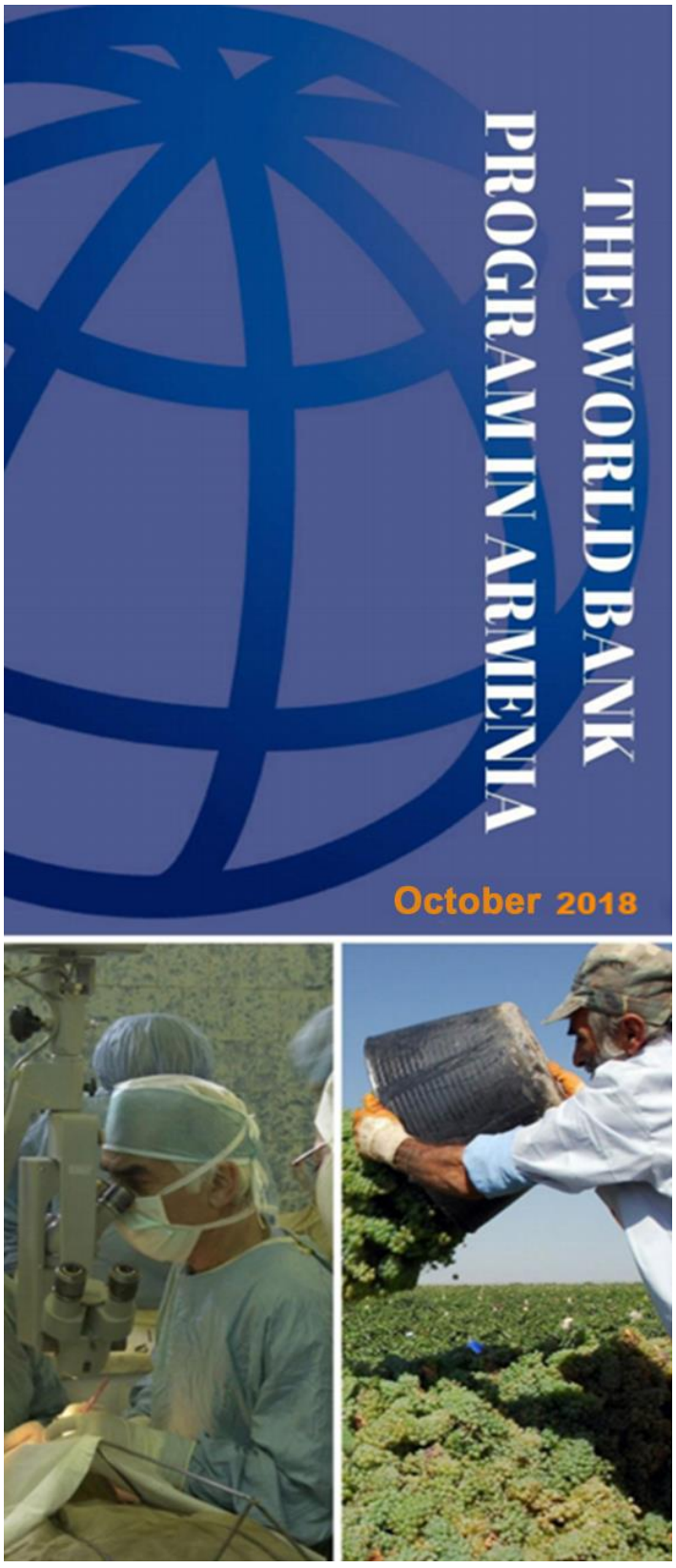
The draft Country Partnership Framework (CPF) for FY19-FY22 is based on findings and recommendations of the Systematic Country Diagnostics (SCD) and is aligned with Government program. It will support the rebalancing of Armenia's economy toward a new growth model over 2019-2022 period.

The CPF will support a wide range of investment, analytical and advisory activities around 3 key focus areas aligned with government priorities: (i) strengthening export enablers and firm competitiveness; (ii) enhancing human capital and equity; and (iii) sustainably managing environmental and natural resources.

