

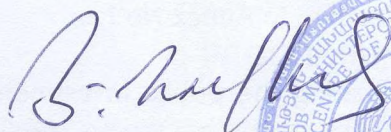
OFFICIAL TRANSLATION

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"TRANSLATION CENTRE OF THE MINISTRY OF JUSTICE  
OF THE REPUBLIC OF ARMENIA" STATE NON-COMMERCIAL ORGANISATION

EMILIA ADUMYAN

DIRECTOR



29 OCTOBER 2021

PRIME MINISTER OF THE REPUBLIC OF ARMENIA

DECISION

No 472-L

ON APPROVING THE PROCEDURE FOR IDENTIFYING, DEVELOPING,  
EVALUATING PUBLIC INVESTMENT PROGRAMMES, COMPILING AND  
DETERMINING THE LIST OF PRIORITIES, APPROVING THE METHODOLOGY  
FOR EVALUATING PUBLIC INVESTMENT PROGRAMMES AND THE MODEL FORM  
OF DEVELOPING AND EVALUATING THE DRAFT PUBLIC INVESTMENT  
PROGRAMME IN THE REPUBLIC OF ARMENIA

Based on part 5 of Article 7 of the Law of the Republic of Armenia "On the structure and operation of the Government":

1. To approve:
  - (1) the procedure for identifying, developing, evaluating public investment programmes, compiling and determining the lists of priorities in the Republic of Armenia, according to Annex No 1;
  - (2) the methodology for evaluating the public investment programmes in the Republic of Armenia, according to Annex No 2;
  - (3) the model form for developing and evaluating the draft public investment programme in the Republic of Armenia, according to Annex No 3.
  
2. To assign:
  - (1) the Acting Minister of Economy of the Republic of Armenia to organise the process of collecting the draft public investment programmes within 5 working days upon entry into force of this Decision;
  - (2) the bodies of the state administration system to submit public investment programmes to the Ministry of Economy of the Republic of Armenia, according to Annex No 3;
  - (3) the local self-government bodies — where the medium-scale and large-scale programmes, implemented by the latter, are fully or partially financed at the expense of the State Budget — to submit public investment programmes to the Ministry of Economy of the Republic of Armenia, according to Annex No 3.

**Acting Prime Minister  
of the Republic of Armenia**

Yerevan

**N. Pashinyan**

4 May 2021

CERTIFIED BY  
ELECTRONIC SIGNATURE

to Decision of the Prime Minister  
of the Republic of Armenia  
No 472-L

PROCEDURE

FOR IDENTIFYING, DEVELOPING, EVALUATING PUBLIC INVESTMENT  
PROGRAMMES, COMPILING AND DETERMINING THE LISTS OF PRIORITIES  
IN THE REPUBLIC OF ARMENIA

1. GENERAL PROVISIONS

1. The goals of this Procedure are to improve the management system of public investments, to increase effectiveness and ensure accountability of public investment programmes, as well as to create a bank for public investment programmes.
2. Within the meaning of this Procedure, the concepts mentioned below shall have the following meaning:
  - (1) **public investment** — acquisition or essential improvement of an asset at the expense of a consolidated budget (including the financial resources envisaged by an international credit or grant contract concluded by the Government of the Republic of Armenia), as well as in the result of co-operation between the State and the private sector. In addition, within the meaning of this sub-point, essential improvement shall be the restoration, reconstruction or expansion of an asset aimed at increasing productivity of the fixed asset or increasing the asset life;



- (2) **public investment programme or a programme** — acquisition or essential improvement of an asset at the expense of a consolidated budget (including the financial resources envisaged by an international credit or grant contract concluded by the Government of the Republic of Armenia), as well as a public-private partnership project prescribed by the Law of the Republic of Armenia "On public-private partnership". Expenses having regular nature and targeted at maintenance of the current condition of the asset or replacement of an existing worn-out asset shall not be considered as a subject of this regulation;
- (3) **public investment management (PIM)** — a system of regulations and supervision mechanisms applied to identification, development, selection of public investment programmes and implementation thereof within the framework of public finance management;
- (4) **model form of developing and evaluating a draft public investment programme (model form of the draft)** — a brief description of the draft programme — with the purpose of implementing public investments — deriving from the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken under international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements, which shall be provided by the competent body for the purpose of conducting qualitative and quantitative evaluation;
- (5) **pre-evaluation of a public investment programme (programme)** — preliminary evaluation conducted based on the concept of the programme, in accordance with the methodology for evaluating the public investment programmes approved by Annex No 2 to this Decision;

- (6) **evaluation of a public investment programme (programme)** — evaluation conducted based on the feasibility study (in cases prescribed by this Procedure — pre-feasibility study) of the programme, in accordance with the methodology for evaluating the public investment programmes approved by Annex No 2 to this Decision;
- (7) **criteria for evaluation of public investment programmes (criteria)** — criteria defined for the purpose of evaluating the public investment programmes and approved by Annex No 2 to this Decision;
- (8) **pre-feasibility study** — preliminary study conducted with regard to all the matters of major significance concerning public investment programmes, including economic, financial, technical, legal matters, deadlines for implementation and possible alternative versions, as a result whereof basic information is provided with regard to the possibility, as well as the risks of implementation of the programme. The pre-feasibility study shall be conducted based on the guides developed by the Ministry of Economy of the Republic of Armenia, and prior to their development — based on the requirements applicable to the pre-feasibility study conducted by international financial organisations in cases of comparable programmes;
- (9) **feasibility study** — study conducted with regard to all the matters of major significance concerning public investment programmes, including economic, financial, technical, legal matters, deadlines for implementation and possible alternative versions, as a result whereof detailed information is provided with regard to the possibility, as well as the risks of implementation of the programme. The feasibility study shall be conducted based on the guides developed by the Ministry of Economy of the Republic of Armenia, and prior to their development — based on the requirements applicable to the feasibility study conducted by international financial organisations in cases of comparable programmes;

- (10) **competent body** — ministries, bodies subordinate to the Government, to the Prime Minister and to the ministries, local self-government bodies, where the medium-scale and large-scale programmes, implemented by the latter, are fully or partially financed at the expense of the State Budget;
  - (11) **Investment Committee** — a working committee that manages and approves the list of priorities of the evaluated public investment drafts and programmes;
  - (12) **bank of public investment programmes** — a database of the public investment programmes evaluated and approved in accordance with this Procedure;
  - (13) **Economic Internal Rate of Return (EIRR) of a programme** — metric used within the framework of economic planning for the purpose of estimating net benefits of potential investments for the society. The EIRR is the discount rate that makes the net present value (NPV) of all the economic benefits and expenses of the programme being evaluated equal to zero;
  - (14) **deadline** — the last ten-day period of each quarter;
  - (15) **identification of a programme** — selection by the competent body of potential medium-scale and large-scale programmes deriving from long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken under international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements.
3. According to the amount (value) of investments required for implementation and exploitation of public investment programmes, they shall be divided into the following three types:

- (1) small-scale programmes — up to AMD 250 million;
  - (2) medium-scale programmes — from AMD 250 million to AMD 5 billion;
  - (3) large-scale programmes — AMD 5 billion and above.
4. The methodology for developing and evaluating public investment programmes approved by this Decision shall be applied only in cases of medium-scale and large-scale programmes, whereas with regard to small-scale programmes the process prescribed by the Law of the Republic of Armenia "On budget system of the Republic of Armenia" shall be applied. Programmes financed from the community budget shall not be regulated by this Decision, except for cases when they entail expenses or any conditional obligation for the State Budget of the Republic of Armenia, but may be submitted for evaluation in accordance with this Decision at the discretion of the head of community.
5. Individual programmes constituting a part of the same public infrastructure or being implemented for the purpose of maintenance thereof shall — within the meaning of this Procedure — be considered as a single public investment programme.

