A new World Bank Group Country Partnership Framework (CPF) for FY19-23 will support the rebalancing of Armenia’s economy toward a new growth model, through three focus areas:

1) **Boosting export enablers and firm competitiveness,**

2) **Enhancing human capital and equity,**

3) **Sustainably managing environmental and natural resources.**

Under each focus area, the CPF incorporates key elements of good governance and inclusion, public accountability and transparency, citizen engagement, gender equity, spatial equity, and digital connectivity.

The World Bank’s active portfolio in Armenia performs satisfactorily and consists of 13 active operations, with a total commitment of $563.6 million. It includes $80.87 million in International Development Association (IDA) credit and $482.7 million in International Bank for Reconstruction and Development (IBRD) loans.

An active program of 30 trust fund operations totaling $20 million is supporting institutional capacity building and stand-alone activities in the areas of energy and extractives, water, education, social protection, health, agriculture, poverty, urban development, transport, and finance.
ARMENIA: DISEASE PREVENTION AND CONTROL PROJECT

<table>
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Financing in million US Dollars
* World Bank disbursements as of October 1, 2019.

Key Dates:
Approved: March 27, 2013
Effective: July 22, 2013
Closing: June 30, 2021

Challenge: Noncommunicable diseases (NCDs), including cardiovascular diseases and cancers, account for 93 percent of deaths in Armenia. However, there are significant gaps in the prevention and management of NCDs at the primary care level. The 2016 Health System Performance Assessment indicates that only 24 percent of individuals who were 15 and older had their blood glucose level measured during the past 12 months.

The Project Development Objective is to improve (i) maternal and child health (MCH) services and the prevention, early detection, and management of selected NCDs at the primary health care (PHC) level; and (ii) the efficiency and quality of selected hospitals in Armenia.

Results related to performance-based financing to improve MCH and NCD services in PHCs:
- Screening coverage has increased. Between January 1, 2015, and August 31, 2019, about 1.19 million adults between 35 and 68 years were screened for hypertension; 697,500 people between 35 and 68 years were screened for diabetes mellitus; 259,500 women between 30 and 60 years were screened for cervical cancer; and 73,600 antenatal care attendees were screened for glycosuria, hypertension, and proteinuria in at least three antenatal visits.
- The quality of care received in PHCs been strengthened. In 2014, 2,700 PHC providers were trained to implement clinical guidelines for cardiovascular disease, diabetes mellitus, and cervical cancer, and training of 950 administrative staff was conducted in preparation for the screening program.
- Performance-based financing has facilitated accountability for results. Evidence for reported screening coverage was verified in 97.2 percent of PHC facilities (350 out of 360) and ascertained by phone call interviews of patients for results from 94.4 percent of PHC facilities (340 out of 360).

Results related to improving the efficiency and quality of selected hospitals:
- The construction/renovation of two regional medical centers in Gegharkunik marz (Sevan town) and in Ararat marz (Artashat town) has been completed.
- The development of architectural designs for the construction of two regional medical centers in Gegharkunik marz (Martuni town) and Vayots Dzor marz (Yeghegnadzor town) is in process.

Key partners: The Bank team works closely with the (i) Ministry of Health; (ii) Ministry of Territorial Administration and Infrastructures; (iii) Armenian Medical Association; and (iv) Ministry of Finance, particularly in the implementation of a nationwide health promotion campaign to boost screening demand.

Key development partners include several international organizations, including the World Health Organization (WHO), Asian Development Bank (ADB), United Nations Children’s Fund (UNICEF), World Vision, and Save the Children, which are involved in different aspects of health care reform undertaken by the Government of Armenia.
ARMENIA: EDUCATION IMPROVEMENT PROJECT

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Financing in million US Dollars
World Bank disbursements as of October 1, 2019.
* Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

**Key Dates:**
Approved: March 13, 2014
Effective: November 20, 2014
Closing: September 30, 2021

**Challenge:** Since the 1990s, continued investment in education has been aimed at the reduction of poverty by increasing access to, and improving the quality of, general secondary education. The current project addresses the challenge of sustaining and expanding the accomplishments in general secondary education while addressing equity and quality concerns in both preschool, general, and higher education.