The World Bank's active portfolio in Armenia consists of 15 investment projects (the majority of which will carry over to the new CPF) totaling USD 569.4 million. It includes US$92.9 million in International Development Association (IDA) credit and US$468 million in International Bank for Reconstruction and Development (IBRD) loans, along with a Geothermal Exploratory Drilling project (Scaling-Up Renewable Energy Program (SREP)) amounting to US$8.55 million. The investment program is well-balanced and diversified, covering a wide range of sectors across the 3 new CPF proposed focus areas: trade & competitiveness, agriculture and irrigation, local economic development/tourism, public administration modernization, education, social protection, health, community-driven local infrastructure development, roads, and energy.

In addition, the portfolio covers 15 ongoing Advisory Services & Analytics (ASA) activities and 32 Trust Fund operations totaling US$19.4 million. The program supports institutional capacity building, project activities and stand-alone activities in energy, water, social, health, agriculture, poverty, urban, environment, macro, finance, public financial management and education areas.



ARMENIA: DISEASE PREVENTION AND CONTROL PROJECT

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

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IDA Credit	35.00	24.74	7.7
Government of Armenia	8.20		
Health Results-based Financing Trust Fund	1.80	1.25	0.55
Total	45.00		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenge: Armenia faces the challenge of the unfinished Millennium Development Goals (MDG) agenda, particularly gaps in maternal and child health, and a concurrent rapid increase in the burden of non-communicable diseases (NCDs). In 2016, the predominant causes of preventable death and disability in Armenia were NCDs, including cardiovascular disease, cancer, mental health problems, diabetes mellitus, chronic respiratory diseases, and musculoskeletal conditions.

Hence, the Project Development Objective of the Disease Prevention and Control Project (DPCP) 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 achieved to date as per improving MCH and NCD services:

- ✓ Between January 1, 2015 and August 31, 2018, about 844100 persons, between 35 and 68 years, have been screened for hypertension, about 532650 from the target population in the 35 to 68 age group have been screened for diabetes mellitus, about 197145 women aged 30 to 60 have been screened for cervical cancer, and about 54140 antenatal care attendees have been screened for glycosuria, hypertension, and proteinuria in at least three antenatal visits;
- ✓ Training of 2,700 PHC providers on clinical guidelines for cardiovascular disease, diabetes mellitus, and cervical cancer; and training of 950 administrative staff was completed in 2014 in preparation for the population screening program;
- ✓ A national public awareness campaign on NCD prevention has been continuously implemented through mass media;
- ✓ 96.6% of PHC facilities (348 out of 360) have passed enhanced verification of the results of screening indicators and 94.4% of PHC facilities (340 out of 360) have passed the physical verification process through phone call interviews.

Results achieved to date as per improving the efficiency and quality of selected hospitals:

- ✓ Modernization of the hematology center is completed;
- ✓ Ongoing construction/renovation of two regional medical centers (MCs) in Gegharkunik marz and in Ararat marz;
- ✓ Provision of medical equipment, supplies and furniture for the new constructed Vanadzor MC, the Maternity Hospital of "Vanadzor MC" is completed;
- ✓ Ongoing provision of medical equipment, supplies and furniture for the MCs in Gegharkunik marz and Ararat marz.

Key partners: The Bank team works closely with the (i) Ministry of Health; (ii) Ministry of Territorial Administration and Development; (iii) Armenian Medical Association; and (iv) Ministry of Finance.

Key development partners include several international organizations, including World Health Organization (WHO), UNICEF, World Vision, and Save the Children, which are involved in different aspects of health care reform undertaken by the Government of Armenia.

ARMENIA: LOCAL ECONOMY AND INFRASTRUCTURE DEVELOPMENT PROJECT

Key Dates:
Approved: December 22, 2015
Effective: December 29, 2016
Closing: April 30, 2021

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	55.00	1.77	53.23
Government of Armenia	13.75	0	13.75
Preparation Grant	0.66	0.61	0.047
Total	69.41		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenge: Incoming tourism is Armenia's second export line item and covers more than half of service export. Urban-populated regions have higher rate of unemployment leading to highest levels of poverty in small cities, thus the balanced regional development is a key priority, While the goal of eradication of extreme poverty is achieved for Armenia, achieving shared prosperity still has a long way to go. Currently industrialization is not the main reason behind lower poverty at regional level, and reforms needs to focus on services.

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

Key Expected Results:

- ✓ Improved road accessibility in Project areas, measured by number of beneficiaries and
- ✓ rehabilitated kilometers;
- ✓ Improved water supply in Project areas, measured by hours per day of piped water services;
- ✓ Increased tourism spending;
- ✓ Increased number of jobs created by activities linked to support tourism industry (gender
- ✓ disaggregated);
- ✓ Establishment and operation of Destination Management Organization (DMO).

