

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: EUROPE AND CENTRAL ASIA
COUNTRY: ARMENIA

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: Europe and Central Asia
Country: Armenia

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Armenia

Project Name (ID): Electricity Transmission and Distribution (P008276)

Country: Armenia

Board Approval Date: 03/04/1999

Midterm Review Date: 05/21/2004

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-31750, IDA-P8330, IDA-Q0630, JPN-29132

Sector(s): Power (93%), Central government administration (7%)

Theme(s): Access to urban services and housing (P), Rural services and infrastructure (P), State enterprise/bank restructuring and privatization (P), Infrastructure services for private sector development (S), Other financial and private sector development (S)

Project Development Objectives:

The development objectives are: (a) improve measurement and accountability of electricity and revenue flows between generation, transmission and distribution companies; (b) reduce technical losses in the electricity transmission and distribution systems, and improve system availability; (c) improve the commercial performance and financial condition of Armenergo (national dispatch company) and High Voltage Electric Network Company (transmission company).

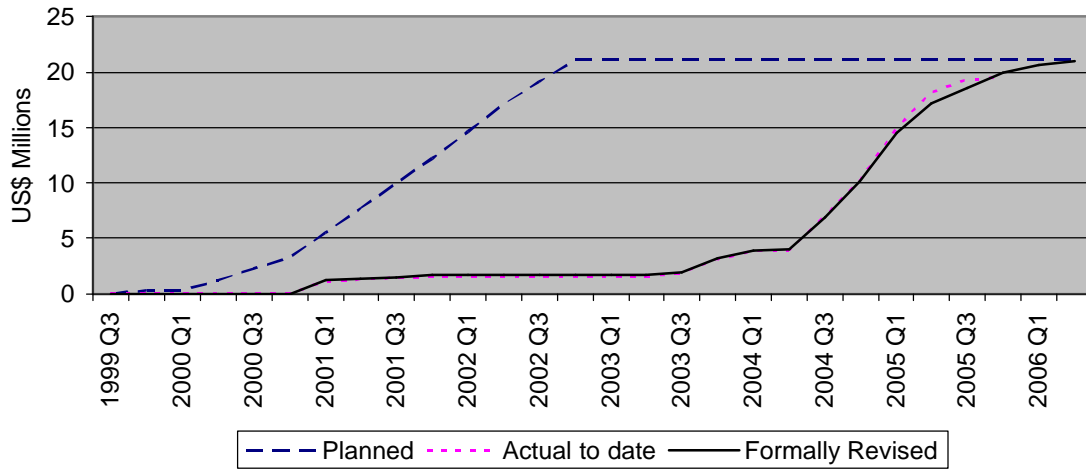
Progress toward achieving development objective(s):

The project will likely meet its development objectives. The energy reform agenda continues to progress well. Electricity losses have been reduced through the implementation of the system metering program. The financial condition of both companies has been strengthened by the creation of the Financial Settlements Unit and the Financial Settlements Center (FSC), and the introduction of direct power purchase contracts between the distribution company and the generators, transmission, and dispatch companies, and the FSC. Revenues have also grown as a result of improvements in collections as a percentage of billing (96%). Rehabilitation work is continuing in eight transmission substations, which, when completed, will improve system availability and reliability, and will reduce forced outages.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-31750	Effective	21.89	19.57	2.22	0.00
IDA-P8330	Closed	1.20	0.00	0.00	1.20
IDA-Q0630	Closed	2.00	0.00	0.00	2.00
JPN-29132	Closed	0.51	0.53	0.00	0.00

Status of Projects in Execution - FY05



Project Name (ID): Municipal Development (P035805)

Country: Armenia

Board Approval Date: 06/11/1998

Midterm Review Date: 07/05/2002

Closing Date: 10/31/2005

Loan/Credit/Grant Number: IBRD-P3180, IDA-30950, IDA-Q0500, JPN-27095, JPN-51373

Sector(s): Water supply (50%), Sewerage (33%), Flood protection (9%), General public administration (5%), Housing construction (3%)

Theme(s): Access to urban services and housing (P), Other financial and private sector development (P), Pollution management and environmental health (S), Natural disaster management (S)

Project Development Objectives:

The objectives are to: (a) make emergency improvements in the water supply system of Yerevan; (b) improve the efficiency, management, operation and delivery of water and wastewater services for the Yerevan service area; and (c) lay the groundwork for the sustainable involvement of the private sector in the overall management of these services.

