

NATIONAL PLAN OF ACTION OF THE REPUBLIC OF ARMENIA IN THE
FRAMEWORK OF IMPLEMENTATION OF THE VIENNA PROGRAMME OF
ACTION FOR LANDLOCKED DEVELOPING COUNTRIES FOR THE DECADE
2014-2024

Ministry of Economic Development and Investments
of the Republic of Armenia

Priority 2: Infrastructure development and maintenance

- *The report will highlight how the Government has promoted public-private partnerships for infrastructure development or how it has encouraged the role of the private sector in infrastructure development including the policies and regulatory frameworks.*

Most of the PPP projects in Armenia are implemented in infrastructure sector, namely transport, energy and telecommunication. Moreover, new prospective for the conduct of PPP projects are currently being explored by the Government.

The Government of Armenia is consistently working on creating sufficient legal basis for mobilizing private sector resources in most favorable way. One of the steps towards this goal is the adoption of Policy Statement on Public Private Partnerships on 2017 November 9. Currently, the Armenian Government is in the processes of drafting a new Public Private Partnership (PPP) law.

Priority 3: International trade and trade facilitation

International trade

- *The section will review the export structure and external trade performance of the country including the main export markets since the adoption of the Vienna Programme.*

The export-led industrial policy of Armenia aims enhancing the competitiveness and diversifying of exports in terms of both product and geographical coverage.

In 2017 export volume was 2242.9 million USD with 25.2% growth compared to 2016 (the growth was 45% compared to 2014). Main commodity groups exported by Armenia in 2017 are the following: mineral production, products of prepared food, precious stones and metals, base metals

and articles thereof, textile articles. Compared to 2014 there was significant growth in textile articles and goods of chemical production export commodity groups.

Armenia's largest export market is the EU (share in total export in 2017 was 28.2%), and CIS (25.8%, from which 24.1% is Russian Federation). Other major partner countries in export are Switzerland (12.0%), Georgia (6.9%) and China (5.5%).

- *It will highlight what the country has done to develop a national trade strategy based on comparative advantages and regional and global opportunities and to integrate trade policies into national development strategies.*

There is no specific document on the national trade policy, and its main scope, priorities and implementation mechanisms are an integral part of the overall national long-term development strategy for 2014-2025, which now is in the process of revision for extending its time horizon to 2030. Basic goal of the trade policy in Armenia is to boost the country's international competitiveness and create an enabling environment to gain from global trade and economic opportunities.

- *It will assess the progress made to promote a better business environment so as to assist national firms to integrate into regional and global value chains and to promote policies to help national firms, especially small and medium-sized enterprises, to participate more fully in international trade.*

Continuous reforms aimed at improving business environment are conducted by the Government of Armenia. Since 2008, annual action plans on business environment improvement are adopted each year by RA Government. It is a multi-sectoral program setting up certain scope of activities to be implemented within a year, and there is also a mechanism of periodic reporting and monitoring of the progress of implementation.

Moreover, Government of Armenia is consistently improving legal framework for ensuring rule of law, transparency and equal conditions for local and foreign businesses and investors. Thus, several steps were initiated by the Government for facilitating various procedures in conducting business activities and for ensuring Armenian businesses active participation in international trade.

One of such steps is the adoption of Government Decree which allows carrying out customs operations without the requirement of visiting the customs office through single customs automated information system.

Also, newly established RA national single window for foreign trade electronic platform (www.trade.gov.am) provides electronic services for foreign trade procedures, including automation of various customs procedures aimed at reducing time and costs for businesses.

In addition, reforms within Customs Code of the Eurasian Economic Union that entered into force on 1 January 2018 are aimed at reducing the time needed for customs operations and expanding

the deadlines for businesses for submitting necessary documents. Thus, the time needed by customs authorities for acceptance and inspection of declarations and release of goods has been reduced up to half a working day.

Regarding the internationalization of Armenian SME's it is worth mentioning that a separate body named "Small and Medium Entrepreneurship Development National Center of Armenia" was established by the Government of Armenia in 2002 with the main aim of facilitating the internationalization and export promotion of Armenian SME's. Internationalization services to SMEs are provided through Enterprises Europe Network high developed toolkits and include identification of new business partners, establishment of business relations, carrying out the negotiations and endorsing cooperation agreements, promotion of export/import activities, getting and upgrading knowledge and skills for doing business in European Single market and other related services.

Actions aimed at Armenian SME's internationalization include.

- Activities for ensuring standard compliance of SME's production,
- Increasing exporting capacity, provision of professional consulting services, supporting participation in exhibitions, business conferences held abroad,
- Design and implementation of targeted programs for export financing and insurance,
- Identification of SMEs with export potential and their capacity building.

Trade facilitation

- ***The country should indicate the progress that it has made in the accession process to the WTO Trade Facilitation Agreement and efforts it has made to implement the WTO Trade Facilitation Agreement and any support that it has received and any outstanding gap.***

Armenia acceded to the WTO Trade Facilitation Agreement on 20 March 2017 and notified it's A, B and C category commitments. Armenia has already implemented the major part of the B category commitments ahead of time, and is in the process of notifying the WTO secretariat of the definitive dates of implementation of the remaining category B commitments.