Key partners: The Bank team works closely with the (i) Ministry of Economic Development and Investment, which is responsible for the overall policy setting having a newly established State Committee of Tourism and for overall implementation of the project; (ii) Ministry of Culture; (iii) Ministry of Nature Protection; (iv) Ministry of Territorial Administration and Development; (v) the Armenia Territorial Development Fund, is the project implementing entity that coordinates and manages the implementation activities on a day-to-day basis.

Key development partners include (i) the USAID that implements a project together with Smithsonian Institution aiming at improving Armenia's cultural heritage tourism product offering; (ii) German Cooperation (GIZ); (iii) KfW Development Bank; (iv) Asian Development Bank (ADB).

ARMENIA: SOCIAL INVESTMENT AND LOCAL DEVELOPMENT PROJECT

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

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	30.00	16.96	13.04
Local Comm.	1.84	1.00	0.84
Government of Armenia	11.02	4.74	6.28
Total	**42.86**		

*World Bank disbursements as of October 1, 2018
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenge: Fragmentation of the Armenian territorial organization 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 at overcoming 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 of those organizations involved in local and regional development. The Administrative-Territorial Reform aimed at consolidation of the 915 communities has been ongoing and there are 52 community clusters already established. Community clusters need to receive support through promotion of economic development opportunities in their respective enlarged communities, provided by both the development partners and private entities.

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

Key expected results:

- ✓ Local populations will benefit from renovated and rehabilitated social infrastructure, thus, improving the living conditions of the population in vulnerable communities;
- ✓ The project will directly benefit more than 150 mostly rural communities and enable them to identify their own investment needs and economic development priorities. It is expected that at least 250 permanent and 1,500 temporary jobs will be created and about US$8 million in wage income will be generated;
- ✓ The project will support the piloting of socioeconomic initiatives for clusters, bringing together communities that will create livelihood and employment opportunities, particularly for women. These are expected to be productive communal investments that could, for example, support the economic development via improved agricultural production or commerce, improved conditions for production or manufacturing, or improved human capital development opportunities;
- ✓ Community councils, municipal officials, school boards, and other community-based organizations will benefit from capacity-building support to effectively plan and maintain their investments;
- ✓ The Armenian Territorial Development Fund (ATDF) will be supported to evolve its work from smaller projects to larger, sustainable development projects, in line with the objective of reducing regional socioeconomic disparities;
- ✓ Overall, the project is expected to fund the design, selection, and implementation of approximately 90 community micro-projects and 25–30 intercommunity subprojects while fostering intercommunity cooperation within established clusters.

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

Key development partners involved in different areas of the territorial development reform are SDC, USAID, GIZ, and the EU.

ARMENIA: SOCIAL PROTECTION ADMINISTRATION PROJECT II

Key Dates:
Approved: March 24, 2014
Effective: October 29, 2014
Closing: December 31, 2018 (a 2-year extension of the closing date is being processed)

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IDA Credit	21.20	5.84	13.65
Government of Armenia	4.30	0.88	3.42
Total	25.50		

*World Bank disbursements as of October 1, 2018.

Note: Original IDA credit amount was $19.46 (XDR 13.90) million. Disbursements differ from financing due to exchange rate fluctuations at the time of disbursement.

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, renewing the Government's 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 protracted and high unemployment, poverty, and vulnerability, which disproportionately affect women. The Government of Armenia initiated a reformed aimed at integrated the provision of social safety nets delivery through the establishment of integrated social protection centers throughout the country. This major reform effort has been only partially implemented and the majority of the integrated centers still need to be established and become operational.

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.

Key expected results:

- ✓ The project will support the model of the functional integration of four existing agencies responsible for pensions, social assistance, employment, and disability certification into an Integrated Social Protection Center (ISPC);
- ✓ This model will be rolled out to another 37 ISPCs. The activities, from civil works to furniture and IT equipment with software provision, as well as trainings and on-the-job mentoring along with active communication with the public, will ensure the fully operational nature of the centers, delivering high-quality services tailored to the needs of the beneficiaries;
- ✓ The project will support the development of a comprehensive monitoring and evaluation system for the social protection sector. The project will finance an integrated system of monitoring and evaluation of social protection benefits and services, targeting over 70 different programs. This would enable the Ministry of Labor and Social Affairs to directly manage the beneficiary feedback, specifically collecting information on the quality of delivered services'
- ✓ Following the period of slow implementation progress due to Government's fiscal consolidation measures, the project is back on track. It is undergoing the restructuring process to reallocate funds from other components towards the integrated social protection service delivery and extend the closing date for up to 24 months to provide sufficient time to complete the project activities.