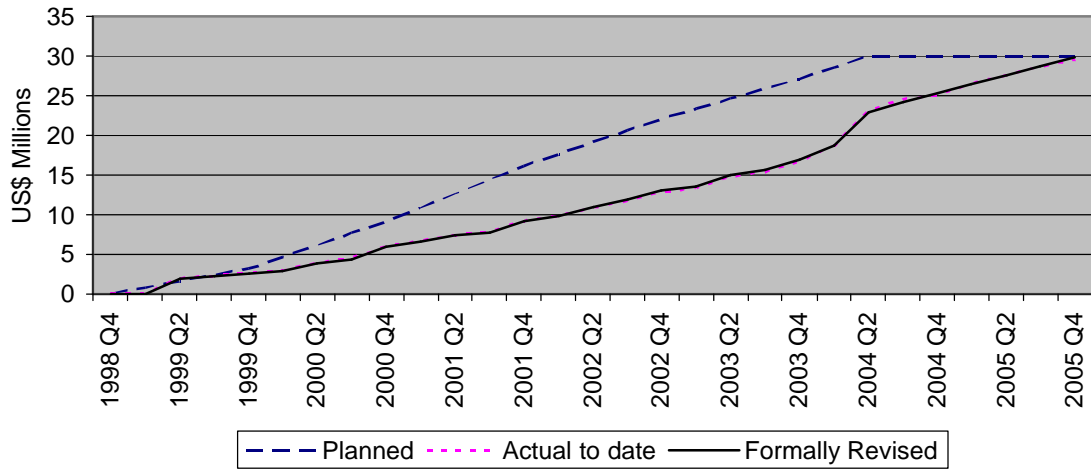
Progress toward achieving development objective(s):

The project is on track to achieve development objectives. Emergency improvements in the water supply system of Yerevan have been completed, and water supply has now reached an average of 18.3 hours per day within the Yerevan service area. Financial and service operations have improved notably due to success in the metering program and the increase of total collections to 77% of billed amounts. The financial situation of the Yerevan Water and Sanitation Company continues to improve, although it still needs government support to pay external suppliers, including energy providers. Achievement of the third objective has been largely achieved through the successful operation of water and wastewater services by the private operator. Such success has laid the groundwork for future involvement of the private sector. Recruitment of a new private operator under a lease arrangement is ongoing.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IBRD-P3180	Closed	2.00	0.00	2.00	0.00
IDA-30950	Effective	32.54	29.53	1.36	0.00
IDA-Q0500	Closed	2.00	0.00	0.00	2.00
JPN-27095	Closed	0.28	0.27	0.00	0.01
JPN-51373	Effective	1.92	0.95	0.96	0.00

Status of Projects in Execution - FY05



Project Name (ID): Enterprise Incubator LIL (P044852)

Country: Armenia

Board Approval Date: 11/29/2001

Midterm Review Date: 02/07/2004

Closing Date: 12/31/2006

Loan/Credit/Grant Number: IDA-35800, JPN-25354

Sector(s): Information technology (86%), Telecommunications (14%)

Theme(s): Infrastructure services for private sector development (P), Small and medium enterprise support (P), Other financial and private sector development (P), Education for the knowledge economy (S)

Project Development Objectives:

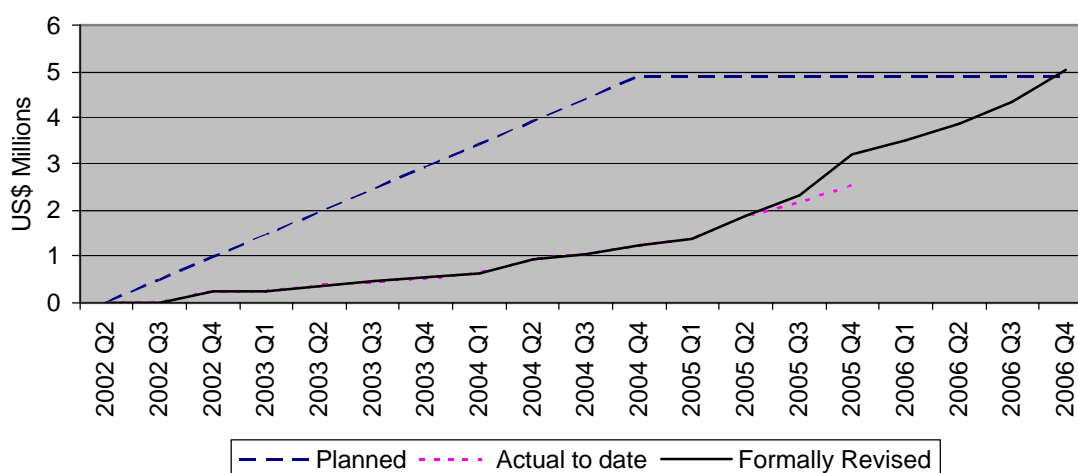
The project has three objectives: (i) demonstrate the viability of company formation in an inhospitable business environment and encourage employment creation/ productivity enhancement; (ii) demonstrate the positive impact of foreign direct investment in the IT industry; and (iii) produce better skilled workers through demand-driven skill upgrading in the IT sector on a pilot basis.

