1</sup> per month will be paid to encourage more applicants to apply for the “Teaching STEM subjects” specialisation in the higher educational institutions.	
6	<b>Enhanced professional orientation in schools</b>	RA Ministry of ESCS	December 2023	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> 95% of schools in the pilot Tavush region have operational professional orientation clubs in Grades 8, 9, 10 and 11</p> <p><b>Progress made:</b> There are professional orientation clubs in 8th, 9th, 10th and 11th grades of schools in the RA Tavush region, and in the 9th grade starting from September 2023.</p> <p><b>Supporting argumentation and evidence:</b> Order N 1602-A/2<sup>2</sup> of the RA Minister of ESCS of September 24, 2021 “On Approval of the Pilot Standards and Curriculum for the “Professional Orientation” Course, annual report<sup>3</sup> of the RA MoESCS.</p>	<p><b>Problems:</b> The implementation of the indicator ahead of schedule is due to the need to start before beginning of the new Academic year.</p> <p>100% (€ 0.3 M)</p>

<sup>1</sup> Decision N 1430-N of the Government of the Republic of Armenia of August 24, 2023 "On Identifying the Amount of State Stipends Awarded to Students in Bachelor's and Master's degrees in Higher Education Institutions or Organizations of the Republic of Armenia and Approving the List of Primary and Important Professions (educational programmes) for the State". <https://www.arlis.am/DocumentView.aspx?docid=181856>

<sup>2</sup> <https://escs.am/files/files/2022-01-27/d85952a5b57ae15804ee62ea07076a55.pdf>

<sup>3</sup> Annual report of the RA MoESCS

7	<b>Green economy and Climate change projects</b>	<i>RA Ministry of ESCS</i>	<i>December 2023</i>	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> 30% of school projects in Grades 7, 8, 10 and 11 in the pilot Tavush region are in green economy and climate change issues.</p> <p><b>Progress made:</b> Project-based learning was approved by Order N 234-A<sup>1</sup> of the Minister of ESCS dated March 15, 2023, which is introduced for 7<sup>th</sup>, 8<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> grades in Tavush region, and the funding is provided from the RA state budget; trainings have been carried out; 30% of the projects relate to green economy and climate change<sup>2</sup>.</p> <p><b>Supporting argumentation and evidence:</b></p> <p>Order<sup>3</sup> No. 234-A of March 15, 2023 "On Approving the Concept of Project-based Learning and the Teacher Training</p>	<p><b>Problems:</b> The early implementation of the indicator is due to the need to adopt the legal act necessary to ensure the reform and to allow the implementation of the reforms from the new academic year, according to Clause 1.1.4 of the Action Plan driven from the Law "On Approval of the RA Education Development State Programme 2030" of the decision of the RA N 351-L dated March 16, 2023<sup>5</sup>.</p>	100% (€ 0.3 M)
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[https://docs.google.com/document/d/1cd7ZHn5qInqJwBqVm3ftkESaXnm\\_PhW9/edit?usp=share\\_link&oid=111423456670042809339&rtpof=true&sd=true](https://docs.google.com/document/d/1cd7ZHn5qInqJwBqVm3ftkESaXnm_PhW9/edit?usp=share_link&oid=111423456670042809339&rtpof=true&sd=true)

<sup>1</sup> 234-A <https://escs.am/files/files/2023-08-07/761b4bbbe06492bf686501f348982ae2.pdf>

<sup>2</sup> [https://drive.google.com/file/d/1xCns1pDc5v3EICAWXSumG\\_bKoRLfMJ8q/view?usp=sharing](https://drive.google.com/file/d/1xCns1pDc5v3EICAWXSumG_bKoRLfMJ8q/view?usp=sharing)

<sup>3</sup> 234-A <https://escs.am/files/files/2023-08-07/761b4bbbe06492bf686501f348982ae2.pdf>

<sup>5</sup> N 351-L <https://www.arlis.am/DocumentView.aspx?docID=175541>

				Module"; annual report of the RA MoESCS' /Clause 1.1.4/.		
<b>8</b>	<b>Learning assessment system</b>	<i>RA Ministry of ESCS</i>	<i>December 2023</i>	<p><b>Status:</b> Full compliance</p> <p><b>2023 target:</b> Adoption of new regulation introducing a new assessment system integrating qualitative assessment criteria (Ministerial Order)</p> <p><b>Progress made:</b> Implemented in accordance with the order N 11-N of February 24, 2023 "On Establishing the Assessment Criteria for Learners of Public General Educational Institutions", aimed at determining the degree of development of the learner's abilities according to the knowledge, skills, views and values in compliance with the outcomes defined by the standards and curricula of the educational subjects.</p> <p><b>Supporting argumentation and evidence:</b> Order<sup>3</sup> N 11-N of February 24, 2023 "On Establishing the Assessment Criteria for</p>	<p><b>Problems:</b> The early implementation of the indicator is due to the need to adopt the legal act necessary to ensure the reform and to allow the implementation of the reforms from the new academic year, according to Clause 2.2.6 ("Review of the National Assessment System to Ensure Compliance to International Assessment Standards") of the Action Plan driven from the Law "On Approval of the RA Education Development State Programme 2030" of the decision of the RA N 351-L dated March 16, 2023, as well as in accordance with the schedule of the state standard of General Education<sup>4</sup>.</p>	100% (€ 0.7 M)