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 NORK Foundation.

Key development partner involved in different components of the social protection reform is UNICEF.

ARMENIA: LIFELINE ROAD NETWORK IMPROVEMENT PROJECT

Key dates:
Approved: January 31, 2013
Effective: July 15, 2013
Closing: December 30, 2019
Additional Financing Approved: July 31, 2015
Additional Financing Effective: April 20, 2016
Additional Financing Closing: December 30, 2019

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	45.00	43.3	1.7
IBRD Loan AF	40.00	23.77	16.2
Government of Armenia	21.25		
Total	106.25		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

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 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, resulting in a considerable maintenance backlog. Deferred maintenance leads to a future burden of more expensive rehabilitation and road reconstruction, which increases overall transport costs in the long run.

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 Transport, Communication and Information Technology (MOTCIT) to manage the LRN.

Results achieved to date:

- ✓ Number of km rehabilitated under the project: 276.6km (target: 360km);
- ✓ Average speed on lifeline roads in project areas improved from 20 to 36.3 kilometers per hour (target: 40);
- ✓ The Road Financing Study, which proposed key changes to road sector financing, including taxation, has been finalized and endorsed by the Government;
- ✓ 30 "Safe Village" projects have been completed (target: 30);
- ✓ Development and use of Road Asset Management System (RAMS) within the MOTCIT to support decision making on the LRN is under implementation (to roll out by December 2019);
- ✓ Percentage of project related grievances addressed by the PIU increased from 0 to 100 (target 100);
- ✓ Users perception of improved access to markets and services increased from 0 to 4.73 (target 4.5; measured by 1-5 scale);
- ✓ Performance Based Contracting Strategy pilot design and endorsement by the MOTCIT is underway (to be achieved by June 2019).

Key partners: The Bank team works closely with the (i) MOTCIT, which is responsible for the overall policy setting and for overall implementation of the project; (ii) "Transport Projects Implementation Organization" State Non-Commercial Organization, charged with coordination and management of implementation activities on a day-to-day basis; and (iii) Armenian Roads Directorate State Non-Commercial Organization (ARD), which is responsible for the technical aspects of project implementation. **Key development partners** include the Asian Development Bank (ADB), which is implementing road projects and with which the Bank team coordinates closely on policy issues. The Bank also works closely with many other bilateral and multilateral development partners, including the European Union, Japan International Cooperation Agency (JICA), European Investment Bank (EIB), Eurasian Development Bank (EDB), and European Bank for Reconstruction and Development (EBRD).

ARMENIA: THIRD PUBLIC SECTOR MODERNIZATION PROJECT

Key Dates:
Approved: September 30, 2015
Effective: May 6, 2016
Closing: December 31, 2020

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	21.0	2.38	18.62
Government of Armenia (including parallel financing from Russian Federation)	15.7		
Total	36.7		

* World Bank disbursements as of October 1, 2018.

Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenge: The biggest technical task and challenge for the Third Public Sector Modernization Project (PSMP-3) for implementation of integrated government financial management information system (GFMIS). As of September 2018, the project could not conclude on technical specification of GFMIS to initiate the procurement. The project implementation has been affected by a series external factors – the recent velvet revolution and earlier government changes and fiscal consolidation. The change management in relation to the introduction of new systems and practices may become another challenge when the project implementation registers tangible progress and may need to be addressed through proactive engagement with project counterparts and civil society.

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

Selected measurable results will include:

- ✓ Systematic collection and processing of citizen feedback on public services;
- ✓ Reduced time for processing passport extensions through consular departments from baseline 500 hours in average; and reduced time for issuing certificates on civil status through consular departments from baseline 60 days in average. The e-consular system was successfully launched in May and the system generated data can be summarized for May-December 2018;
- ✓ Increased competition for inter-regional transport routes from baseline 1.1 bids per route;
- ✓ Reduced time to transmit pre-trial investigative information between prosecutors' offices in various regions from baseline 1 week.