- ***The report should indicate progress made in establishing or strengthening a national committee on trade facilitation with the involvement of all relevant stakeholders, including the private sector.***

Armenia is currently conducting a research of international best practices for the purpose of launching the process of establishing national committee on trade facilitation.

Priority 4: Regional integration and cooperation

- *The section will assess the progress made by the country to promote regional integration in regional trade, transport, communications and energy networks through its participation in bilateral and regional integration frameworks.*

In January 2015 Armenia officially joined the Eurasian Economic Union (EAEU). It stipulates a common market of goods, capital and labor, and the operation of common macroeconomic, competition, financial and other regulation, including harmonization of policies such as energy and transport. Currently, there are five EAEU member states: Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. The FTA between the EAEU and Vietnam entered into force in October 2016. Moreover, Armenia in the framework of EAEU is negotiating free trade agreements with Israel, Serbia, Singapore, Egypt and India.

Besides trade cooperation with former soviet republics Armenia continuously works on expanding economic and trade relations with Iran and China. As a result of evolving economic relations, framework agreement for trade-economic cooperation with China and Free trade agreement with Islamic Republic of Iran were signed on May 2018.

Additionally, Armenia has maintained its existing network of free-trade agreements with Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Turkmenistan, Tajikistan, Uzbekistan, Russia, Belarus, Uzbekistan and Ukraine.

Armenia actively participates in European Union regional integration frameworks as well. On November 24, 2017 the EU and Armenia signed the "Comprehensive and Enhanced Partnership Agreement", which has entered into provisional application since 1 June 2018. The agreement was ratified by Armenia on April 11, 2018.

The agreement aims to raise the Armenian-European trade and economic relations to a new level. In particular, the implementation of the Agreement will envisage the improvement of regulation of trade environment, maintaining similar principles of competition protection, deepening and developing cooperation in all areas, including energy and transport, which will enhance business stability and predictability.

- *It will also assess the progress made by the country to promote harmonization of regional policies so as to strengthen regional synergy, competitiveness and regional value chains.*

Armenia launched harmonization of its trade policy with that of Eurasian Economic Union's. Harmonization processes are coordinated by the Eurasian Economic Commission, which is the supranational regulatory body responsible for implementing external trade policy and regulation for its member States.

One of the EAEU's main functioning principles is the unified trade regime with third countries carried out by the Council of the Eurasian Economic Commission and the Board of the Eurasian Economic Commission.

Also, The Republic of Armenia now applies Customs Code of Eurasian Economic Union which entered into force on the 1st January, 2018. According to Customs Code of EAEU customs value of imported goods is determined based on EAEU customs code (Chapter 5) whereas customs value of exported goods is determined according to the national legislation (Law on Customs Regulation). Both in case of export and import main principles of GATT agreement are being used.

Armenia continues to benefit from EU GSP+ preferential trade regime. Armenia can trade under GSP+ on a unilateral basis that enables exporting over six thousand items of products into EU countries under zero or reduced tariff rates. In order to keep these enhanced preferences in place over the lifetime of the GSP Regulation, Armenia ratified and effectively implements 27 core international conventions on human and labor rights, environmental protection and good governance. Armenia has joined the Registered Exporter System (REX) of the European Union, which will enable businessmen to carry out up to 6 thousand euros worth of exports without a certificate of origin each time.

Also, In May 2015, the United States and Armenia signed the Trade and Investment Framework Agreement (TIFA) that provides an additional platform for deepening and broadening bilateral trade and investment.

One of the achievements in trade cooperation with third countries is the opportunity provided by USA to Armenia to use the privileges of GSP. As for now GSP is implemented in cooperation with Canada, Switzerland, Japan and Norway, which provides 0 or discounted tariffs during trade with partner country.

Priority 5: Structural economic transformation

- *The section will assess the progress made by the country in developing and implementing a structural transformation strategy aimed at improving science, technology and innovation, export diversification, productivity, efficiency and competitiveness in the agriculture, manufacturing and service sectors, including tourism and indicates the challenges faced and possible solutions needed.*

Innovation and technological sectors' development is one of the key factors to increase competitiveness and productivity of the whole economy as well as to boost well-being in the country.

To this end the Concept Paper on the Initial Strategy for Formation of Innovation Economy was adopted by the Government of Armenia for 2011-2020. In the framework of this Strategy a number of projects were undertaken, addressed to the pillars of the National Innovation System - among them are the projects of establishment of technological centers in the towns of Gyumri and Vanadzor that promote the development of technological sectors in regions and in the country as a whole; creation of the first venture fund: Granatus Ventures, establishment of Microsoft Innovation Center, Armenian National Engineering Laboratories jointly with National

Instruments, IBM Innovative Solution & Technologies Center in Armenia, implementation of Innovation Matching Grants Program, etc.

Currently the establishment of Engineering City is implemented through private-public partnership model, which is aimed at creating a modern complex infrastructure for promotion of the further development of high-tech and engineering sectors in Armenia.

Currently, new Innovation Development Strategy is being prepared together with local and international experts.