The **Project Development Objectives** are to improve (i) the school readiness of children entering primary education, (ii) the physical conditions and availability of educational resources in upper-secondary schools, and (iii) support improved quality and relevance in higher education institutions in Armenia.

**Results achieved to date:**

- 18 new preschools have been established in fall 2019, and 400 4–6-year-old children have been enrolled. The activity is aimed at improving equitable access to preschool education and the school readiness of the participating students. All teachers serving in the newly established preschool groups received training from the National Institute of Education. 115 preschool education micro-projects were launched between 2015 and 2019, benefiting about 8,100 4–6-year-old students across Armenia.
- Rehabilitation and seismic retrofitting of five high schools have been completed and the schools were reopened in late 2018. Rehabilitation of another seven high schools was launched in last summer. Rehabilitation of the building which includes new Data Centre of the National Center for Educational Technologies (NACET) has been completed and put in operation in October 2019.
- ICT training of school representatives is ongoing. The total number of trained school representatives in the use of ICT will reach 4,000 and cover all 1,400 schools in the country by the end of the project.
- Local experts have been selected and are revising the state educational standard. Working groups on revision of subject standards and curricula will start their work afterwards. The both tasks to be completed by the revised project closing date.
- Eighteen higher education institutions received grants under the Competitive Innovation Fund (CIF) to improve the quality and labor market relevance of their education programs, 12 of which have already completed the implementation of their grant projects. Two of the beneficiary universities have been private and one - marz based. The other six universities that have been awarded grants in July 2019, will complete their projects by 2021.

**Key partners:** The Bank team works closely with the (i) Ministry of Education, Science, Culture and Sport responsible for the overall policy setting, as well as for the implementation of the project; and (ii) Ministry of Finance, responsible for conducting policy dialogue on the financial implications of the project and ensuring the proper flow of funds and financial monitoring of project activities.
ARMENIA: SOCIAL PROTECTION ADMINISTRATION PROJECT II

Financier | Financing | Disbursed* | Undisbursed |
-----------|-----------|------------|-------------|
IDA Credit | 21.20     | 7.45       | 11.73       |
Government | 4.30      |            |             |
Total      | 25.50     |            |             |

Financing in million US Dollars
* World Bank disbursements as of October 1, 2019.

Key Dates:
Approved: March 24, 2014
Effective: October 29, 2014
Original Closing Date: December 31, 2018
New Closing Date: November 30, 2020

Challenge: The improvements in living conditions witnessed in the country before the 2009 global financial crisis have since receded, resulting in increased inequality and more instances of people falling below the poverty line. In post-crisis Armenia, improvements in living conditions have remained slow, leading to the Government’s renewed focus on the efficiency of the social service delivery system and effectiveness of the Family Benefit Program. These efforts need further enhancement to cope with the protracted and high unemployment, poverty, and vulnerability, which disproportionately affect women. The Government of Armenia initiated a reform aimed at integrating the provision of social safety net delivery through the establishment of integrated social protection centers throughout the country. This major reform effort has been only partially implemented, and most of the integrated centers still need to be established and become operational.

Key Dates:

The Project Development Objectives are to (i) improve social protection service delivery; and (ii) strengthen the analytical and monitoring and evaluation functions of the agencies delivering social protection benefits and services.

Results achieved to date:

• The project supports the functional integration of four existing agencies responsible for pensions, social assistance, employment, and disability certification into an Integrated Social Protection Center (ISPC).
• In addition to the 19 ISPCs established under the first SPAP, 7 new ISPCs (Vanadzor, Amasia, Talin, Malatia-Sebastia, Hrazdan, Tashir and Akhuryan) are completed and operational, with civil works ongoing in 8 additional ISPCs (Yerevan c. (Shengavit), Meghri, Sevan, Martuni, Goris, Stepanavan, Tsaghkahovit and Aparan), and 3 ISPCs (Artik, Dilijan, Kapan) are in procurement stage.
• By the closing date of November 30, 2020, a total of 18 ISPCs are expected to be finalized (out of the initially planned 37).
• The project supports the development of a new and comprehensive monitoring and evaluation (M&E) system for the social protection sector. M&E indicators for 81 programs implemented by the MLSA have been developed. An evaluation of 42 programs (based on those indicators) have been completed. The project will also finance the development of an integrated social protection information system (IS). The integrated IS will also cover monitoring and evaluation of social protection benefits and services.
• Draft technical specifications for the development of a new employment information system have been developed.