Key partners: The Bank team is working closely with the (i) Office of the Government 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; (iii) Ministry of Foreign Affairs, Ministry of Transport, Communication and Information Technology, Ministry of Justice, General Prosecutor Office, Police, Commission on Ethics of High-Ranking Officials and other stakeholders partnering on specific automation and e-service delivery solutions.

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

ARMENIA: TAX ADMINISTRATION MODERNIZATION PROJECT

Key Dates:
Approved: July 03, 2012
Effective: December 28, 2012
Closing: September 30, 2018 (being extended to January 31, 2019)

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IDA Credit	12.00	10.47	0.64
Government of Armenia	3.1		
Total	15.10		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

Challenge: Although the Ministry of Finance (which, following a mid-2014 Cabinet reorganization, was in charge of both revenue administration and public expenditure functions) successfully maintained an adequate level of revenue collection through the better part of the economic downturn, Armenia's tax-to-GDP ratio historically remained low for its level of income. This was the result of narrow tax bases with numerous tax exemptions and a weak capacity to detect and penalize tax frauds, both of which undermine compliance and contribute to widespread tax evasion and informal sector activities. The 2014 merger of the Ministry of Finance and the State Revenue Committee (SRC) was reversed in March 2016. The closing date of the project previously was extended from April 15, 2018 to September 30, 2018 to enable completion of several project activities. However, another extension till January 31, 2019 was requested on September 14, 2018 to enable completion of the electronic module for random selection of tax auditors.

The Project Development Objective is to modernize Armenia's tax administration to (i) increase voluntary tax compliance, (ii) reduce tax evasion, (iii) reduce compliance costs, and (iv) increase administrative efficiency.

Results achieved to date:

- ✓ US$13.7 million average adjustment results from audits against the project baseline of US$10.1 million (end-of-project target of US$12.1 million);
- ✓ 101.8 percent ratio of collected revenue to tax administration's operational costs against the project baseline of 74 percent (end-of-project target of 83 percent);
- ✓ Only 2 centralized tax inspectorates remain at headquarters against the baseline number of 39 (end-of-project target of 29);
- ✓ 313 hours to prepare and pay taxes against the baseline of 500 (end-of-project target of 400 hours);
- ✓ The percentage of total tax returns filed electronically grew from a baseline of 20 percent to 96.6 percent, exceeding the end-of-project target of 60 percent.

Key partners: Through the project's design, the Bank team has ensured that implementation arrangements are designed to facilitate cross-departmental coordination within the Ministry of Finance and State Revenue Committee (SRC).

Key development partners include representatives from USAID, International Finance Corporation (IFC), and the International Monetary Fund (IMF). The project worked in tandem with the USAID Tax Reform project, where USAID provided extensive complementary technical assistance.

ARMENIA: EDUCATION IMPROVEMENT PROJECT

Key Dates:
Approved: March 13, 2014
Effective: November 20, 2014
Closing: September 30, 2019**

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed**
IDA Credit	15.00	6.23	7.47
IBRD	15.00		8.74
Government of Armenia	7.50	6.26	
Total	37.50	12.49	16.21

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.
***Project restructuring is in process according to which the proposed new closing date is set for September 30, 2021.*

Challenge: Since 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, meantime, addressing equity and quality concerns in both preschool, general, and higher education.

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

Results achieved to date:

- ✓ 17 new preschools have been established in 2018/19 academic year; the number of enrolled 5-6-year-old children there will be about 400. The activity is aimed at improving equitable access preschool education and improving school readiness of the participating students. All teachers serving in the newly established preschool groups received training from the National Institute of Education. 97 preschool education micro-projects have been launched during 2015 to 2018 benefitting about 3,000 five to six-year-old students across Armenia.
- ✓ Rehabilitation and seismic retrofitting in two high schools is being finalized, while three of the high schools have been officially (re-)opened in August/September 2018. Work is in progress to launch rehabilitation of the second batch of high schools under the project in fall 2018. Rehabilitation of the new building of the National Center for Educational Technologies (NACET) is ongoing and will be completed in April 2019.
- ✓ The software to integrate the existing Education Management Information System (EMIS) for general education and Tertiary Education Management System (TEMIS) has been developed and is currently operational. The data input by the institutions is in process according to the timetable agreed with the Government and will be completed by the end of 2018.
- ✓ The draft of the National Curriculum Framework and State Standards has been developed. Work is in progress to select an institution for the revision of subject syllabuses and standards.
- ✓ Twelve higher education institutions received grants under the Competitive Innovation Fund (CIF) to improve quality and labor market relevance of their education programs. Seven of them completed the grant projects: in particular, five of them at the end of 2017, and two of them in March and May 2018. The other five institutions will complete the implementation of the grant projects by the end of 2018. Two of the beneficiary institutions are private higher education institutions, and one is a regional/marz-based.