Tourism sector as a fast growing sector as well as a sector with full potential in Armenia, based on country's rich cultural heritage and diverse nature is at the center of RA Government development programs.

Tourism development annual state programs are adopted by RA Government each year. In 2017 program actions which will result in institutional improvements, strengthened international cooperation, development of human resources and tourism sector diversification were implemented successfully.

- *It will assess the progress made to increase value addition in the manufacturing and agricultural sectors including development of an industrial policy that takes into account the need for improved access to financial resources, development of appropriate human capacity and investment in supportive economic infrastructure as a way to further strengthen the private sector.*

The main objectives of the state policy in Armenia's investment sector are to improve the investment climate, to improve the legislative framework, and to stimulate investment in the Armenian economy, including foreign direct investments (FDI).

For this purpose actions aimed at strengthening the legal framework and enhance favorable environment for investments were conducted. Thus, new draft law of RA on foreign direct investments and new draft law of RA on Free Economic Zones were approved by RA Government in September 2017 and were sent to RA National Assemble for final adoption.

Establishment and development of free economic zones is one of the key policy areas aimed at supporting FDI attractiveness, export growth through boosting advanced technology transfer and job creation.

Besides currently operating free economic zones in Armenia, namely “Alliance” free economic zone (www.fez.am) which is in the field of electronics, precision engineering, pharmaceuticals and biotechnologies, information technologies, alternative energy, industrial design and telecommunications, “Meridian” free economic zone specialized in jewelry, stones cutting and watch making (www.meridianfez.com) a new “Meghri” free economic zone was established in December 2017. It is unique in terms of its geographical location near Armenian border with Iran and in terms of its operational type: industrial and logistic. It is oriented on wide spectrum of

fields such as processing industries, electricity supply, trade, transportation and storage, tourism and entertainment.

- *It should indicate the progress that has been made to promote the attraction of more diversified foreign direct investment and promote service-based growth, including from tourism, with a view to increasing its contribution to the national economy.*

Armenia continuously is conducting steps to create favorable environment for attracting diversified foreign investment and promote service based growth.

Efforts aimed at tourism sector development include the establishment of State Tourism Committee by RA Government Decree №1385-N of December 22nd, 2016 which is an authorized body for implementation of tourism policy of the Republic of Armenia.

According to the RA Government Decree №785-N of June 29th, 2017 Armenia Tourism Development Foundation was established, the main functions of which include promotional campaigns aimed at increased international awareness of Armenia as a prime tourism destination; assisting Armenia based tour operators in participating at key international tourism expos; organizing trips to Armenia for international media and tour operators; developing new and diversified tour products, etc.

Various reforms and activities were implemented for the development of tourism sector in Armenia and for creating favorable environment for foreign direct investments in this sector, including provision of Visa free regime for citizens of more than 50 countries and formulation of upon arrival visa (or E-visa) for citizens of more than 140 countries. Various forms of marketing campaigns and infrastructure development were implemented as well. As an example of infrastructure development may serve the fact that construction of accommodation facilities is steadily increasing with 31 new hotels opened throughout 2013-2017, 50 more hotels are to be built in the coming few years.

- *It should indicate the progress made to prioritize private sector development, in particular small and medium-sized enterprises.*

Small and medium entrepreneurship (SME) development is declared by the Government a priority policy area intended to ensure country's sustainable economic growth. In this regard SME sector is perceived to have a significant impact on promoting the country's inclusive development and delivering tangible socio-economic impact, as well as balanced regional development.

Sufficient legal and institutional basis for boosting SME's are provided through RA Law on State Support to SME's, SME development council adjunct to RA Prime-Minister, annual state support programs continuously being implemented started from 2001, SME Development Strategy for 2016-2018 etc. Moreover, in 2002 "Small and Medium Entrepreneurship Development National Center of Armenia" Fund (SME DNC of Armenia) was established which is as a separate state body aimed at SME development and internationalization.

“SME Investment” Universal Credit Organization was established since 2013 which provides preferential lending for SME’s and facilitates access to finance for SME’s.

State Revenue Committee of the Republic of Armenia

" Fundamental transit policy issues" of the Vienna Action Plan

1. The national actions that it took to accede to and ratify relevant international, regional and sub-regional conventions and other legal instruments related to transit transport and trade facilitation; and the measures taken to ensure effective implementation of these conventions and agreements with a view of reducing transport prices and time

WTO Trade Facilitation Agreement

The Republic of Armenia has ratified the Trade Facilitation Agreement on March 20, 2017. Armenia joined the article 11 on “Freedom of Transit” with the following commitments: category "A"

commitments for Paragraphs 1 to 4, category "C" commitments for Paragraphs 5 to 10 and category "B" commitments for Paragraphs 11 to 17. It should be noted, that with regards to category "A" commitments, since joining the Treaty, Armenia has assumed the fulfillment of these commitments, with regard to category "B" commitments, the deadline for fulfillment of them is December 31, 2018, and with regards to category "C" commitments, financial resources and capacity building are needed for their fulfillment.