Key partners: The Bank works closely with the Ministry of Labor and Social Affairs, as well as the State Employment Agency, State Social Security Service, and the NORK Foundation.

Key development partner involved in different components of the social protection reform is UNICEF.
ARMENIA: SOCIAL INVESTMENT AND LOCAL DEVELOPMENT PROJECT

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Financing in million US Dollars

* World Bank disbursements as of October 1, 2019.

**Key Dates:**
Approved: March 13, 2015
Effective: September 22, 2015
Closing: June 30, 2020

**Challenge:** Fragmentation in the organization of Armenia’s territories is exacerbated by insufficient budgets, leading to inefficiencies and the inability of local governments to effectively deliver services to their constituencies. The Armenia Development Strategy (ADS) for 2012–2025 aims to overcome territorial development disparities through targeted territorial development policies and programs. It will require stronger intra-governmental coordination, as well as significant capacity building and institutional development within the organizations involved in local and regional development. The Government has embarked upon the administrative and territorial reforms, including the process of community consolidation, to address the challenges of territorial disparities and limited decentralization levels. So far, 52 consolidated communities covering 465 municipalities have been established, with the consolidation process aimed to continue in the forthcoming period to cover the remaining communities.

**The Project Development Objective** is to improve the quality and use of, as well as access to, community and intercommunity infrastructure.

**Results achieved to date:**
- Local populations of 86 vulnerable communities are benefiting from renovated/rehabilitated social infrastructure with improved living conditions and delivery of public services. Another 9 micro projects are under construction.
- As per completed 95 micro projects under Component 1, around 240 permanent and 1,100 temporary jobs have been created with about US$3.54 million in wage income during the project lifetime (September 2015).
- The project is supporting socioeconomic initiatives in consolidated cluster communities (e.g. providing multifunctional equipment and machinery to improve municipal services and support agricultural activities), and bringing together communities that will create livelihood, employment opportunities, particularly for women.
- Currently, there are 35 applications received from beneficiary communities (US $ 12.2 million) with 3 projects completed (US $0.88 million) and the remainder in various stage of implementation.
- Overall, the project is expected to fund the design, selection, and implementation of more than 100 community micro projects and over 30 enlarged community subprojects while fostering intercommunity cooperation within established clusters.

**Key partners:** The Bank works closely with the Ministry of Territorial Administration and Infrastructures, and the project implementing agency - the Armenian Territorial Development Fund.

**Key development partners** involved in different areas of the territorial development reform are the Swiss Development Cooperation (SDC), USAID, GIZ and EU.
ARMENIA: THIRD PUBLIC SECTOR MODERNIZATION PROJECT

Challenge: The Governance and Anti-Corruption (GAC) agenda in Armenia targets strengthening the anti-corruption framework; improving efficiency of the public administration; and deepening public financial management (PFM) reforms. The Bank’s support for public administration reform continues work on professionalization of the civil service and the implementation of e-governance agenda (investments in IT technologies, capacity building, legislative and institutional reforms). The project seeks to strengthen transparency, accountability, and the effectiveness of public spending.

The Project Development Objective is to improve: (i) the quality of the public financial reporting; and (ii) access to selected enhanced e-government services.

Results achieved to date:

- A whistleblowing platform was developed and launched in May 2019 in support of Armenia’s enhanced anti-corruption efforts. It is based on a single, unified web portal that serves as the main point of contact between whistleblowers and those who investigate their reports (azdararir.am). The portal is freely accessible to the public allowing whistleblowers to register their reports.
- The e-Consular System was successfully launched in mid-May 2018. The system continues to capture gender disaggregated data on users of e-consular system which is important for monitoring and evaluating the efficacy of the e-Consulate system.
- The time for processing passport extensions through consular departments is reduced from a baseline of 500 hours on average, which as of May 2019 has come down to 24 hours.
- Time for issuing certificates on civil status through consular departments is reduced from a baseline of 60 days on average and as of May 2019 it will take 5 working days to obtain these certificates.
- The platform of systematic collection and processing of citizen feedback on public services is being developed, which will enable the collection of user feedback for services delivered both electronically and face-to-face. This will be comprehensive information database that includes gender disaggregation.
- The preparation of a comprehensive Civil Service (CS) strategy includes the establishment of an e-platform with a human resource management information system (HRMIS), an e-competition platform to enhance the efficiency and transparency of staff recruitment, a CS training system, and a Senior Executive Corp, in line with standards of international best practice.