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

ARMENIA: SECOND COMMUNITY AGRICULTURAL RESOURCE MANAGEMENT AND COMPETITIVENESS (CARMAC2) PROJECT

Key Dates:
Approved: June 20, 2014
Effective: January 23, 2015
Closing: May 31, 2020

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IDA Credits	9.67	6.97	1.75
IBRD Loan	23.00	8.53	14.47
Government of Armenia	10.00		
Total	42.67		

* World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

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.

Key expected results:

- ✓ Support for services for farmers involved in livestock production in another 109 communities as compared to the planned 100 in addition to the 81 included under CARMAC, has been initiated;
- ✓ As a result of project interventions, milk productivity for cattle has increased by 15 percent as compared with end-project target of 20 percent; the sales of animals both for cattle and sheep, was estimated at 29,463 and 38,640 respectively compared with the targets of 33,000 and 67,000; pasture management effectiveness score is 39.2 while the target is 50; the value of the annual marketed production of milk, meat, fruits and vegetables was estimated at 2,499 million Armenian dram (AMD) as compared with the target of 800 million AMD;
- ✓ The Value Chain Development component is to enhance the ability of agricultural producers and processors to meet domestic demand and access international market opportunities in the food value chains of fodder-based milk and meat and in processed fruit and vegetables. 26 sub-projects were selected under the two first calls and currently are completed. 29 applications of the third call, were approved and contract have been signed. The capacity of public sector institutions to facilitate business development and enable market access in the selected value chains is supported;
- ✓ The project supported opening of the one-stop shop at the State Service of Food Safety (SSFS) to make it easier interaction of the private sector with the SSFS.

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

Key development partners: The Bank cooperates with the Swiss Development Cooperation (SDC), which implements similar projects in Armenia, GIZ and UNDP.

ARMENIA: IRRIGATION SYSTEM ENHANCEMENT PROJECT AND AF

Key Dates:
Approved: May 22, 2013
Effective: July 15, 2013
Closing: June 30, 2019

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD loan	32.00	31.01	0.9
Government of Armenia	8.0		
Total	38.0		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

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 ultimate 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 expected and achieved to date:

- ✓ Three lots of Meghri gravity scheme construction have been completed saving annually 2.8 million-kilowatt hour (kwth) electricity. Construction of two lots of Kaghstrashen gravity scheme was also completed and operated during this irrigation season saving annually 8.0 million kwth. Combined with energy savings realized as a result of diversion canals rehabilitation, currently the irrigation system savings total about 26 million kwth. With completion of Geghardalich gravity scheme the savings will reach to 36.4 million kwth 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 improvement in the conveyance efficiency of the outlet canals of selected schemes by reducing water losses by about 23 million cubic meters annually;
- ✓ As a result of project interventions, the irrigation and drainage 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 against an originally planned 71 observation points, making 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 have water intakes trackable by the State Committee of Water Systems (SCWS) in real time (baseline: 0 and end target: 100 percent).
- ✓ A technical audit of infrastructure of all WUAs completed in June, will provide crucial information about needs of capital and maintenance investments and for irrigation water management.

Key partners: The Bank works closely with the State Committee of Water Economy (SCWE) under the Ministry of Energy Infrastructures and Natural Resources, as well as the Ministry of 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: TRADE PROMOTION AND QUALITY INFRASTRUCTURE PROJECT

Key Dates:
Approved: July 2, 2014
Effective: January 14, 2015
Closing: June 30, 2020
Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD	50.0	6.12	43.88
Government of Armenia	9.5	0.065	
Total	59.5		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

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 to attract efficiency-seeking foreign direct investment (FDI), maximizing benefits to the local economy. Furthermore, while the requirements to meet global quality standards are more crucial to promote products and services, Armenia's 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.