The category "C" commitments of the Trade Facilitation Agreement for the Republic of Armenia are as follows:

1. For transit - the existence of physically separate infrastructures; which is not yet secured.
2. Customs clearance, documentation requirements and customs control over transit should not be more complicated than necessary for identifying goods and ensuring that transit requirements are met, which is provided within the framework of the EEU and the RA Customs Code,
3. From the moment of putting the goods under transit procedure and giving permission to move them from the point of origin in the territory of any Member (Treaty Member), goods are not subject to customs payments or unnecessary delays or restrictions until their transit is completed at the destination point in the Member's territory, which is also provided within the framework of the EEU and the RA Customs Code (In the case of customs transit, customs fee is charged solely for the services provided by the customs authority),
4. Members shall not apply technical regulations and conformity assessment procedures to the transitory goods in the sense defined by the WTO "Technical Barriers to Trade" Agreement. In connection with the abovementioned, it should be noted that in accordance with Article 143 (1) (5) of the EEU Customs Code, one of the conditions for the application of the customs transit procedure is the maintenance of prohibitions and restrictions in accordance with the Article 7 of the same Code. In accordance with paragraph 5 of the mentioned Code, in cases where prohibitions and restrictive acts do not define the cases and/or order of confirmation of their preservation, the preservation of such prohibitions and restrictions shall be established when transporting the goods through the customs border of the Eurasian Economic Union, as well as when registering the goods under "Customs Release for Domestic Use" or "Export" customs procedures. It should be noted that no prohibitions or restrictions are imposed in the application of the "Customs Transit" procedure defined by the Decision No 30 of the Board of the Eurasian Economic Commission on the "Non-Tariff Settlement Measures" of April 21, 2015, therefore, in the event of the application of this procedure, the barriers and restrictions shall be established only when transported through the customs border.
5. The Members allow and provide such opportunity that prior to the arrival of goods, the transit documents and data shall be presented and processed in advance. It should be noted that the Preliminary information institute is also intended within the framework of the EEU Customs Code and the relevant EEC decisions are currently under development and will enter into force in 2018, followed by the application of such practice in the Armenian customs system.
6. In the case when the transit goods reach the point of departure in the Member's territory, that customs office shall terminate the transit operation within a reasonable time if the transit requirements have been met. The fulfillment of the said provision is provided both by the law

and within the law enforcement framework.

Revised Kyoto Convention on "Harmonization of Customs Procedures"

Almost all common and consulting attachments in the special Annex "E" (Customs Transit) to the Revised Kyoto Convention are localized in the EEU Customs Code, taking into account that the development of the EEU Code (effective from January 1, 2018), among other purposes, also aimed at ensuring compliance with the norms set forth in the Kyoto Revised Convention.

2. Progress made to enhance coordination and cooperation of national agencies responsible for border and customs controls and procedures between them and with the respective agencies in transit countries.

- 3. Actions taken to promote the simplification, transparency and harmonization of legal and administrative regulations and requirements related to transit systems by all modes of transit transport, including border crossings, consular services, customs procedures and removal of internal checkpoints.**
- 6. Progress made in formulating national transit policies and establish appropriate national mechanisms with the participation of all relevant stakeholders.**

The business processes that are necessary for the application of "One Window" principle at the RA border crossing points have been defined by RA Government Decree 1404-N of December 11, 2014 "On approval of the RA Government Action Plan for 2015-2017" for implementation of "One Stop, One Window" principle in the procedures applied by public administration bodies at the State Border Crossing Points of the Republic of Armenia. In line with this, www.trade.gov.am, a joint web-site of Armenia's foreign trade, has been launched, to which a number of border control bodies currently have access (it is envisaged to gradually increase the level of involvement of such bodies) and each user is able to manage certain business processes using the appropriate access level given to him/her.

At the same time, the system allows business entities engaged in foreign economic activity to fill in customs declaration, as well as to make online requests for obtaining certain permit documents.

"Haypost" CJSC is also the system's user, who carries out registration of postal items through the system.

As regards the customs transit procedure, it should be noted that since March 24, 2017, the "Transit Declaration" electronic system has been launched on www.trade.gov.am, which enables businesses engaged in foreign economic activity to fill in a customs transit declaration form online, based on which

users of the system, depending on the accessibility level, may have structured information on the data available in the customs transit declarations.

Agreement between the Government of the Republic of Armenia and the Government of the Islamic Republic of Iran on the joint use of the Meghri-Nordouz border gate was signed on December 21, 2016, in Yerevan between Armenia and Iran, which entered into force from November 14, 2017, and sets out general principles of information interaction.

Regarding the sub-paragraph 4 of the 5th section's 1st sub-section on "Fundamental Transit Policy Issues", the electronic panels of queue management have been introduced at the state border crossing points, but it has not been widely used among citizens and cargo transporters crossing the border.

**Ministry of Transport, Communication and Information Technologies
of the Republic of Armenia**

Report

Priority 1: Fundamental transit policy issues.

1.

The "North-South Road Corridor Investment Program" is being carried out in the sphere of road construction: it is a major infrastructure project which aims at connecting the Southern border of the country with its Northern point by means of 556 km-long Meghri- Yerevan - Bavra highway. The program envisages to provide a 100 km / h and 4-lane road. It is implemented in 5 joint Tranches.