Key partners: The Bank team is working closely with the (i) Office of the Prime Minister of Armenia, which is the main project counterpart and has been leading public administration and e-governance reforms; (ii) Ministry of Finance on part of GFMIS; and (iii) Ministry of Foreign Affairs, Ministry of Justice, General Prosecutor Office, Police, Ethics Commission for High-level Officials and other stakeholders partnering on specific automation and e-service delivery solutions.

Key development partners include the Ministry of Finance of the Russian Federation, providing approximately US $8.2 million in parallel financing for GFMIS implementation.

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Financing in million US Dollars
* World Bank disbursements as of October 1, 2019.

Key Dates:
Approved: September 30, 2015
Effective: May 6, 2016
Closing: November 30, 2022
ARMENIA: SECOND COMMUNITY AGRICULTURAL RESOURCES MANAGEMENT AND COMPETITIVENESS (CARMAC2) PROJECT

Challenge: The livestock sector continues to face challenges, such as unsustainable pasture management and underutilization, persistent livestock diseases, processing and marketing constraints, and reduced productivity. This project builds on World Bank experience and successes in agriculture, rural development, pasture and livestock management, and participatory community development promoted under the CARMAC project to help Armenia address these urgent challenges and provide investment support.

The Project Development Objective is to (i) improve the productivity and sustainability of pasture and livestock systems in targeted communities; and (ii) increase the marketed production from selected livestock and high-value agri-food value chains. This would be evidenced by: (i) increased livestock productivity as measured by milk productivity and an increase in daily animal weight gain; (ii) the increased efficiency of communal pasture management as measured by increased communal budgetary revenues from the lease of pastures; (iii) increased farm sales from livestock; and (iv) increased pasture management effectiveness.

Results achieved to date:

• Support for services for farmers involved in livestock production in another 106 communities in eight marzes has been initiated as compared to the planned 100. As a result, milk productivity for cattle has increased by 17 (end-project target - 20 percent); the sales of animals, both cattle and sheep, was estimated at 21,368 and 28,072, respectively, compared to the targets of 33,000 and 67,000; the pasture management effectiveness score is 38 while the target is 50.
• By now 26 sub-projects have been implemented and in 2018, the value of the annual marketed production of milk, meat, fruits, and vegetables was estimated at AMD 2,499 million compared to the target of AMD 800 million.
• The training program for Community Veterinarians (CVs) is completed, construction of Veterinary Service Center (VSCs) in Mets Parni community is completed and planning for the second VSC in Hrazdan is underway.
• The training for food safety inspectors and procurement of equipment for the State Food Safety Body (SFSB) is completed. A server to help improve the management of SFSB operations and to link the headquarters in Yerevan with the marz-level offices has been procured and the server room reconstructed. A one stop-shop service center was opened in the premises of SFSB. Good progress has been made in provision of support to the Scientific Center of Vegetable Crops (SCVC) with the rehabilitated greenhouse being used to produce seeds and seedlings.

Key partners: The Bank works closely with the Ministry of Economy and regional governors, as well as village mayors and farmer groups.

Key development partners: The Bank cooperates with the SDC (which implements similar projects in Armenia), GIZ, and the United Nations Development Program (UNDP), Food and Agriculture Organization (FAO), and Austrian Development Agency (ADA).
**Challenge:** The Irrigation System Enhancement Project (ISEP) is designed to address some of the irrigation and drainage (I&D) sector challenges, with the aim of contributing to the country’s goal of ensuring efficient, cost-effective, and sustainable irrigation.

**The Project Development Objectives** are (i) to reduce the amount of energy used and to improve irrigation conveyance efficiency in targeted irrigation schemes; and (ii) to improve the availability and reliability of important sector data and information for decision makers and other stakeholders.