## **2. PERSONS RESPONSIBLE FOR THE PROCESS**

6. The competent body shall be responsible for:
- (1) identification of public investment programmes and development of a draft programme in accordance with the model form of the draft;
  - (2) revision and correction of shortcomings recorded in the draft programme;
  - (3) preparation of a feasibility study or a pre-feasibility study based on the draft programme;
  - (4) management of and supervision over the contract(s) concluded within the framework of the approved programme;

- (5) provision — upon request — of necessary information and reports to the Ministry of Economy of the Republic of Armenia and the Ministry of Finance of the Republic of Armenia on performance of the contract and the course of the programme, as well as for provision of a report on completion of the programme.
7. The Ministry of Economy of the Republic of Armenia shall be responsible for:
  - (1) regular collection of programmes;
  - (2) pre-evaluation of programmes;
  - (3) evaluation of programmes;
  - (4) testing of the format for implementation of the programme — public procurement or public-private partnership (PPP);
  - (5) development, approval and publication of the model forms of documents ensuring the PIM process;
  - (6) provision of methodological support to the competent body during the course of development of the draft programme;
  - (7) conduct of evaluation of economic results for the purpose of ensuring effectiveness of the programme.
8. The Ministry of Finance of the Republic of Armenia shall be responsible for:
  - (1) verification of accuracy of the financial evaluation of the model form of the draft;
  - (2) provision of information on the budgetary restrictions (fiscal space) for the three years following submission of the draft programme to the Investment Committee;
  - (3) monitoring of financial reports for the purpose of ensuring effectiveness of the programme.



9. The Investment Committee shall be responsible for preliminary selection of public investment drafts evaluated on the basis of the criteria approved by Annex No 2, as well as for determination and approval of the priorities.

### **3. STAGES OF THE PIM PROCESS**

10. Stages — regulated under this Procedure — of the PIM process shall be the following:
  - (1) identification and development of the programme;
  - (2) pre-evaluation of the programme;
  - (3) preliminary selection of programmes;
  - (4) evaluation of the programme;
  - (5) rendering of decisions on the programmes.

### **4. IDENTIFICATION AND DEVELOPMENT OF A PROGRAMME**

11. The competent body shall — based on the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements — select potential medium-scale and large-scale programmes. The competent body shall develop the concepts of programmes for the identified medium-scale and large-scale draft public investment programmes in accordance with the model form of the draft prescribed by Annex No 3. The model form of the developed draft shall be sent to the Ministry of Economy of the Republic of Armenia on a periodic basis until the end of each deadline.

12. The competent body shall send the model form of the draft developed in accordance with point 11 of this Procedure to the Ministry of Economy of the Republic of Armenia for the purpose of conducting evaluation and pre-evaluation of the quality. The evaluation of the quality shall — within the meaning of this Procedure — be verification of compliance of the occupation of the concept of the draft programme with the model form prescribed by Annex No 3 on a satisfactory/unsatisfactory principle.
13. Requirements prescribed by this Chapter on draft programmes shall not be applied to medium-scale programmes — the pre-feasibility study whereof — as well as to large-scale programmes — the feasibility study or the pre-feasibility study whereof already exists at the moment of entry into force of this Procedure.

## **5. PRE-EVALUATION OF THE PROGRAMME**

14. After receiving the model form of the draft, the Ministry of Economy of the Republic of Armenia shall concurrently provide it to the Ministry of Finance of the Republic of Armenia.
15. Within the period of 15 working days following the receipt of the model form of the draft, the Ministry of Economy of the Republic of Armenia, in accordance with point 12 of this Procedure, shall:
  - (1) in case of evaluating the model form of the draft as unsatisfactory — return it for revision by indicating the points that need to be revised. The competent body may send the model form of the revised draft to the Ministry of Economy of the Republic of Armenia again, in which case the time limit prescribed by this point for pre-evaluation shall be applied. The competent body may — at least 3 working days prior to the time limit prescribed by this point — recall the draft by notifying thereon to the Ministry of Economy of the Republic of Armenia. After receiving the notification, the

Ministry of Economy of the Republic of Armenia shall concurrently provide it to the Ministry of Finance of the Republic of Armenia;

- (2) in case of evaluating the model form of the draft as satisfactory — conduct pre-evaluation within a period of 25 working days, based on the methodology for evaluating the public investment programmes, as well as the testing of implementation of the programme in the PPP format. In case of evaluating as satisfactory, the Ministry of Economy of the Republic of Armenia shall inform the competent body in writing about compliance of the model form of the draft with the requirements prescribed by this Procedure, by simultaneously notifying the Ministry of Finance of the Republic of Armenia on evaluating the model form of the draft as satisfactory.
16. Programmes with pre-feasibility study (feasibility study) shall be submitted to the Ministry of Economy of the Republic of Armenia in accordance with point 13 of this Procedure for the purpose of conducting pre-evaluation, as a result whereof:
    - (1) the Ministry of Economy of the Republic of Armenia shall submit the model form of the evaluated draft and the results of the evaluation to the Investment Committee;
    - (2) the pre-feasibility study or feasibility study shall be returned to the competent body with the description of amendments necessary for making it comply with the requirements of this Procedure.
  17. Where the Ministry of Finance of the Republic of Armenia fails to send a negative position to the Ministry of Economy of the Republic of Armenia on the model form of the draft received in accordance with point 14 of this Procedure within 13 working days, the model form shall be considered as complying with the requirements prescribed by this Procedure.
  18. The Ministry of Finance of the Republic of Armenia shall — within 20 working days upon receiving the notification in accordance with sub-point 2 of point 15 of

this Procedure — submit, in writing, to the Ministry of Economy of the Republic of Armenia and the competent body a position on the accuracy of the baseline data for financial evaluation of the concept of the programme.

19. For the purpose of conducting pre-evaluation of the programme, the Ministry of Economy of the Republic of Armenia and the Ministry of Finance of the Republic of Armenia may require from the competent body additional information on the programme. In addition, the competent body shall submit the information to be submitted to the Ministry of Finance of the Republic of Armenia simultaneously to the Ministry of Economy of the Republic of Armenia.
20. As a result of pre-evaluation of the programme, the Ministry of Economy of the Republic of Armenia shall elaborate a pre-evaluation opinion, which must contain also the position provided for by point 18 of this Procedure by the Ministry of Finance of the Republic of Armenia, and send it to the competent body for the purpose of considering the results. Where, within 5 working days, the competent body:
  - (1) fails to send a negative position on the results of pre-evaluation of the model form of the draft to the Ministry of Economy of the Republic of Armenia, the Ministry of Economy of the Republic of Armenia shall submit the opinion provided for by the first paragraph of this point and the position of the Ministry of Finance of the Republic of Armenia to the Investment Committee for the purpose of conducting preliminary selection of programmes;
  - (2) sends a negative position on the results of pre-evaluation of the model form of the draft to the Ministry of Economy of the Republic of Armenia, the Ministry of Economy of the Republic of Armenia shall submit the opinion provided for by the first paragraph of this point, the position of the Ministry of Finance of the Republic of Armenia and the notification of the negative position on the results sent by the competent body to the Investment Committee for the purpose of conducting preliminary selection of programmes.

## **6. PRELIMINARY SELECTION OF PROGRAMMES**

21. Upon receipt of the large-scale draft programmes, the Investment Committee shall consider them and render one of the following decisions:
  - (1) to send the draft to the competent body for revision, in which case the relevant points requiring revision shall be clearly indicated with the description of necessary amendments, or
  - (2) to ensure implementation of the pre-feasibility study or the feasibility study of the programme.
  