Negotiations are being conducted, in parallel, with the existing donors and new funding sources are being explored within the private investors and public-private partnerships in order to attract additional financial resources.

North-south highway, with a total length of 556 km, passes through Agarak (border of Iran) Kajaran-Goris - Sisian-Yerevan- Talin -Gyumri- Bavra (Georgian border) sections, opening the way to Batumi and Poti. As a result of reconstruction of North-South Road the total length of the road will be reduced by about 56 km and the traffic intensity will increase by about 3 times: it will allow us to have a high - speed and convenient road.

It can be stated that the stable implementation and prospects of Program's main goal of becoming strategically and economically profitable transit zone and its success is clearly outlined.

2.

The Republic of Armenia is implementing the Program of “Modernization of RA state border crossing points at Bagratashen, Bavra and Gogavan” which aims at introducing integrated border management systems that comply with European standards.

The Program provides the establishment of a modern infrastructure of border crossing points, the facilitation the legitimate movement of people, vehicles and goods between Armenia and Georgia, then to EU countries, the development of the capacity of agencies responsible for border management.

As a result, businesses and physical entities will have sufficient conditions for the smooth implementation of border crossings, specifically it ensures that the border crossing by citizens will be reduced to 3-4 minutes instead of 10-15 minutes, and the vehicles will cross the border for a maximum of 30-35 minutes.

Construction of a new bridge over Debed River at Sadakhlo-Bagratashen checkpoint:

On December 24, 2014 between the Government of the Republic of Armenia and the Government of Georgia was signed agreement on “Construction of a new bridge over Debed River at Sadakhlo-Bagratashen checkpoint of state border the Republic of Armenia and Georgia”. The project is part of the border checkpoint modernization investment program jointly funded by EIB, EU, NIF, UNDP and the Republic of Armenia. The «North-South Road Corridor Investment Project Implementation Organization» State Non-Commercial Organization was appointed as the implementing agency for the project. On 30 December 2016 Loan Agreement was signed between the Government of Georgia and European Bank for Reconstruction and Development to co-finance the project with the Republic of Armenia. For procurement of designing and constructing works of a new bridge, two-stage international bidding was announced through an electronic system of the European Bank for Reconstruction and Development.

Based on the evaluation of the bidding results, the successful bidder was recognized the Iranian company Ariana Tunnel Dam Co. (Iran) with submitted bid proposal in the amount of EUR 7,3893,348. Bridge designing and constructing contract was signed on 2 November, 2017.

Bidding procedure of technical supervision service procurement is currently being finalized. The winning company is the Korean JV “Soosung Engineering Co.” and “Korea Consultants International Co.” with submitted bid proposal in the amount of EUR 1,109,010. The Contract was signed by the Employer, the Republic of Armenia, and the Korean company and is currently at the stage of ratification by the Georgian side.

Design works are envisaged to commence on June 2018. The works duration will make 7 months. Upon the design approval, the civil works will commence and go on for one year.

3. As a landlocked country, the Republic of Armenia carries out cargo transportation to Europe by road and rail, then by ferry transportation through the Black Sea ports of Poti and Batumi.

Strategic cargo transportation is also carried out by rail.

Because of the blockade of the Republic of Armenia by Turkey and Azerbaijan, the Armenian railways reach the port of Poti via Georgia.

Priority 2: Infrastructure development and maintenance

TRANSPORT

At present, the Government of the Republic of Armenia gives priority to rehabilitation of transport Infrastructure, which includes the "North-South Road Corridor Investment Program", and the program of improvement of M6 Alaverdi-Georgian border transit road.

"North-South Road Corridor Investment Program":

Tranche 1 - 31 km concrete pavement of Yerevan-Artashat and Yerevan-Ashtarak road sections of North-South Corridor of great strategic significance is completed. On 29 December 2015, the two-way traffic was announced open.

Tranche 2 - 42 km-long road section of Ashtarak-Talin. Starting from 2013 July, archeological excavations, land and infrastructure preparation works are in progress. Concrete pavement work is launch in the second half of 2016. The completion of Tranche 2 construction works is envisaged before September 2019.

Tranche 3 – divided into two sections Talin-Lanjik (about 18.7 km) and Lanjik-Gyumri (27.5 km) road sections. The construction works launched in summer of 2016, the completion of which is envisaged to be at the end of 2018.

Tranche 4 - divided into two sections Artashat-Kajaran (about 304 km) and Kajaran-Meghri (42 km) road sections.

Artashat-Kajaran - The design company selected and will provide following services: feasibility study and preliminary design of about 304km section, the detailed design of about 60km to which will stated by the RA Government, as well as preparation of relevant tender packages to be submitted to the Bank.

Kajaran-Meghri - The feasibility study of about 55km of the section (preliminary design) is completed, as a result of which by about 4.7 km tunnel construction it will be reduced and will make 42km. For the construction of 32km (section from Agarak to Vardanidzor /21 km/ and section from Vardanidzor to tunnel exit /11 km/) a loan agreement with Eurasian Development Bank was signed. Construction is scheduled to begin in 2020. For the section from Kajaran to

Sisian (about 74 km), negotiations are under way for the possibility of implementation of the construction on the basis of the public private partnerships (PPP). **Tranche 5** - about 63km road section Gyumri-Bavra and Gyumri by pass. The design company selected and will provide following services: feasibility study, preliminary design and detailed design of about 63km section, as well as preparation of relevant tender packages to be submitted to the Bank.