**Results achieved to date:**

- Three lots of Meghri gravity scheme construction have been completed, saving 2.8 million-kilowatt hours (kWh) of electricity annually. Construction of two lots of the Kaghstrashen gravity scheme was also completed and put into operation during this irrigation season, saving 8.0 million kWh annually. Combined with energy savings realized as a result of the rehabilitation of diversion canals, the irrigation system has saved a total of about 26 million kWh. The Baghramyan-Norakert gravity scheme has also been completed, along with rehabilitation of the tertiary network. When the Geghardalich gravity scheme is also completed, savings will reach 36.4 million kWh annually, equivalent to about 30 percent of the total needs of the irrigation system in Armenia.
- Rehabilitation of selected diversion canals has been completed, leading to an improvement in the conveyance efficiency of the outlet canals of selected schemes by reducing water losses by about 23 million cubic meters annually.
- When all project interventions are completed, the I&D services will be improved on more than 12,000 hectares.
- Supervisory control and data acquisition (SCADA)-compatible water measurement devices have been installed in 83 observation points against an originally planned 71, generating information on the amount of water available to the system and its operators: water supply agencies (WSAs) and water users associations (WUAs); 50 percent of WUAs now have water intakes that are trackable by the Water Committee (WC) in real time (baseline: 0 and end-target: 100 percent).
- A technical audit of infrastructure of all WUAs, completed in June 2018, provide crucial information on the needs of capital and maintenance investments and irrigation water management.

**Key partners:** The Bank works closely with the Water Committee (WC) under the Ministry of Territorial Administration and Infrastructures, as well as the Ministries of Economy and Finance.

**Key development partners:** The Bank team closely cooperates with the Eurasian Development Bank (EDB). Other partners involved in the sector include the German Development Bank (KfW), the French Development Agency (AFD), the Japan International Cooperation Agency (JICA), and the European Investment Bank (EIB).
ARMENIA: LOCAL ECONOMY AND INFRASTRUCTURE DEVELOPMENT PROJECT

Challenge: Incoming tourism is Armenia’s second export line item and covers more than half of service export. Urban areas have higher rates of unemployment, giving small cities the highest levels of poverty. Balanced regional development is therefore a key priority. Although the goal of eradicating extreme poverty has been realized in Armenia, achieving shared prosperity still has a long way to go. Industrialization is currently not the main reason behind the lower poverty at the regional level, and reforms need to focus on services.

The Project Development Objective is to improve infrastructure services and institutional capacity for an increased contribution from tourism to the local economy in five selected regions of Armenia.

Results achieved & expected:
- Out of the four planned sub-projects for 2019 three are completed (Tatev road leading to Monastery, Gyumri streets rehabilitation, and road leading to Dendropark) and road leading to Garni Symphony of Stones will be completed by the end of the year.
- Roads rehabilitated under the mentioned sub-projects make 12.5km (the total project target is 8km)
- Water supply for 80 residents (in Garni community) is improved from 8 to 14 hours/daily.
- Increased number of jobs created by activities linked to support tourism industry (number of jobs in tourism sector to be increased by 10% by 2021)
- Increased tourism spending (the calculated 22% of the tourism spending from direct sales will flow to Government in the form of VAT, PIT/personal income tax, CIT/corporate profit tax and dividend taxes) from US $ 749.5 to US$ 862/per trip.
- Establishment and operation of three Destination Management Organizations (DMO).

Key partners: The Bank team works closely with the (i) Ministry of Economy, which is responsible for the overall policy setting under a newly established Tourism Committee and for overall implementation of the project; (ii) Ministry of Education, Science, Culture and Sport; (iii) Ministry of Environment; (iv) Ministry of Territorial Administration and Infrastructures (MoTAI); and (v) Armenia Territorial Development Fund under the MoTAI, which is the project implementing entity that coordinates and manages the implementation activities on a day-to-day basis.

Key development partners include (i) USAID, which is implementing a project, together with Smithsonian Institution, aimed at improving Armenia’s cultural heritage offerings to promote tourism; (ii) GIZ; (iii) KfW; and (iv) ADB.

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<th>Financing</th>
<th>Disbursed*</th>
<th>Undisbursed</th>
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Financing in million US Dollars
* World Bank disbursements as of September October 1, 2019.