Key expected results:

- ✓ At least 40 contracts with new customers for exporters will be generated through newly established foreign representatives of the Development Foundation of Armenia (DFA);
- ✓ Seven facilities in the form of public private partnerships (PPPs) will be created to strengthen industry clusters (cluster development PPPs) and to facilitate efficiency-seeking FDI to strengthen their level of engagement in Armenia and facilitate skills development by funding joint projects between multinationals and academia (research and skills development PPPs);
- ✓ Four new FDIs will be generated through the services provided by DFA;
- ✓ Two Industrial Laboratories of the National Institute of Metrology will be internationally recognized;
- ✓ A National Accreditation Body will obtain international recognition;
- ✓ Training of the technical staff of the national quality infrastructure will be provided.

Key partners: The Bank works closely with the intergovernmental Board, chaired by the Minister of Economic Development and Investments, responsible for the overall implementation of the Project and the Foreign Financed Projects Management Center (FFPMC), responsible for the fiduciary aspects of project activities. The Project is expected to be restructured by December 2018 to improve implementation performance and alignment with new priorities of the Government of Armenia.

ARMENIA: ELECTRICITY SUPPLY RELIABILITY PROJECT

Key Dates:
Approved: May 26, 2011
Effective: November 28, 2011
Closing: June 30, 2018
Additional Financing Approved: July 2, 2014
Additional Financing Effective: February 3, 2015
Additional Financing Closing: December 31, 2019

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	39.00	27.50	11.50
IBRD Loan	37.50	9.09	28.41
Government of Armenia	23.00		
Total	102.00		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.

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 in 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) and in the South (Vorotan Cascade of hydropower plants), which serves large electricity consumers in the central-eastern part of the country, and (b) Lalvar-Noyemberyan transmission line, which is critical for the reliability of the North-Eastern part of the transmission network and reliable supply of power to end-users. The Additional Financing loan (US$40 million; of which US$2.5 million was cancelled and re-allocated to the Utility Scale Solar Project) is financing rehabilitation of Haghtanak, Charentsavan-3, and Vanadzor-1 substations. The Haghtanak substation is critical for ensuring 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 linking to six other substations in North-Eastern Armenia. Vanadzor-1 serves residential and large industrial consumers in the Northern parts of Armenia.

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

Results achieved to date:

- ✓ The construction of all foundations, installation of all towers, and stringing activities of the overhead transmission line from Hrazdan TPP to Shinuhayr substation have been completed.
- ✓ Part 1 of Resettlement Action Plan (RAP) for Lalvar-Noyemberyan transmission line has been cleared and approved by the Bank, while Part 2 of RAP is being finalized.
- ✓ Rehabilitation works at Haghtanak and Vanadzor-1 substations are under way and expected to be completed in the last quarter of 2018. The rehabilitation of Charentsavan-3 substation has been suspended, as it estimated that the current load demand is not sufficient to justify the rehabilitation. The funds allocated to this contract may be utilized for another substation, for which the request from the Government is yet to be submitted.

  The restructuring of the project, which extended the original scope to include rehabilitation of Zovuny substation with the use of the savings under the project became effective in June 2018. A second restructuring to extend the closing date of the original loan to December 31, 2019 was requested by the Government on June 13, 2018 and became effective on June 20, 2018.

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 Energy Infrastructures and Natural Resources, which is responsible for the overall policy setting.

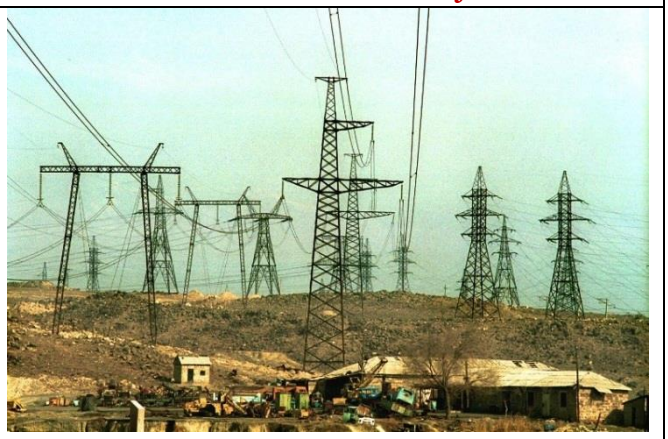
ARMENIA: ELECTRICITY TRANSMISSION NETWORK IMPROVEMENT PROJECT

Key Dates:
Approved: March 30, 2015
Effectiveness: September 21, 2015
Closing: December 31, 2019