M6 Vanadzor-Alaverdi-Georgian border interstate road (90.19km length):

Taking into consideration that Armenia-Georgian border serves as the only land trade corridor from Armenia to Europe, M6 Alaverdi-Georgian border transit road is included in the plan of priority programs, which is a transit road that connects the center of the Republic of Armenia to the Republic of Georgia. The current conditions of the M6 Vanadzor-Alaverdi-Georgia border interstate road result in the increase of the transport cost for the road users, specifically freight transport.

With the purpose of starting the program, in 2013 the European Investment Bank (EIB) provided Technical Assistance Grant of 1 million Euros for feasibility study, environmental impact assessment and for the design documents. Since March 2014 "Lotti Engegneria" (Italy) company has been implementing the feasibility study, environmental impact assessment and preparation of design documentation by the finance of the above-mentioned grant.

The stage of the feasibility study implementation was completed. As a result of the conducted research and analytical works five alternative solutions for road rehabilitation and improvement have been developed with different technical characteristics and financial costs.

The above-mentioned solutions were reviewed by the working group of the Ministry of Transport and Communication of the RA, as well as were discussed during the meeting on October 10, 2014 of the interdepartmental committee created according to the RA Prime Minister's No 986-A decision of October 6, 2014.

Finally it was made a decision to split the road into two section financed by European Investment Bank and Asian Development Bank.

European investment Bank is financing the construction works of the **Section 1 (38.5 kilometers, km 0+000 to km 38+450)** of M6 Vanadzor-Alaverdi-Georgian border interstate road, which are separated into 3 parts:

1. Km 0+000 to km 17+625 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road
2. Km 17+625 to km 30+125 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road
3. Km 30+125 to km 38+450 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road

In August 2016 construction contracts were signed. Works started in September 2016. Currently the total contract prices amount to 19,007,066,556 AMD.

Works will be completed in 2018. In August 2016 was signed the contract for providing consulting services for technical supervision of civil works on the M6 Vanadzor-Alaverdi-Georgian border interstate road Section 1.

Asian Development Bank is financing the construction works of the **Section 2 (51.74 kilometers, km 38+450 to km 90+191)** of M6 Vanadzor-Alaverdi-Georgian border interstate road.

Section 2 also is split into 3 parts and 3 construction contracts with total amount of 12,461,112,564 AMD were signed on November 30, 2017 for the following parts of the road:

1. Km 38+450 to km 48+140 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road
2. Km 48+140 to km 62+300 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road
3. Km 62+300 to km 90+191 Section of the M6 Vanadzor-Alaverdi-Georgian border interstate road.

Civil works have commenced on 29th of May 2018 and will be completed in 2020.

In April 2018 was signed the contract for providing consulting services for technical supervision of civil works on the M6 Vanadzor-Alaverdi-Georgian border interstate road Section 2.

The Railway Sphere:

Currently the Railways of Armenia are handed over to the concession management.

A concession contract was signed between The Republic of Armenia, the "Russian Railways" Open Joint-Stock Company and South Caucasus Railway CJSC, on 13 February 2008 for 30 years, on transferring the railway system of Armenia to the South Caucasus Railway CJSC, which was established by "Russian Railways" Open Joint-Stock Company.

In accordance with the terms and conditions of this Agreement, the Concessionaire undertakes to carry out the concession asset possession, use, management, operation, maintenance, repairs and necessary improvements. The investment costs under the concession contract are carried out according to the program.

From investments of 240 million EUR provided in the infrastructure for the period of 2008-2038, about 157 million EUR was spent during 2008-2016.

In accordance with the procedure prescribed by Law of the Republic of Armenia, the concessionaire is also obligated to provide network access to other rail operators.

- Starting from February 2017 the "South Caucasus Railways" CJSC has organized a regular process of the railway freight transportation between the Poti and the Caucasus ports, which continues in 2018,

- In 2017 a new P2D electric train, produced in the Russian Federation, was imported to the Republic of Armenia, it has passed the appropriate experimenting and testing stages. It is planned to start its regular operation in March, 2018 and during the year, it is also anticipated to purchase the second electric train of the same model.
- It is planned to develop the railway transport, in particular.
 - a) Until the end of 2018, to develop and adopt a strategy for the development of the railway infrastructure, which will ensure efficient and safe operation of the railway infrastructure,
 - b) Until the end of 2022, to upgrade the passenger rolling stock, this will enhance the efficiency and safety of the passenger's transportation.

ICT sphere:

Development and improvements in the field of transport, communication and information technologies for 2010-2017, including new legislative acts, amendments to existing legislative acts and a brief description of each one, structural changes, particularly e-government, digitization of state services, digital television broadcasting, programs in the field of transport, etc.

The Government of the RA has approved the concept and action list of reconstruction of Gyumri as tech city. On September of 2014 the official opening ceremony of the newly renovated Gyumri Technological Center's building took place in the framework of the "E-Society and Innovation for Competitiveness" Project.