<sup>1</sup> Annual report of the RA MoESCS

[https://docs.google.com/document/d/1cd7ZHn5qInqJwBqVm3ftkESaXnm\\_PhW9/edit?usp=share\\_link&ouid=111423456670042809339&rtpof=true&sd=true](https://docs.google.com/document/d/1cd7ZHn5qInqJwBqVm3ftkESaXnm_PhW9/edit?usp=share_link&ouid=111423456670042809339&rtpof=true&sd=true)

<sup>3</sup> 11-N <https://www.arlis.am/DocumentView.aspx?DocID=174760>

<sup>4</sup> N 136-N <https://www.arlis.am/documentview.aspx?docid=149788>

N 1602-A/2 order of the RA Minister of ESCS dated September 24, 2021

<https://escs.am/am/news/11405>

Learners of Public General Educational Institutions".

**Conclusion: Based on the information above, we state that apart of € 5 mln of the fixed tranche, the conditions number 2, 3, 5, 6, 7, 8 of the variable tranche for total sum of € 3 mln are fully implemented.**

**Final conclusion:**

- **The fixed tranche in total sum of € 5 mln is eligible and will be requested for payment**
  - **The variable tranche Indicators 2, 3, 5, 6, 7 and 8 for total sum of € 3 mln are eligible and will be requested for payment. For Indicators 1 and 4 the Government will apply for an Addendum due to above mentioned force majeure situation.**
- The total amount to be requested is equal to € 8 mln for fixed and variable tranches.**

### ➤ 3. RECORD OF COMPLIANCE WITH ACTIVITY-SPECIFIC ENVIRONMENTAL MITIGATION

This part is to confirm that In the process of implementing the Indicators of the Agreement the RA MoESCS has met for all the conditions environmental mitigation, construction related environmental mitigation proves will be provided after the start of construction works of the educational complexes

### ➤ 4. RISKS AND STEPS TO ADDRESS THEM

The continuous tense situation because of the Azerbaijani aggression on the borders of the RA (especially in Syunik region of the RA), as well as the difficulties related to the reception of more than 100 thousand compatriot refugees who were forcibly displaced because of the aforementioned aggression made the implementation of some actions unrealistic. Because of the mentioned situation Indicator 1 - the construction works of educational complexes in Syunik region of the RA and Indicator 4 - the procedures for the procurement of equipment for STEM laboratories have been delayed.

RA MoESCS intends to apply for the Addendum to the Agreement to postpone the implementation deadlines for both Indicators **for one year**.

### ➤ 5. CONCLUSION

Based on the information above, we state that two variable Indicators of the Agreement were not implemented due to the tense situation on the border of the RA due to the continuous aggression of Azerbaijan, as well as the issues related to the proper reception of more than 100,000 compatriot refugees who were forcibly displaced as a result of the aforementioned aggression. The Government intends to apply for signing an Addendum to the Agreement for following two Indicators.

- **Indicator 1- Secondary school network optimization**
- **Indicator 4 - STEM labs**

The tense situation on the border caused by the Azerbaijani aggression, combined with the protracted period of the actual conclusion of the Agreement, has impacted the implementation of Indicators 1 and 4 for the year 2023 and caused a further need to postpone the implementation deadlines for one year. Therefore we request the payment of the fixed tranche and compliant part of the variable tranche for Indicators 2, 3, 5, 6, 7 and 8. We make commitment that two remaining Indicators, namely 1 and 4 will be implemented with a delay of 1 year, following the signature of Addendum. The compliant Indicators are as follows:



- **Indicator 2 - Strengthened school governance** - 100% of new school principals appointed following recommendations by the newly established professional Council.
- **Indicator 3 - Multi-age classes teaching** - The concept for the establishment and operation of multi-age classes and teaching is adopted by Government Decree.
- **Indicator 5 - STEM teachers** - An incentive scheme for attracting and retaining teachers in STEM subjects is established by Government Decree and set to be operational as of September 2023.
- **Indicator 6 – Enhanced professional orientation in schools** - 95% of schools in the pilot Tavush marz have operational professional orientation clubs in grades 7, 8, 10 and 11.
- **Indicator 7 – Green economy and Climate change projects** - At least 30% of school projects in Grades 7, 8, 10 and 11 in the pilot Tavush marz are on green economy and climate change issues.
- **Indicator 8 - Learning assessment system** - Adoption of new regulation introducing a new assessment system integrating qualitative assessment criteria (Ministerial Order).