22. Upon receipt of the medium-scale draft programmes, the Investment Committee shall consider them and render one of the following decisions:
  - (1) to send the draft to the competent body for revision, in which case the relevant points requiring revision shall be clearly indicated with the description of necessary amendments, or
  - (2) to ensure implementation of the pre-feasibility study of the programme, or
  - (3) to ensure implementation of the feasibility study of the programme, or
  - (4) to include the programme in the bank of public investment programmes by informing relevant competent body thereon.

## **7. EVALUATION OF THE PROGRAMME**

23. The responsibility for implementation of a pre-feasibility study and a feasibility study of the programme shall rest upon the competent body. For that purpose, the Ministry of Economy of the Republic of Armenia shall provide methodological support to the competent body. Where necessary, the competent body may involve consultants and experts for the development of a pre-feasibility study or a feasibility study of the programme.

24. The competent body shall concurrently submit the conducted pre-feasibility study or feasibility study to the Ministry of Economy of the Republic of Armenia and to the Ministry of Finance of the Republic of Armenia for the purpose of conducting evaluation of the programme.
25. All the main questions and risks related to the programme shall be subject to evaluation within the framework of the pre-feasibility study and feasibility study of the public investment programme.
26. The Ministry of Finance of the Republic of Armenia shall provide an opinion to the Ministry of Economy of the Republic of Armenia within 20 calendar days after receiving the results of the pre-feasibility study or feasibility study of the public investment programme from the competent body.
27. The Ministry of Economy of the Republic of Armenia shall — within 30 calendar days after receiving the results of the pre-feasibility study or feasibility study of the public investment programme from the competent body — conduct an evaluation based on the criteria for evaluation of public investment programmes. The competent body may — at least 20 working days prior to the time limit prescribed by point 27 of this Procedure — recall the public investment programme by notifying thereon the Ministry of Economy of the Republic of Armenia. After receiving the notification, the Ministry of Economy of the Republic of Armenia shall inform also the Ministry of Finance of the Republic of Armenia.
28. For the purpose of conducting an evaluation of the programme, the Ministry of Economy of the Republic of Armenia and the Ministry of Finance of the Republic of Armenia may require from the competent body additional information on the programme. In addition, the competent body shall submit the information to be submitted to the Ministry of Finance of the Republic of Armenia simultaneously to the Ministry of Economy of the Republic of Armenia.



29. As a result of evaluation, the Ministry of Economy of the Republic of Armenia shall — within the last ten-day period of each quarter — submit to the Investment Committee a summary conclusion of the evaluation of the programme conducted based on the criteria prescribed by this Procedure, and the conclusion must contain also the conducted pre-feasibility study or feasibility study.

## **8. RENDERING OF DECISIONS ON THE PROGRAMMES**

30. The Investment Committee shall consider the public investment programmes evaluated by the Ministry of Economy of the Republic of Armenia in accordance with this Procedure, as a result whereof it shall approve the list of priorities of those programmes, by regularly replenishing the existing list, and render one of the following decisions:
- (1) to ensure the feasibility study of the programme based on the pre-feasibility study;
  - (2) to include the programme in the bank of public investment programmes based on the pre-feasibility study or feasibility study;
  - (3) to return the programme to the competent body for revision.
31. As an exception, the Investment Committee shall be competent to render a decision on including the programme in the bank of public investment programmes, irrespective of the unsatisfactory results of the evaluation of the given programme.

## **9. THE INVESTMENT COMMITTEE**

32. The rules of procedure of the Investment Committee shall be approved upon decision of the Prime Minister of the Republic of Armenia.

33. The Investment Committee shall organise its activities through sittings (including remotely), which shall be presided over by the Prime Minister of the Republic of Armenia. In case of absence of the Prime Minister of the Republic of Armenia, the sitting shall be presided over by the Deputy Prime Minister of the Republic of Armenia upon decision of the Prime Minister of the Republic of Armenia.
34. The following persons shall also be included within the composition of the Investment Committee:
  - (1) the Deputy Prime Minister of the Republic of Armenia;
  - (2) the Deputy Prime Minister of the Republic of Armenia;
  - (3) Chief of Staff to the Prime Minister of the Republic of Armenia;
  - (4) the Minister of Economy of the Republic of Armenia.
35. Regular sittings of the Investment Committee shall be convened once in each quarter. Extraordinary sittings may be convened upon the proposal of the Ministry of Economy of the Republic of Armenia.
36. An independent expert (without the right to vote) with an advisory capacity may, where necessary, also be invited to participate in the sitting of the Investment Committee.
37. The sittings shall have quorum, if attended by all the members of the Investment Committee. In case a sitting does not have quorum, an extraordinary sitting shall be convened upon the proposal of the Ministry of Economy of the Republic of Armenia.
38. The decision of the Investment Committee on each programme shall be made by simple majority of votes of the members attending the sitting. During the voting, each member of the commission shall have the right to one vote. In the event of a tie, the Deputy Prime Minister presiding over the sitting shall have a casting vote.

## **10. BANK OF PUBLIC INVESTMENT PROGRAMMES**

39. The bank of public investment programmes shall be maintained by the Ministry of Economy of the Republic of Armenia.
40. The structure and procedure for maintenance of the bank of public investment programmes shall be defined under the order of the Minister of Economy of the Republic of Armenia.
41. The programmes evaluated in accordance with sub-point 2 of point 30 of this Procedure shall be included in the bank of public investment programmes.
42. A programme may be removed from the bank of public investment programmes or be sent for revision only upon the written proposal of the head of the competent body having submitted the given programme, and substantiation shall also be attached to the proposal.

**Chief of Staff to the Prime Minister  
of the Republic of Armenia**

**A. Torosyan**

4 May 2021

CERTIFIED BY  
ELECTRONIC SIGNATURE

**To Decision of the Prime Minister  
of the Republic of Armenia  
No 472-L**

**METHODOLOGY FOR EVALUATING THE PUBLIC INVESTMENT  
PROGRAMMES IN THE REPUBLIC OF ARMENIA**

**1. GENERAL PROVISIONS**

1. This Methodology shall define the criteria for (pre-)evaluation of public investment programmes, their weights and the procedure for evaluating the programmes on the basis thereof.
2. The concepts used in this Methodology shall have the meaning prescribed by the procedure for identifying, developing, evaluating public investment programmes and determining the priorities.
3. The basic principle of (pre-)evaluation of public investment programmes shall be the application of common criteria to the medium-scale and large-scale programmes.
4. A windowed estimate of the public investment programme shall be generated as a result of (pre-)evaluation of the programme.

**2. CRITERIA FOR EVALUATION OF PUBLIC INVESTMENT PROGRAMMES**

5. The criteria for (pre-)evaluation of public investment programmes shall be:
  - (1) impact on the human capital (weight — 1), by which the impact of the programme on human capital in the Republic of Armenia shall be evaluated;

- (2) public significance of an infrastructure (weight — 1), by which the urgency and necessity of implementation of the given programme, from the perspective of provision of public services, shall be evaluated;
  - (3) compliance of the sectoral strategy (weight — 1), by which the direct, partial or indirect compliance of the programme with the given sectoral strategy shall be evaluated;
  - (4) level of risk of the programme (weight — 1), by which the actually recorded risks hindering implementation of the programme and manageability thereof shall be evaluated;
  - (5) Economic Internal Rate of Return (EIRR) (weight — 1.5).
6. The evaluation of impact on human capital shall be conducted in the following way:
- (1) 3 points shall be assigned to programmes, which directly contribute to the creation of human capital in the Republic of Armenia. A programme shall be considered as creating human capital, where it targets the welfare (health, education, security, socialisation, etc.) of minor citizens;
  - (2) 2 points shall be assigned to programmes, which have a significance in terms of preservation of human capital and the implementation whereof is basically aimed at ensuring continuity of the working capacity of adult persons;
  - (3) 1 point shall be assigned to programmes, which are targeted at the improvement and development of human capital and the implementation whereof is basically aimed at increasing the capacity of adult citizens to generate income or the capacity targeted at the creation of a public good.
7. The evaluation of public significance of an infrastructure shall be conducted in the following way:
- (1) 3 points shall be assigned to programmes, without the implementation whereof the creation of a public good or provision of public services

becomes impossible or the implementation whereof is a requirement clearly defined by the legislation;