Key Dates:
- Approved: December 22, 2015
- Effective: December 29, 2016
- Closing: April 30, 2021
ARMENIA: LIFELINE ROAD NETWORK IMPROVEMENT PROJECT

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Financing in million US Dollars

* World Bank disbursements as of October 1, 2019.

**Key Dates:**
- Approved: January 31, 2013
- Effective: July 15, 2013
- Closing: December 30, 2021
- Additional Financing 1 Approved: July 31, 2015
- Additional Financing 1 Effective: April 20, 2016
- Additional Financing 1 Closing: December 30, 2021
- Additional Financing 2 Approved: May 8, 2019
- Additional Financing 2 Effective: Expected in December 2019

**Challenge:** Since the launch of the Lifeline Road Improvement Project (LRIP) in 2009, there have been noticeable improvements in both local employment and journey time. Despite the extensive rehabilitation and visible improvement, about 50 percent of the Lifeline Road Network (LRN) remains in poor condition. The degraded part of the LRN causes high transport costs and journey times for road users. This has occurred due to a historic pattern of underinvestment and deferred maintenance, as well as the inefficient use of available resources involving a focus on capital investments rather than investments in maintenance, which has resulted in a considerable maintenance backlog.

**The Project Development Objective** is to improve the access of rural communities to markets and services through the upgrading of selected lifeline roads and to strengthen the capacity of the Ministry of Territorial Administration and Infrastructures (MoTAI) in charge of roads to manage the LRN.

**Results achieved to date:**

- Number of kilometers rehabilitated under the project is 310 (target: 360 kilometers).
- Average speed on lifeline roads in project areas has improved from 20 to 41.10 kilometers per hour.
- The Road Financing Study has been finalized and endorsed by the Government.
- 66 “Safe Village” projects have been completed with a combination of engineering improvements and education programs near village schools (target: 100).
- The development and use of the Road Asset Management System (RAMS) within the MoTAI to support decision making on the LRN is under implementation (to roll out by December 2019).
- Percentage of project-related grievances addressed by the project implementation unit increased from 0 to 100 (target 100).
- Users’ perceptions of improved access to markets and services increased from 0 to 4.73 (target 4.5; measured by 1–5 scale).
- Number of rural people with access to an all-season road increased from 600,000 to 818,809 (target 909,200).
- Share of rural population with access to an all-season road increased from 51 to 69.52 percent (target 76.8 percent).

**Key partners:** The Bank works closely with (i) MoTAI; (ii) “Transport Projects Implementation Organization” State Non-Commercial Organization; and (iii) Armenian Roads Directorate State Non-Commercial Organization (ARD).

**Key development partners** include the ADB, which is implementing road projects and with which the Bank team coordinates closely on policy issues; and the EIB on road safety matters.
ARMENIA: ELECTRICITY SUPPLY RELIABILITY PROJECT

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<td>Total</td>
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Financing in million US Dollars

* World Bank disbursements as of October 1, 2019.

Key Dates:
Approved: May 26, 2011
Effective: November 28, 2011
Closing: December 31, 2019
Additional Financing Approved: July 2, 2014
Additional Financing Effective: February 3, 2015
Additional Financing Closing: December 31, 2019

Challenge: Armenia’s power transmission infrastructure is old and under-maintained. The average age of transmission assets is 45 years. The Government recognizes the need for urgent rehabilitation, and an increase in power supply reliability is among the key strategic objectives of the sector. The original loan is financing the replacement of (a) the transmission line connecting two key generation centers in the central part of the country (Hrazdan Thermal Power Plant [TPP]) and in the south (Vorotan Cascade of hydropower plants), which serve large electricity consumers in the central-eastern part of the country, and (b) the Lalvar-Noyemberyan transmission line, which is critical to the reliability of the northeastern part of the transmission network and to the reliable supply of power to end-users. The Additional Financing loan (US$37.5 million) is financing rehabilitation of the Haghtanak, Charentsavan-3, Vanadzor-1, and Zovuni substations. The Haghtanak substation is critical to ensuring a reliable power supply to distribution substations and consumers in the western parts of Yerevan. Charentsavan-3 serves residential consumers and functions as a switching station that links to six other substations in northeastern Armenia. Vanadzor-1 serves residential and large industrial consumers in the northern parts of Armenia. The Zovuni substation, located in the northern part of Yerevan, is an important hub as a transformation point from the 220 kilovolt (kV) to the 110kV networks, which supply electricity to the capital city.