On February the 25th, 2010, the Government of Armenia has approved the concept of e-society formation in the Republic of Armenia.

On December of 2012, a Memorandum of Cooperation was signed between the Government of the RA and the "Intel" Corporation regarding the collaboration in the field of education and research.

In 2014, the RA Law "On the State Support in the field of Information Technologies" was approved ensuring tax privileges to the start-ups in the relevant field.

In 2014, an Agreement on Mutual Understanding and Cooperation was signed between the Government of the RA and the Company Microsoft, which will contribute to the development and implementation of prospective programs. The purpose of this new program is to establish a cloud and mobile technology center based on the Microsoft Innovation Center and mLab ECA to develop the mobile technologies.

In 2017, the "Digital Armenia" Foundation was established, aimed at forming a single digitalized environment based on modern information technologies in all fields of government.

Fundamental changes have been made in the sphere during the recent years:

- Formerly the outsourcing for foreign companies prevailed. Currently local companies are developing greatly with their own products. And some of them already have world level high positions with their products/ PicsArt, Joomag, Triada, CodeFights, SoloLearn, etc./. The transnational organizations also carry out the complete development of their solutions and research in Armenia in different formats: by opening branches, purchasing Armenian organizations, establishing innovative centers in Armenia.
- Since 2010, a number of important programs have been implemented in Armenia, not only promoting the development of the sector, but also becoming models for the development of the Armenian high technologies, including grants for start-ups, first venture foundation, technological centers, innovation centers with transnational organizations, a number of educational programs in cooperation with high educational institutions and private sector.
- Since 2011, “E-Society and Innovation for Competitiveness” Project has been launched aimed at the development of the ICT infrastructures in Armenia, implementation of measures promoting the development of the sector, information society formation, etc. Particularly, the following programs have been implemented in the framework of the Project: “Pan-Armenian Broadband Access and Management Networks”, “Certification Center Establishment in Armenia”, “Computer For All Program”, “Establishment of technology centers in Gyumri and Vanadzor”, “Financial support for innovation knowledge and technology companies”, “Support to the Development of the information technologies/ scientific fields”, etc.
- In 2011, the Microsoft Innovation Center was established with the joint program of the Government of the RA, the United States Agency for International Development, the Company Microsoft, State Engineering University of Armenia and Enterprise Incubator Foundation.
- In October of 2016, Vanadzor Technological Center was established based on the successful experience of Gyumri Technology Center as a main infrastructure unit for advancement and development of information and high technologies in Vanadzor and Lori regions.
- In 2012, the Armenian National Engineering Lab (ANEL) foundation program was jointly launched by the Government of the RA, the United States Agency for International Development, the national instruments Company, State Engineering University of Armenia and Enterprise Incubator Foundation. The main goal of the Program is to meet the requirement of qualified professionals and alumni in the technology industry.
- In 2012, the first Free Economic Zone was established in Armenia with the aim of promoting export volumes and creating new jobs vacancies, as well as to ensure sustainable economic development through the introduction of foreign direct investment and advanced technologies.

- In 2013, the first venture fund - Granatus Ventures CJSC was established in Armenia with the support of the Government of the RA, the World Bank and a number of private companies.
- In 2013, a Memorandum of Understanding was signed between the Government of the RA and IBM Company to cooperate in the field of education, research and experiments, particularly to establish an Innovative Solutions and Technology Center.
- Since 2014, “Armat” Engineering Laboratories establishment Program in the Armenian educational system has been established on the initiative of the Union of Information Technology Enterprises and with the support of the Government of the RA and a number of local and international companies.

In the framework of the “Armenian Investment Forum 2016” held in New York, a Memorandum of Cooperation on the establishment of Engineering city was signed between the Government of the RA and the National Instruments Company.

Ministry of Energy Infrastructures and National Resources of the Republic of Armenia

Developments and reforms in the energy sector

Strategic documents

- Government Action Plan on RA Power System Market Liberalization and Development of Cross-border Trade (27.07.2017)
- Energy Law of the Republic of Armenia (07.03.2001); amended in 2011; 2013; 2014; 2016; 2017; 2018.
- Long-term Energy Sector (up to 2036) Development Pathways for the Republic of Armenia (10.12.2015);
- 2014-2025 Development Strategy Program of the Republic of Armenia (27.03.2014);
- 2014-2020 Action Plan on Implementation of Energy Security Concept of the Republic of Armenia (31.07.2014);
- Energy Security Concept of the Republic of Armenia (23.10.2013);
- “The Law of the Republic of Armenia on Energy Saving and Renewable Energy” (09.11.2004); amended on 2011; 2016; 2017.