- (2) 2 points shall be assigned to programmes, the implementation whereof contributes to essential improvements from the perspective of creation of a public good or provision of public services;
  - (3) 1 point shall be assigned to programmes, the implementation whereof contributes to non-essential improvements from the perspective of creation of a public good or provision of public services.
8. The evaluation of compliance with the sectoral strategy shall be conducted in the following way:
- (1) 3 points shall be assigned to programmes, the results whereof are directly targeted at the resolution of problems stipulated by the strategy or at the achievement of the (sub-) goal;
  - (2) 2 points shall be assigned to programmes, part of the results whereof concerns the resolution of problems stipulated by the strategy or the achievement of the (sub-) goal;
  - (3) 1 point shall be assigned to programmes, which do not directly contribute to the achievement of state or community strategic objectives or no strategy for the given sector exists.
9. Criteria prescribed by points 6, 7 and 8 of this Methodology may be evaluated 0 point, where the impact of the programme by the relevant criteria or the compliance therewith is not sufficiently substantiated or is missing.
10. For evaluation of the level of risk of the programme, the factors mentioned below should be taken into account:
- (1) availability and value of the experience in implementing a similar programme by the competent body;



- (2) availability of the approved demand, as well as the impact of possible external factors on effective implementation of the programme;
  - (3) availability of the evaluation of exploitation and maintenance expenses;
  - (4) specification and analysis, as well as manageability of risks.
11. Based on the analysis of the factors prescribed by point 10 of this Methodology, evaluation of the level of risk of the programme shall be conducted in the following way:
- (1) 3 points shall be assigned to programmes with low level of risk;
  - (2) 2 points shall be assigned to programmes with medium level of risk;
  - (3) 1 point shall be assigned to programmes with high level of risk.
12. Calculation of the economic internal rate of return of the programme shall be conducted in accordance with the guides being developed by the Ministry of Economy of the Republic of Armenia, and prior to the approval thereof — through the applicable methodology defined by international financial organisations.
13. Based on the criterion of the economic internal rate of return of the programme, the points of programmes shall be determined in the following way:
- (1) the programme with the maximum indicator of economic internal rate of return shall be evaluated 3 points, after which:
  - (2) the remaining programmes shall be classified under the principle of distance from the maximum — through application of the following formula:

$$S_i = \frac{\ln EIRR_i}{\ln EIRR_m} \times 3, \text{ where}$$

Si shall be the point of the given programme;

EIRRi shall be the economic internal rate of return of the given programme;

EIRRm shall be the maximum economic internal rate of return of the programmes being considered.

Moreover, in case of a negative economic internal rate of return, the given criterion of the programme shall be evaluated 0 point. During the classification of programmes with negative economic internal rate of return, priority shall be given to the programme with a higher value.

14. The first evaluation of the economic internal rate of return shall be conducted in the stage of pre-evaluation of the programme, whereas complete evaluation of the economic return shall be conducted in the stage of evaluation of the programme.

**Chief of Staff to the Prime Minister  
of the Republic of Armenia**

**A. Torosyan**

4 May 2021

CERTIFIED BY

ELECTRONIC SIGNATURE

**to Decision of the Prime Minister  
of the Republic of Armenia  
No 472-L**

MODEL FORM OF DEVELOPING AND EVALUATING THE DRAFT PUBLIC  
INVESTMENT PROGRAMME IN THE REPUBLIC OF ARMENIA  
(MODEL FORM OF THE DRAFT)

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6.	<i><u>Section 6. Contact details and approval of the draft</u></i>

- *Notification. Within the framework of the model form, the concept "Draft" shall be applicable, unless the latter is included in the list of priorities being approved by the Investment Committee. After the approval, the concept "Programme" shall be applied instead of the concept "Draft".*

MODEL FORM OF DEVELOPING AND EVALUATING THE DRAFT PUBLIC  
INVESTMENT PROGRAMME (MODEL FORM OF THE DRAFT)

<b>CONCEPT OF THE DRAFT INVESTMENT PROGRAMME</b>		
<b>Section 1. Summary information on the draft</b>		
<b>1.1. Responsible ministry (APPLICANT)</b>	<i>For instance: the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia</i>	
<b>1.2. Title of the body implementing the draft</b>	<i>For instance - the Water Committee of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia</i>	
<b>1.3. Title of the draft</b>	<i>Enter the correct title of the draft completely. Avoid abbreviations or "provisional titles". After evaluation of the draft, the mentioned version shall become the official title of the programme.</i>	
<b>1.4. Brief description of the draft</b>	<i>Describe and submit summary information on the draft. In addition to summary information, it is necessary to briefly provide the objective description of the draft in this Section. (For instance: 10 km section of the two-way road connecting [the city] and [the city], etc.).</i>	
<b>1.5. Place of location</b>	<i>Enter the place or places of implementation of the draft, where it involves more than one territory. Where possible, mention their addresses on the map or the GPS data.</i>  <i>From among the versions suggested, complete in the table the versions that concern the draft in terms of territory.</i>	<i>Marz</i>
		<i>Marz centre</i>
		<i>Borderline community</i>
<b>1.6. Capital expenses calculated for the draft (provide detailed information, including total)</b>		
<p><i>These are the general capital expenses for implementation of the proposed draft, which include all the expense items intended for achieving the objectives of the programme. For instance, in case of a medical facility, in addition to construction expenses for development, the capital expenses shall include all the expenses for acquisition of medical devices and accessories, fittings and furniture, expenses for land alienation (including compensation), as well as all the payments for consultation services.</i></p> <p><i>Where necessary, provide additional expenses being made for improving the quality of utility services or for delivering them to the mentioned place, for example: for constructing a water pipeline, laying electric cables or construction of roads.</i></p> <p><i>Mention the approximate amount intended for implementation of the draft. The mentioned amount of money shall be subject to change.</i></p>		
<b>1.7. Calculated exploitation and maintenance expenses (for the entire course of the draft)</b>		
<p><i>It is the general value for exploitation, provision and maintenance of the draft, starting from commencement of the stage of exploitation of the draft up to completion of the draft.</i></p> <p><i>The purpose of this information is to clearly understand — while developing the annual budget — the possible additional expenses/savings, which may arise in the course of implementation of the draft. The exploitation and maintenance expenses shall be the expenses being made from the moment of delivering the works prescribed by the contract; for example, the expenses for exploitation of a building or other additional expenses, which must be provided for in the budget year of the commencement of exploitation and the year after that.</i></p> <p><i>These are the following, for example:</i></p>		

- salary (provide either the full salary of new employees or the part of the salary of present employees, which has been changed as a result of implementation of the programme. In case of recruiting more teachers, their salaries will be new expenses for the budget.);
- utility payments;
- maintenance expenses (for instance: repair, cleaning expenses, etc.).

Provide the detailed information on expenses by years.

In case of new drafts, all the operational expenses shall be additional expenses for the budget.

Note: Where exploitation of the draft is to start not from the beginning of the budget year, but later, the exploitation expenses shall be record-registered starting from the month following the day of exploitation up to completion of the draft.

**1.8. The date (month/year) of starting the programme (foreseen date which may be changed)**

Launch of the tender (It is the date of starting the draft on the day of publishing the announcement on procurement after approval of the draft)	
Launch of the capital stage (The day of concluding a contract with the successful tenderer)	
Launch of the exploitation stage (The day of signing the final act; the draft shall enter into the exploitation stage and the provision of services shall start)	

**1.9. Which organisation shall dispose the assets?**

Mention the official title of the organisation disposing the assets created/improved as a result of the draft. If it is not yet known (for instance: in case of public-private partnership), it needs to be specified.