The Project Development Objective is to increase the reliability and capacity of the transmission network.

Results achieved to date:
- Replacement of the overhead transmission line from Hrazdan TPP to Shinuhayr substation is completed.
- Part 1 and Part 2 of RAP for the Lalvar-Noyemberyan transmission line have been cleared and approved by the World Bank, and land acquisition is under way.
- Rehabilitation works at Haghtanak have been completed, while Vanadzor-1 substation is expected to be completed by end of December 2019.
- After months of suspension, High Voltage Electric Networks’ (HVEN) new management is determined to continue the rehabilitation of Charentsavan-3 substation, given its systemic importance to ensuring the transmission network’s reliability. HVEN is currently negotiating the terms of a contract extension (i.e., contract price and completion date), and the contractor has also been requested to resume the delivery of equipment.
- The bidding document for Zovuni substation has been submitted for Bank review.
- Project closing date will be extended to allow for rehabilitation of Zovuni substation.

Key partners: The Bank team works closely with the (i) High Voltage Electric Networks of Armenia, the power transmission company responsible for the construction, operation, and maintenance of the high-voltage power transmission network of the country; and (ii) Ministry of Territorial Administration and Infrastructures, which is responsible for the overall policy setting.
Challenge: The reliability of the power supply is among the key challenges currently facing the power sector of Armenia. The proposed project will leverage the World Bank’s current engagement in the energy sector in Armenia, including the ongoing Electricity Supply Reliability Project (ESRP) and its Additional Financing (ESRP AF), to help the Government comprehensively address the challenge of supply reliability. It will finance the rehabilitation of the substations of Ashnak, Ararat-2, and the Yerevan Thermal Power Company (YTPC), which will help reduce the number of equipment failures due to technical reasons. The Ashnak substation is essential to ensuring a reliable power supply to consumers in the eastern and northeastern parts of Armenia, including a large dairy products company, an asphalt plant, and a diamond polishing and jewelry production factory, which employ around 6,500 people. The YTPC substation is used for the evacuation of electricity from the modern and efficient combined-cycle gas turbine (CCGT) plant with 240 MW of installed capacity. The existing CCGT plant at YTPC accounts for 20 percent of the total annual electricity generation in the country. Therefore, it is essential to ensuring an adequate and low-cost electricity supply to the more than 1 million electricity consumers in the country. The Ararat-2 substation is an important transmission hub in the Ararat marz, 40 km southeast of the city of Yerevan. The project will also finance the purchase of specialized machinery and equipment for the power transmission network.

The Project Development Objectives are to increase the reliability and capacity of the transmission network.

Results achieved to date:
- All works at YTPC have been completed, while rehabilitation works at the Ashnak substation are expected to be completed by the end of 2019.
- The bidding document for Ararat-2 substation has been submitted for Bank review.
- Project closing date will be extended to allow for rehabilitation of Ararat-2.

Key partners: The Bank team works closely with the (i) High Voltage Electric Networks of Armenia, (ii) Yerevan Thermal Power Plant, and (iii) Ministry of Territorial Administration and Infrastructures, which is responsible for the overall policy setting.
ARMENIA: POWER SECTOR FINANCIAL RECOVERY PROGRAM (PROGRAM-FOR-RESULTS)

**Challenge:** The financial viability of the state-owned power generation companies (ANPP and YTPC) and the private power distribution company (ENA) have been deteriorating since 2011 due to several factors. Specifically, the financial standing of ANPP and YTPC deteriorated due to non-core business-related borrowing, lending, and expenses by those companies; and ENA became financially distressed due to the lack of an adequate mechanism to compensate for its losses resulting from the mismatch between actual and forecast costs of purchasing electricity, which is the main determinant of its margin. ANPP and YTPC have accumulated large cash deficits amounting to US$104 million, which were closed by (a) building up payables by delaying payments to their suppliers; (b) taking expensive commercial loans to finance the required expenditures related to the generation and supply of electricity; and (c) deferring the expenditures required for main operational needs. A part of the Government’s program to restore the financial viability of the sector is supported under the Program for Results.