Important achievements

- Commencement of the life time extension program of Unit 2 of Armenian NPP in 2017
- Strategy on Safe Management of Radioactive Wastes and Spent Nuclear Fuel in the Republic of Armenia (05.10.2017).
- Armenia was elected member of the IAEA Board of Governors 2017
- Project on Construction of 250 MW Combined Cycle Gas Fired Power Plant was commenced in 2017 with private investor Italian RENCO Company
- Commencement of RA Power System Market Liberalization and Development of Cross-border Trade in 2017
- Contract on Electricity Exchange was signed in 2017 between Energaimpex Company and Georgian Global International Energy Corporation
- Project on Construction of Shnogh” Hydropower Plant with 76 MW installed capacity in Lori Region in the north of Armenia, which was started to implement in 2017 with the investment fund “Investors Club of Armenia” and American Robbins company.
- As of the 1st of January, 2018 electricity was generated by 184 small HPPs, with total 353 MW installed capacity, from which 114 with total 200 MW installed capacity and 626 million kWxh annual average electricity was constructed in last 10 years. According to the provided licenses, 36 additional SHPPs are under construction, with about total projected 69 MW capacity and 250 million kWxh electricity annual supply.
- Over the past 2 years, the development of solar energy see an aggressive growth.
- 12 licenses for construction of overall 10 MW of solar PV power plants were issued, 4 of which are already operating.
- In 2015, the Republic of Armenia and the International Bank for Reconstruction and Development (EBRD) signed a grant agreement, with the launch of an industrial Utility-Scale Solar Power Project. According to the 1st stage of the above mentioned project it was foreseen to construct an utility-scale Masrik-1 solar PV power plant with 50-55 MW capacity. Construction of other 5 PV plants with about 60 MW total capacity will follow-up. A tender was successfully completed.
According to the tender terms the organization or consortium that will offer the lowest price for produced electricity will become a winner. The lowest price (0.0419 USD (20.11 AMD VAT excluded) was offered by a Consortium created by Dutch Fotowatio Renewable Ventures B.V and Spain FSL Solar S.L Companies.
- Favorable legal basis have been created for large-scale electricity consumers. The RA Law «On Energy Saving and Renewable Energy» within the framework of electricity

exchange has established a provision on volume of non-compensation to the authorized person having the Electricity Distribution Licensee for supplied by autonomous energy producers electricity from renewable energy sources and has improved the overflows chronology. As of January 2018, the number of autonomous producers in the sphere of Renewable Energy with capacity up to 150 kW formed 385 (with total 4,6 MW capacity) including 79 producers that already got technical provisions. In the Energy Law of the Republic of Armenia has been revised the limit of 150 kW and was set 500 kW for legal entities.

- "SolarOn" started production of first solar panels in Armenia.
- MOU with Iranian MAPNA company on Wind Power Plant Construction with 50 MW total capacity
- «Access Infra Central Asia Limited» United Arab Emirates Company is carrying out wind resource monitoring for construction of wind power stations in Armenia with capacity up to 150 MW.
- Memorandum of Understanding was signed on March 30, 2017 between the Ministry of Energy Infrastructures and Natural Resources of RA and «Acciona Energy Global SL» company on Wind Power Plant Construction Program in Armenia for construction of wind power plants with the capacity of 100-150 MW.
- Within the framework of Exploratory Drilling Program /grant N TFOAO544/ implemented by the support of the World Bank, it is foreseen to construct Geothermal Power Plant at Karkar site, Syunik Region, Armenia.

- Armenia has been working intensively on the promotion of energy efficiency markets. Armenia has adopted 1st and 2nd National Energy Efficiency Action Plan (NEEAPs) accordingly in 2014 and 2017.

Law on Energy Saving and Renewable Energy was amended to enforce elements of Energy Performance in Buildings Directive (EPBD), the Government decree was adopted and technical regulation was prepared for mandatory enforcement of EE in (re)construction of public and residential buildings, the groundwork for adoption of eco-labeling regulations is undergoing, draft legal regulations are prepared for requiring energy auditing for large energy consumers, market-based energy tariffs has created a favorable environment for private sector investments in SMEs through multiple green credit lines (EBRD, GGF, AFD, IFC, WB).

The Republic of Armenia has been very successful in establishing a revolving fund for EE retrofits in public/municipal/social buildings based on energy performance contracting through the Renewable Resources and Energy Efficiency Fund (R2E2), which has already delivered over 50% energy saving in 64 public objects (more than 160 buildings and 9 urban lighting systems) with more lined up in the pipeline. Armenia will continue working in this direction and roll out this financial tool to banks for further commercialize and scale up the public sector EE investments.

Energy Community Treaty EE Coordination Group has been a very valuable platform for access to best practices and coordination on the regional level. Through Energy Charter secretariat the Ministry of Energy Infrastructures and Natural Resources is working on eliminating the remaining bottlenecks in building EE and eco-labeling legislation.

- The program «Energy Efficient» was started in August 2017 for development of green energy and creation of energy from renewable energy sources in ungasified communities of Armenia.
- Official Energy balance for 2015 and 2016 was elaborated and published.
- “Bright Border” was being launched in Armenia in 2016. In 17 villages was set 16480 Led lamps at the borderline residents’ houses.

Regional programs

- Construction works of Armenia-Iran 400 kV transmission line and substation.
- Construction works of Armenia-Georgia 400 kV transmission line.

After the construction and putting into operation the overhead power transmission lines Iran-Armenia and Armenia-Georgia, the Republic of Armenia will be positioned in the region as a regional hub of electric power, linking the electric energy systems of Iran, Georgia and Russia.