**1.10. Which organisation shall exploit the assets?**

Mention the official title of the organisation exploiting the assets created as a result of the draft. If it is not yet known (for instance: in case of public-private partnership), it needs to be specified.

Do you find it appropriate to consider the described draft as a PPP? (Select "Yes" or "No")

**Section 2. Objectives and substantiation of the draft**

**2.1. Why should the given draft be implemented? (What problems will it resolve or what kind of opportunities will it provide?) Include basic information on the problem or opportunity**

(a) The objective of the draft may be a certain problem which may be resolved only by the Government or such an opportunity which cannot be realised by the private sector.

(b) For the best substantiation of the objective of the decision of the Government or of external financing, it is important to describe the nature and scale of the problem or the opportunity.

(c) Provide the reasons and consequence(s) of the existing problem or the provided opportunities. Provide additionally the reasons for emergence of the problem or the opportunity and the period in which it has been formulated as a problem or an opportunity.

(d) Provide the number of beneficiaries of the problem/opportunity (in the form of examples) or what scale of

**Quality rating**

**Insufficient** = The presentation of the problem or opportunity has failed or the problem/opportunity is provided, but is not qualified as primary.

**Unclear** = Data about the draft or the opportunity are incomplete.

**Sufficient** = The problem and the reasons thereof or the opportunities are provided completely with certain actual data on the volumes.

<p>market can be formed in case of implementation of the draft.</p> <p>The numerical indicators and the substantiating documents shall be submitted as clearly as possible.</p>	
<p><b>2.2. What are the objectives of the suggested draft?</b></p> <p>Mention the objectives that the Applicant aims to achieve through this draft.</p> <p>Briefly provide the basic objectives.</p> <p>The objectives must directly concern the problem/opportunity presented in Section 2.1 and be measurable (what and when to achieve). The objectives must be realistic, taking into account the experience in implementing similar programmes in the past. (Where available)</p> <p>Example of a possible objective: "to reduce the number of fatal accidents [in a place] up to [the number] by [date] as a result of [...] construction".</p> <p>Where necessary, the secondary objectives may also be listed.</p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = The objectives are not provided.</p> <p><b>Unclear</b> = The objectives are provided, but are not defined clearly and are not in compliance with the guide.</p> <p><b>Sufficient</b> = The objectives are provided clearly.</p>
<p><b>2.3. Can the draft be implemented by the private sector or a non-governmental organisation (NGO)? If not, explain the reasons.</b></p> <p>Provide only the drafts which can be implemented by the Government of the Republic of Armenia, not by the private sector or NGOs.</p> <p>In such cases, substantiate why only the State can implement the programme and why others cannot do so.</p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = No serious steps have been taken for resolution of the problem.</p> <p><b>Unclear</b> = It is unclear who will implement the draft better — the State, the private sector or non-governmental organisations.</p> <p><b>Sufficient</b> = It is obvious that the suggested draft will be better implemented by the State.</p>
<p><b>2.4. What will happen if the draft is not implemented?</b></p> <p>Briefly describe what will happen if the draft is not approved or implemented. Will there be direct consequences? Will there be consequences in a medium-term and long-term perspective? If yes, provide them. In many cases, consequences of various degree of importance are possible from "a slight change" to "continuous human losses".</p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = The consequences are not provided <u>or</u> are not essential, where provided.</p> <p><b>Unclear</b> = The consequences are provided, but not clearly.</p> <p><b>Sufficient</b> = The consequences are clearly provided and are significant.</p>
<p><b>2.5. Have such programmes been implemented in the Republic of Armenia in the past?</b></p> <p>(The answer may be "Yes" or "No"; in addition, in case of "Yes" provide the relevant experience and in case of "No" — the additional measures which will be taken to reduce the risks).</p> <p>Programmes that have not been implemented in the past always contain additional risks. The purpose of this question is to become certain:</p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = No such programmes have been implemented in the past and no clear measures aimed at reducing the risks have been taken or such programmes have been implemented in the past, but the results have been insufficient and no effective measures have been taken to reduce the risks.</p>



<p>(a) <i>whether the outputs and final outcome has been effective during implementation of such programmes in the past, and most importantly, what lessons have been learned that can be taken into account and serve the given programme?</i></p> <p>(b) <i>If no such programmes have been implemented in the past, what kind of steps are being envisaged in order to reduce the risks concerning surcharge of time and budgetary means?</i></p>	<p><b>Unclear</b> = No measures for reducing the risks are provided or the measures are not described clearly, where provided.</p> <p><b>Sufficient</b> = No such programmes have been implemented in the past, but the effective measures for reducing the risks are provided or such programmes have been implemented in the past and have had a positive result.</p>
<p><b>2.6. What are the general actions for implementing the draft and the outputs (expected)?</b></p> <p><b><u>Actions</u></b></p> <p><i>List the necessary actions envisaged during implementation of the draft for achieving the basic objective of the proposed draft. For instance:</i></p> <ul style="list-style-type: none"> <li>• <i>Organisation of tenders for goods, works and services according to the required need, preparation of technical specifications;</i></li> <li>• <i>Conduct of feasibility study;</i></li> <li>• <i>Acquisition of equipment, services for installation of the equipment, as well as training of personnel and further maintenance.</i></li> </ul> <p><b><u>Outputs</u></b></p> <p><i>It is the main means acquired within the framework of the draft:</i></p> <p><i>For instance: immediately after implementation of the draft, construction of X kilometre of a new road, quantity of schools (for example: 5 schools) or quantity of available hospital beds, quantity of constructed or repaired buildings, X m<sup>3</sup> power of a reservoir, etc.</i></p>	<p><b>Quality rating</b></p> <p>Insufficient = Actions, outputs and final outcome is not provided.</p> <p><b>Unclear</b> = Actions, outputs and final outcome are provided, but are not defined clearly or do not comply with the description of the draft.</p> <p><b>Sufficient</b> = Actions, outputs and final outcome are provided clearly.</p>
<p><b>2.7. What will be the benefits and the final outcome of the proposed draft in case it is implemented effectively?</b></p> <p><i>Here the benefits expected from the effective draft, as well as the final outcome are mentioned.</i></p> <p><b><u>Final outcome</u></b></p> <p><i>Final outcome refers to the resolution of problems mentioned in Section 2.1. What will we have in the result of implementation of the draft and how can the level of efficiency of the Draft be measured?</i></p> <p><i>For instance: in case of a new road, one of the final outcomes may be the reduction of fatal accidents by 50% in the first year of exploitation of the programme.</i></p> <p><i>In case of construction of a new hospital — reduction of waiting time for in-hospital treatment by 60% in the first 12 months.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Benefits prescribed by the draft are missing.</p> <p><b>Unclear</b> = Benefits prescribed by the draft are not described clearly.</p> <p><b>Sufficient</b> = Benefits prescribed by the draft are described clearly.</p>