**The Project Development Objective** is to support the Borrower’s efforts to ensure an adequate and reliable electricity supply by improving the financial standing of the state-owned power generation companies and the private power distribution company.

**Results achieved to date:**
- Independent verification reports on achievement of the targets for disbursement-linked indicators (DLIs #3, 4 and 10) for 2018 have been received, and the disbursement linked results have been considered achieved.
- The cash deficit of ANPP and YTPC was reduced to US$33.6 million as of March, 2019.
- The Ministry of Territorial Administration and Infrastructures (MoTAI), acting as the sole shareholder of YTPC and ANPP, adopted decisions prohibiting non-core business-related expenditures, lending, and borrowing by those companies.
- The commercial loans of ANPP and YTPC were fully repaid.
- The Public Sector Regulatory Commission (PSRC) amended the methodology of tariff margin calculation for ENA to allow its margin for each new tariff period to fully reflect the loss (revenue) accrued due to differences between the forecast and actual cost of electricity purchased during the preceding tariff period.
- PSRC amended the methodology of tariff calculation for nuclear and thermal power generating plants to allow tariffs for each new tariff period to fully reflect the loss (profit) resulting from differences between forecast and actual cost of purchased fuel due to fluctuations in the foreign exchange rate during the preceding period.

**Key partners:** The Bank team works closely with (i) Yerevan Thermal Power Plant, (ii) Armenian Nuclear Power Plant, (iii) MoTAI, and (iv) Public Services Regulatory Commission.

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Financing in million US Dollars
* World Bank disbursements as of October 1, 2019.

**Key Dates:**
Approved: April 27, 2016
Effectiveness: July 19, 2016
Closing: July 31, 2021
ARMENIA: TRADE PROMOTION AND QUALITY INFRASTRUCTURE PROJECT

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Financing in million US Dollars
* World Bank disbursements as of October 1, 2019.

Key Dates:
Approved: July 2, 2014
Effective: January 14, 2015
Closing: June 30, 2020

Challenge: Armenia has had a relatively low export base, with a declining sophistication in export products over the years, while its export basket is primarily concentrated in commodities that have low value added and are vulnerable to volatility in global markets. Another challenge is the need to attract efficiency-seeking foreign direct investment (FDI), maximizing benefits to the local economy. Furthermore, though it is crucial that Armenia meet the requirements of global quality standards to be able to promote its products and services, its national quality infrastructure suffers from weaknesses that hinder technology upgrading and undermine the competitiveness of its exports.

The Project Development Objective is to strengthen the Government’s capacity to provide export promotion, investment attraction, and quality management services to firms.

Results achieved & expected:
- Training of the technical staff of the national quality infrastructure is provided.
- Eligible expenditure package on achievement of the targets for disbursement-linked indicators (DLIs) for 2019 have been received in August 2019 in the amount of US$ 1.7 million In total 12 out of 14 DLIs have been achieved.
- The Innovation Matching Grants program was announced in July 2019 and the call for proposals is completed.
- Two public private partnership (PPP) concept packages (Cybersecurity Incubator and R&D Lab and National Supercomputer Center) have been submitted for WB review.
- Procurement of machinery and fabrication equipment as well as design services for Engineering City (EC) is in progress.
- Two Industrial Laboratories of the National Institute of Metrology (in mass and temperature) will be internationally recognized by June 2020.
- A National Accreditation Body will obtain international recognition by June 2020.
- Innovation Venture Fund will be established and demonstrating first transactions.

Key partners: The Bank works closely with the intergovernmental Board, which is chaired by the Deputy Prime Minister and responsible for the overall implementation of the Project, and with the Project Implementation Department (PID) of the Ministry of Finance in charge of the fiduciary aspects of project activities. The daily project implementation and coordination with various stakeholders is carried out by the Project Management Unit Coordinator, hired under Deputy Prime Minister’s Office. The Bank team and the Government of Armenia are currently discussing project restructuring options, including a 2-year extension, to improve implementation performance and alignment with the new priorities of the Government.