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	50.50	16.40	34.10
Government of Armenia	12.86		
Total	63.36		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



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 rehabilitation of Ashnak and Yerevan Thermal Power Company's (YTPC) substations, which will help reduce the number of equipment failures by technical reasons. Ashnak substation is essential for ensuring reliable power supply to consumers in Eastern and North-Eastern 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. YTPC substation is used for 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 for ensuring adequate and low-cost electricity supply to all the 1,021,865 electricity consumers in the country. The project will also finance purchase specialized machinery and equipment of power transmission network.

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

Results achieved to date:

- ✓ Rehabilitation works at Ashnak and YTPC substations are in progress and are expected to be completed by the end of 2018. The restructuring of the project, which extended the original scope to include rehabilitation of Ararat-2 substation with the use of the savings under the project became effective in July 2018.

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 Energy Infrastructures and Natural Resources, which is responsible for the overall policy setting.

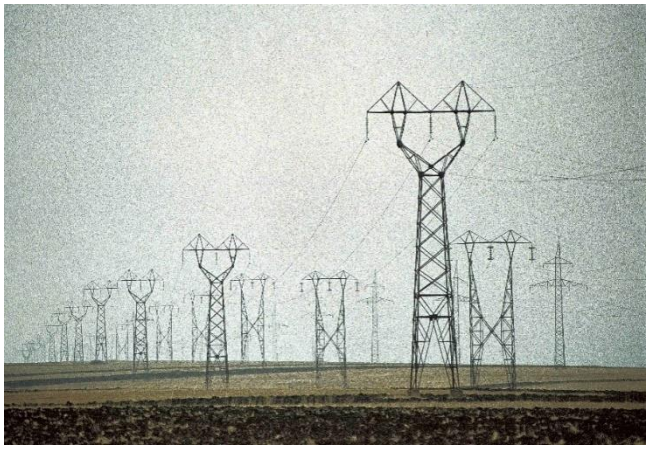
ARMENIA: POWER SECTOR FINANCIAL RECOVERY PROGRAM (PROGRAM-FOR-RESULTS)

Key Dates:
Approved: April 27, 2016
Effectiveness: July 19, 2016
Closing: July 31, 2021

Financing in million US Dollars:

Financier	*Financing*	*Disbursed**	*Undisbursed*
IBRD Loan	30.00	26.93	3.06
OLBC-Local Sources Government of Armenia	10.00 0.5		
Total	40.5		

*World Bank disbursements as of October 1, 2018.
Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.



Challenge: The financial viability of the state-owned power generation companies (ANPP and YTPC) and the private power distribution company (ENA) started to deteriorate 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 inadequate mechanism for compensating its losses resulting from mismatch between actual and forecast electricity purchase cost, 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 generation and supply of electricity; and (c) deferring the expenditures required for main operational needs. A part of the Government program to restore the financial viability of the sector is supported under the PforR.

The Project Development Objective is to support the Borrower's efforts to ensure adequate and reliable electricity supply through improvement of the financial standing of the state-owned power generation companies and the private power distribution company.

Results achieved to date:

- ✓ All the targets for disbursement linked indicators for the first half of 2018 were achieved.
- ✓ The Ministry of Energy Infrastructures and Natural Resources, acting as the sole shareholder of YTPC and ANPP, adopted decisions prohibiting non-core business related expenditures, lending and borrowing by those companies;
- ✓ Commercial loans of ANPP and YTPC were fully repaid;
- ✓ Public Sector Regulatory Commission (PSRC) amended the methodology of tariff margin calculation for distribution company (ENA) to allow its margin for each new tariff period to fully reflect the loss (revenue) accrued due to difference between the forecast and actual cost of electricity purchased by 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 difference between forecast and actual cost of purchased fuel due to fluctuation of foreign exchange rate during the preceding period.

Key partners: The Bank team works closely with the (i) Yerevan Thermal Power Plant, (ii) Armenian Nuclear Power Plant, (iii) Ministry of Energy Infrastructures and Natural Resources and (iv) Public Services Regulatory Commission.