<p><i>For instance: the number of patients having undergone in-hospital treatment, the number of persons visiting cultural sites, the volume of consumption of X m<sup>3</sup> of water for irrigation or other purposes.</i></p> <p><i>Final outcomes in terms of infrastructures created as a result of the draft may differ by years; usually, they are minimum in the first year as compared to other years and gradually increase due to improvement of work efficiency. In contrast, as demand increases, efficiency may decrease in parallel, if the infrastructure is operated in a tense mode. Such fluctuations are reflected in the calculation of final outcomes, i.e. what and when it must be achieved.</i></p> <p><i>(It is not necessary to provide the final outcomes in quantitative indicators, they can be qualitative, so it just needs to be described)</i></p> <p><b><u>Benefits</u></b></p> <p><i>It is the positive impact of implementation of the draft.</i></p> <p><i>In case of a new road, direct benefits of the programme shall be reduction of the route time or the number of accidents. Benefits also include improvement of air quality and economic growth due to acceleration of the circulation of goods and services.</i></p> <p><i>(If benefits cannot be provided through quantitative indicators, they simply need to be described.)</i></p>	
<p><b>2.8. Direct beneficiaries of the draft</b></p> <p><i>Provide the <b>primary beneficiaries</b> depending on the nature of the proposed draft. The number of draft users shall be calculated based on available statistical data. When using forecasts, their sources shall be indicated.</i></p> <p><i>For example, if the draft concerns road construction, traffic statistics shall be provided. If it refers to healthcare, the number of patients visiting hospitals and the reasons for visits in the territory of implementing the programme shall be provided. If the draft refers to schools, the number of population shall be provided, from which it follows how many children live near the school.</i></p> <p><i>Provide the source of the data, as well as the date of their receipt. To make the proposal more substantiated, the statistical data of previous years can be included, where available.</i></p> <p><i>Instead of general statistical data, it is desirable to provide data directly related to the proposed draft.</i></p> <p><i>Primary beneficiaries</i></p> <p><i>Individual — “interested party”, family, other social group, community, which is directly and/or indirectly influenced by the given draft and/or enjoys the created benefits.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Direct beneficiaries of the draft have not been represented.</p> <p><b>Unclear</b> = Direct beneficiaries of the draft or their number is not clear.</p> <p><b>Sufficient</b> = Direct beneficiaries of the draft and their number are clear.</p>

<p><b>2.9. Mention the point (section) of the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements to which the described draft corresponds and quote the relevant passage.</b></p> <p><i>A reference shall be made to the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements and it is presented how the draft will contribute to implementation of the latter.</i></p> <p><i>A reference can be made to one or more points.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = A link between the draft and the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements is missing.</p> <p><b>Unclear</b> = A reference has been made to the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements, but the link is not clear.</p> <p><b>Sufficient</b> = A reference has been made to the long-term development programmes or the programme of the Government of the Republic of Armenia or the action plan or sectoral strategies of the Government of the Republic of Armenia or the obligations undertaken by international treaties of the Republic of Armenia or the election programme of the parliamentary majority or individual initiatives and/or legislative requirements and a clear substantiation of the link to the proposed draft has been provided.</p>
<p><b>2.10. Does the draft comply with any of the strategies developed within the framework of the "Sustainable Development Goals"?</b></p> <p><i>Does the draft comply with any of the strategies developed within the framework of the "Sustainable Development Goals"?</i></p> <p><i>If yes, it is necessary to mention with which Sustainable Development Goal in particular (1-17).</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = The link between the draft and the strategies developed within the framework of the "Sustainable Development Goals" is missing.</p> <p><b>Unclear</b> = A reference has been made to the strategy developed within the framework of the "Sustainable Development Goals", but the link to the relevant strategy developed within the framework of the "Sustainable Development Goals" is not clear.</p> <p><b>Sufficient</b> = A reference has been made to the strategies developed within the</p>

	framework of the "Sustainable Development Goals" and clear substantiation of the link to the proposed draft has been provided.
<b>2.11. Mention how much the draft contributes to the mitigation and/or adaptability of climate change.</b>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Reduces the general vulnerability or increases the capacity of overcoming or adaptability, but does not target people, communities or assets which are especially subject to impact or are vulnerable in terms of climate change.</p> <p><b>Unclear</b> = Does not aim to increase the climate change adaptability or reduce the emissions, but there is an international argument that the given measure shall in any way have a certain (large-scale or moderate) impact.</p> <p><b>Sufficient</b> = Aims to reduce the emissions or increase the climate resistance/climate change adaptability.</p>
<p><b>2.12. Mention the negative impact of the draft</b></p> <p><i>Apart from positive impact (benefits), drafts may also have some negative impact.</i></p> <p><i>Those are expenses not calculated in the financial documents. In case of expenses, they shall not be compensated by the implementer of the programme.</i></p> <p><i>For instance:</i></p> <p><i><u>In case of transport programmes</u> — accidents, air pollution and emission rate.</i></p> <p><i><u>From the environmental perspective</u> — impact on health, emission rate.</i></p> <p><i><u>In case of waste management</u> — health and environmental hazards (infection of air, water and soil), gas emission rate.</i></p> <p><i>Noise, pollution, certain problems for service users (evacuation of people) can also be considered during the <u>construction stage</u>.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Consequences of the draft have not been provided, or negative consequences are inadmissible.</p> <p><b>Unclear</b> = Negative impacts are provided, but the substantiation is not clear.</p> <p><b>Sufficient</b> = Negative impacts are clearly provided; moreover, the substantiation for negative impacts is admissible.</p>
<p><b><u>Section 3. Financial information</u><sup>1</sup></b></p> <p><i>Provide all the capital, operational and maintenance expenses (in AMD) related to implementation of the draft. In case of more large-scale drafts, the performance of calculations in an initial stage — prior to the conduct of feasibility study — is harder, but combining the expenses for similar programmes makes it possible to form a certain idea thereon, as well as allocate reserve funds for unforeseen expenses.</i></p>	
<p><b>3.1. Calculation of the total capital expense for implementation of the draft:</b></p> <p><i>Apart from construction expenses, expenses required for implementation of the draft</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> =</p>

<sup>1</sup> When filling in this Section, it is necessary to co-operate with the Ministry of Finance of the Republic of Armenia.

<p>— feasibility study, architectural and engineering, land acquisition/alienation/compensation expenses, as well as the expenses for acquisition of all the materials, equipment and services (including consultation) shall be submitted.</p> <p>Calculation of capital expenses shall be performed with maximum accuracy; moreover, sources for the performance thereof shall be submitted or attached as a separate document.</p> <p>Where available, mention also the information on the monitoring, for instance: technical or design supervision, component.</p> <p>Where necessary, provide the additional expenses being made for improving the quality of utility services or for delivering them to the mentioned place, for example: for constructing a water pipeline, laying electric cables or construction of roads.</p> <p>Mention the approximate amount intended for implementation of the draft. The mentioned amount shall be subject to change.</p>	<p>Information is not realistic and reliable.</p> <p><b>Unclear</b> = Information is realistic, but requires additional substantiation.</p> <p><b>Sufficient</b> = Information is clear, and the provided calculations are realistic for such an early stage.</p>																																
<p><b>3.2. Capital requirement for each year</b></p> <p>(The total amount must be equal to the sum total of all the shares provided below)</p> <p>All the amounts to be allocated for the expenses for the first year of the draft must be submitted, even if they are only under the feasibility study. Indicators for future years shall include the amount to be allocated in the relevant period of time, where the draft is to be implemented during several years or on a phased basis. Each year shall be provided in a separate line. Where necessary, add additional lines.</p> <table border="1" data-bbox="140 1039 1150 1182"> <thead> <tr> <th data-bbox="140 1039 657 1084">Budget year</th> <th data-bbox="657 1039 1150 1084">Required amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="140 1084 657 1128"></td> <td data-bbox="657 1084 1150 1128"></td> </tr> <tr> <td data-bbox="140 1128 657 1182"></td> <td data-bbox="657 1128 1150 1182"></td> </tr> </tbody> </table>	Budget year	Required amount					<p>Quality rating concerns the joint answers to points 3.1 3.2 and 3.3.</p>																										
Budget year	Required amount																																
<p><b>3.3. Sources of capital financing</b></p> <p>Complete in the table provided below the sources of capital financing in AMD and as a total percentage.</p> <table border="1" data-bbox="129 1323 1150 1742"> <thead> <tr> <th data-bbox="129 1323 505 1413">Type of financing</th> <th data-bbox="505 1323 711 1413">Amount (AMD)</th> <th data-bbox="711 1323 928 1413">Amount (%)</th> <th data-bbox="928 1323 1150 1413">Currency equivalent</th> </tr> </thead> <tbody> <tr> <td data-bbox="129 1413 505 1464">Internal sources</td> <td data-bbox="505 1413 711 1464"></td> <td data-bbox="711 1413 928 1464"></td> <td data-bbox="928 1413 1150 1464"></td> </tr> <tr> <td data-bbox="129 1464 505 1516">External credit<sup>2</sup></td> <td data-bbox="505 1464 711 1516"></td> <td data-bbox="711 1464 928 1516"></td> <td data-bbox="928 1464 1150 1516"></td> </tr> <tr> <td data-bbox="129 1516 505 1568">External grant</td> <td data-bbox="505 1516 711 1568"></td> <td data-bbox="711 1516 928 1568"></td> <td data-bbox="928 1516 1150 1568"></td> </tr> <tr> <td data-bbox="129 1568 505 1619">Internal borrowing</td> <td data-bbox="505 1568 711 1619"></td> <td data-bbox="711 1568 928 1619"></td> <td data-bbox="928 1568 1150 1619"></td> </tr> <tr> <td data-bbox="129 1619 505 1671">Sales revenue, tolls and fees</td> <td data-bbox="505 1619 711 1671"></td> <td data-bbox="711 1619 928 1671"></td> <td data-bbox="928 1619 1150 1671"></td> </tr> <tr> <td data-bbox="129 1671 505 1722">Community investment<sup>3</sup></td> <td data-bbox="505 1671 711 1722"></td> <td data-bbox="711 1671 928 1722"></td> <td data-bbox="928 1671 1150 1722"></td> </tr> <tr> <td data-bbox="129 1722 505 1774">Total:</td> <td data-bbox="505 1722 711 1774"></td> <td data-bbox="711 1722 928 1774"></td> <td data-bbox="928 1722 1150 1774"></td> </tr> </tbody> </table>	Type of financing	Amount (AMD)	Amount (%)	Currency equivalent	Internal sources				External credit <sup>2</sup>				External grant				Internal borrowing				Sales revenue, tolls and fees				Community investment <sup>3</sup>				Total:				
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<sup>2</sup> Prior to the submission of a Draft (investment programme application) envisaging external financing, including credit and grant, it is necessary to receive the consent of the Ministry of Finance of the Republic of Armenia.

<sup>3</sup>For instance: when the local self-government bodies implement large-scale investment programmes, the financing whereof is provided also from the State Budget.

<p><b>3.4. Annual operational expenses (AMD)</b></p> <p><i>To ensure the reliable course of the draft, the calculated operational expenses (current) shall be calculated and submitted as an operational expense [x amount] expressed in AMD in each year. That number includes expenses of salaries, utility services, maintenance, material supplies and other expenses. <u>The source of calculations shall be included in the calculation or, where necessary, submitted in a separate document.</u></i></p> <p><i>As shown below, operational expenses shall be provided in the following format: what part of the prescribed current expenses can be paid by the proposing body (administrative unit) and which part will be an additional expense for the budget.</i></p>		<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Information is not realistic or reliable.</p> <p><b>Unclear</b> = Maybe information is reliable, but it needs substantiation.</p> <p><b>Sufficient</b> = Data are clear, and the provided calculation is realistic.</p>
<p><b>Total annual operational expense of the draft</b></p> <p><i>Provide the total expense calculated for the first budget year (365 days) starting from commencement of the programme.</i></p>	A	
<p><b>Which part will be financed from the State Budget?</b></p> <p><i>Some drafts envisage replacement of an operating object, i.e. the budget of the former object is preserved. In such case, that amount must be provided in this Section.</i></p> <p><i>Where the draft is completely new, without financing prescribed by the former budget, "0" shall be marked here.</i></p>	B	<p><i>Quality rating concerns the joint answers to points 3.4 and 3.5</i></p>
<p><b>New operational expenses</b></p> <p><i>These are general operational expenses minus the amount that can be allocated from an approved budget. Where the draft is new, the amount may coincide with the total operational expenses.</i></p> <p><i>That is, the second part (what part will be financed from the approved budget) shall be deducted from the first part (the total annual operational expense of the draft) of this sub-point, and the difference (savings) shall be indicated. <math>C=A-B</math></i></p>	C	
<p><b>3.5. Sources of additional operational and maintenance expenses</b></p>		
<p><i>Make notes next to the relevant source(s). Provide how the additional operational expenses will be financed. Their amount shall be equal to the amount mentioned immediately above the line "New operational expenses".</i></p>		
<p><i>Where sources of financing other than the State Budget are included, the actual proposal for financing must be submitted. It can be a letter of intent or electronic correspondence. Sales revenue, tolls and fees shall be substantiated with a relevant calculation and indicators substantiating the amount of the foreseen revenue.</i></p>		
<p><input type="checkbox"/> <b>Internal sources</b></p>		
<p><input type="checkbox"/> <b>External credit</b></p>		
<p><input type="checkbox"/> <b>External grant</b></p>		
<p><input type="checkbox"/> <b>Internal borrowing</b></p>		
<p><input type="checkbox"/> <b>Sales revenue, tolls and fees</b></p>		
<p><input type="checkbox"/> <b>Community investment</b></p>		

<p><b>3.6. Will alienation of lands be required? (Yes / No)</b></p> <p><b>If "Yes", provide all the necessary expenses (compensation/legal costs, etc.)</b></p> <p>Mark "Yes" or "No". If "Yes", the amount must already be included in the total sum of points 3.1 and 3.2, whereas here it shall be provided in a separate form.</p> <p>In case of need to alienate a land for implementation of the draft, a clear note shall be made here thereon, as well as on the total price of alienation, including all compensation and legal costs.</p>				<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Information is not realistic and reliable.</p> <p><b>Unclear</b> = Information may be reliable, but it needs substantiation.</p> <p><b>Sufficient</b> = Data are clear, and the provided calculation is realistic.</p>
Total calculated price of land alienation		AMD		
<p><b>3.7. Is the implementation of the draft expected to generate revenue? (Yes / No)</b></p> <p><b>If "Yes", the calculated amount and the sources shall be mentioned.</b></p> <p>Mark "Yes" or "No" depending on which one is correct.</p> <p>If "No", move to the next Section.</p> <p>Where the answer is "Yes", i.e. the draft is profitable (for instance: revenue is expected from payments for use of the object or from the sale of the manufactured product), the annual amount of the expected revenue shall be mentioned in the table below.</p> <p>Where the first operational year is part of a calendar year, which occurs frequently, the amount of the partial revenue for the given year and the total revenue for the next three years shall be presented.</p>				<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Information has been provided, but is not realistic.</p> <p><b>Unclear</b> = The provided information may be reliable, but it needs clarification.</p> <p><b>Sufficient</b> = Information is clear and realistic.</p>
1 <sup>st</sup> operational year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	
<p><b>3.8. Revenue sources</b></p> <p>Mention which sources are the sources of the expected revenue.</p> <p>The received answer shall comply with the information presented in Sections 3.3 and 3.5.</p>				
<p><b>Section 4. Evaluation and management of the risks of the draft</b></p>				
<p><b>4.1. Does the Applicant of the draft have experience in implementing such programmes in the past? In case there is no such experience or it is limited, provide the ways the foreseen risks will be resolved or reduced:</b></p> <p>(a) where the Applicant has experience in implementing similar programmes in the past (for example: "reoccurring programmes" such as the construction of medical facilities or schools), this may be considered as less risky in case of adequate financing. The Applicant shall submit similar programmes, which have been successfully implemented in the previous 5 years;</p>				<p><b>Quality rating</b></p> <p><b>Insufficient</b> = There is no experience in implementing such programmes in the past and no programme for risk reduction has been submitted.</p> <p><b>Unclear</b> = There is no experience in</p>

(b) in case of absence or partial lack of experience in implementing such programmes, the risk factor for implementation of such a draft is correspondingly higher.

In such case, the **Applicant** must envisage appropriate measures (for example: concluding a contract with specialists or foreign consultants), which will raise the level of efficiency to a higher level.

implementing such programmes in the past, but the programme submitted for risk reduction may allow to resolve the emerging problems.

**Sufficient** = Evidence of implementation of such programmes in the past has been submitted and is convincing or there is no experience in implementing such programmes in the past, but the measures proposed for reducing the risks are convincing.

**4.2. List the risks (what may not go well) and the ways to manage them to increase effectiveness of the draft (add lines, where necessary)**

Provide the possible risks that may arise during implementation of the draft.

For each of them, list the risk management methods, as well as the actions expected from third parties, on which the effective process of the draft depends. For example, issuance of permits and licenses by other competent bodies, land ownership issues, right to enter the territory, availability and time limits of co-financing. Make reference to points 5.1 and 5.2.

Use the table below to complete the answers. Add the required number of lines to describe the additional risks.

Important:

Presenting too many risks does not attest to vulnerability of the draft. The existence of a large number of described risks is considered by the evaluators of the draft that the draft is better and more comprehensively developed.

When evaluating drafts, the evaluation body shall take into account the effectiveness of the mechanisms for management of the listed risks, not the number of listed risks.

**Quality rating**

**Insufficient** = Ways of risk management are not provided, and no serious steps are envisaged for the management thereof.

**Unclear** = Risks are provided, but the management thereof is incomplete or unconvincing.

**Sufficient** = Risks are provided, and the risk management policy is convincing.

Risk description	Probability of risk formation (low, medium, high)	Risk management <sup>4</sup>	Risk impact (describe and mention low, medium, high)

<sup>4</sup> It is necessary to present the management tool: there are 4 options: avoid (if the consequences are severe and the probability is high, the draft should be changed), accept (if the probability is low and the consequences are acceptable), reduce (hedging) or move (insurance).



<p><b>4.3. List all possible environmental, social or other consequences that must be addressed in the pre-feasibility study or feasibility study (or other studies)</b></p> <p>List all the expected environmental and social or other problems that must be addressed in the pre-feasibility study or feasibility study.</p> <p>Each possible problem shall be briefly introduced in the descriptions.</p> <p>Provide details of the processes suggested for risk management and decision-making with a clear separation of competencies and responsibilities.</p>				<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Possible consequences are not provided (except for cases, when it is clear that no such consequences will emerge)</p> <p><b>Unclear</b> = Possible consequences are provided, but are not complete or convincing.</p> <p><b>Sufficient</b> = Possible consequences are clearly mentioned and described.</p>
<p><b>Section 5. Draft implementation plan<sup>5</sup></b></p> <p>This Section provides facts justifying the existence of a general plan for implementation of the draft. Although it is not possible to provide detailed information in an early stage, the general plan will allow taking into account the main possible challenges during implementation of the draft, even though they will arise in the future and can be clarified.</p> <p>The general information provided in this stage shall include the implementation schedule and the possible risks, as well as the possibility of involving interested parties in the draft.</p> <p>Attach a detailed schedule for implementation of the draft, where available.</p>				
<p><b>5.1. List the agencies, companies or ministries that will be involved in the draft planning or implementation process, and what kind of legal issues must be regulated.</b></p> <p>Many problems can arise in the future, if no agreements are reached with the participating companies or regulating bodies in the initial stage. These problems can hinder the time limits prescribed by the drafts, thus contacting these bodies in an early stage allows work to be planned so that delays can be prevented.</p> <p>List all the agencies, companies and regulating bodies you think you will need to cooperate with. Briefly describe also the legal, regulatory or institutional issues that need to be considered with each of the mentioned bodies.</p>				<p><b>Quality rating</b></p> <p><b>Insufficient</b> = The answer is not convincing.</p> <p><b>Unclear</b> = Implementing entities are listed, but there are some legal/organisational issues.</p> <p><b>Sufficient</b> = All entities are listed, and clear information is presented on the legal/organisational issues subject to resolution.</p>

<sup>5</sup> Where available, it is preferable to attach as an Annex.

<p><b>5.2. Indicate the interested parties of the draft and whether you have consulted with them in advance.</b></p> <p><i>"Interested parties" shall be the parties interested in the draft. These are persons or representative bodies, which are interested in the results of the draft or may be beneficiaries thereof. Introduce them, making a note next to each of them whether you have consulted with them or no, and in case of a positive answer, describe their position in a few words.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = Interested parties are not indicated.</p> <p><b>Unclear</b> = Interested parties are indicated, but no consultations have been conducted with them or the list is incomplete.</p> <p><b>Sufficient</b> = List of interested parties is complete, and the preliminary consultations have launched.</p>
<p><b>5.3. Drafts having undergone preliminary evaluation (this point is applicable to large-scale drafts)</b></p> <p><b>For drafts requiring pre-feasibility study or feasibility study</b></p> <p><i>(a) Budget required for the pre-feasibility study or feasibility study</i></p> <p><i>Submit the budget required for the feasibility study. In case of large-scale drafts, also submit the budget required for the pre-feasibility study.</i></p> <p><i>The time limits for completion of preparations/feasibility study are also provided.</i></p>	
<p><b>5.4. List the human resources, goods, works and services necessary for implementation and operation of the draft. How will their smooth transportation or delivery be ensured?</b></p> <p><i>The answer given in point (a) must completely substantiate the schedule of the draft.</i></p> <p><i>This Section presents the physical resources needed to complete the draft within the defined time limits with approximate volumes and acquisition schedule. It is stated whether these resources are available in the domestic market or should be imported, the country of import and the method for import. For example, it makes no sense to set a time limit of 12 months for implementation of the draft, if delivery of the key equipment will be possible within at least 14 months.</i></p> <p><i>Resources: labour resources, technical consultation, devices and equipment, construction materials and technical devices necessary for operation of the draft.</i></p> <p><i>An example may be the renewable energy draft, which requires purchase, design, production of special equipment and transportation from another country to the Republic of Armenia. The time required to complete all these steps has a significant impact on the deadline for operation of the draft.</i></p>	<p><b>Quality rating</b></p> <p><b>Insufficient</b> = No serious steps have been taken to resolve the problems.</p> <p><b>Unclear</b> = The list of resources has been provided, but it has not been calculated how it will be ensured.</p> <p><b>Sufficient</b> = Resources are listed together with a clear procurement plan.</p>
<p><i>(b) Information on the innovative component for implementation of the draft, in particular the new technologies used or introduced within the framework of the draft shall also be important for evaluation. (Provision of such information is desirable and can play a guiding role in case of equal evaluation with other drafts during the evaluation.)</i></p>	

(c) <i>Field of the draft:</i> <i>Describe clearly the field for which the given draft is intended.</i>		For example: education or social
<b>Section 6. Contact details and approval of the draft</b>		
	<b>Name, Surname</b>	<b>Signature</b>
<b>Developer of the draft</b>	<i>Official filling in the model form</i>	
Tel.: E-mail:		
<b>Head of department or other person responsible for the programme</b>	<i>Name, Surname</i>	<b><i>I hereby approve</i></b>
<b>Superior of the state body proposing the draft</b>		

**Chief of Staff to the Prime Minister  
of the Republic of Armenia**

**A. Torosyan**

4 May 2021

CERTIFIED BY  
ELECTRONIC SIGNATURE



Comprises nineteen pages.