Progress toward achieving development objective(s):

Recent progress has been encouraging, and the project is slowly overcoming problems that beset it at the start. The business and skills development components are proceeding well. Demonstrated success achieved thus far has attracted new funding from other sources (worth \$3 million) and signals wider support for the aims of the project. A newly signed agreement with the Cafesjian foundation to establish a venture fund for IT and high-tech start ups is expected to contribute further to success in this area.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35800	Effective	5.69	2.53	3.14	0.00
JPN-25354	Closed	0.21	0.18	0.00	0.03



Project Name (ID): Irrigation Development (P055022)

Country: Armenia

Board Approval Date: 08/30/2001

Midterm Review Date: 01/24/2005

Closing Date: 03/31/2007

Loan/Credit/Grant Number: IDA-35680, IDA-Q2820, JPN-25793

Sector(s): Irrigation and drainage (63%), Central government administration (19%), Sub-national government administration (9%), Law and justice (9%)

Theme(s): Rural services and infrastructure (P), Rural policies and institutions (P), Participation and civic engagement (P), Other social protection and risk management (S)

Project Development Objectives:

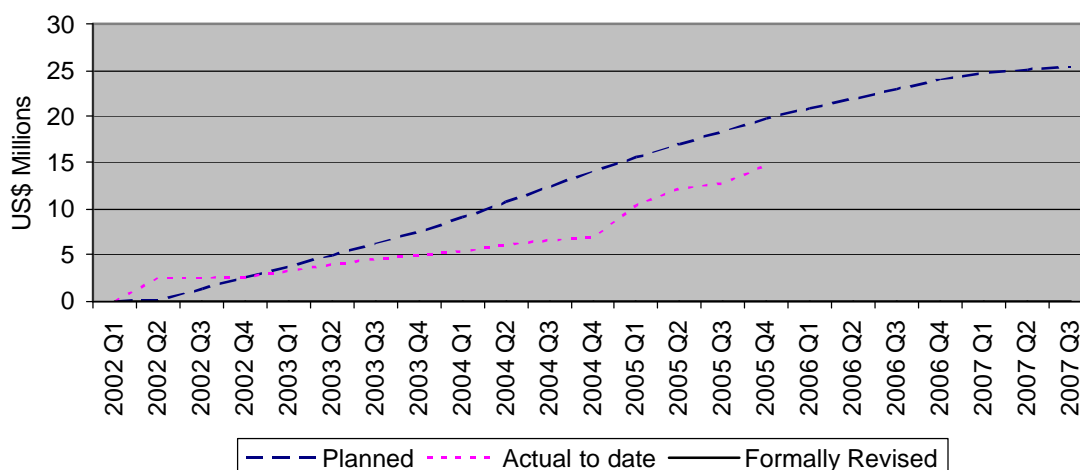
The objective is to enhance the profitability and sustainability of the irrigated agriculture system.

Progress toward achieving development objective(s):

The project is progressing well. Water delivery to farmers has substantially increased by 100 million cubic meters while water losses have been reduced by 20 million cubic meters. The program to reduce costs further by converting to gravity schemes is well under way. Cost recovery of operations and maintenance has improved significantly, though there is still progress to be made. Institutional reforms being undertaken through the project, including the formation of Water User Associations (WUAs) and the restructuring of the Water Supply Agency, are ongoing, although recent developments in this area are raising some concerns.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35680	Effective	28.89	14.73	13.68	0.00
IDA-Q2820	Closed	1.14	0.00	1.14	0.00
JPN-25793	Closed	0.55	0.55	0.00	0.00



Project Name (ID): Judicial Reform (P057838)

Country: Armenia

Board Approval Date: 09/14/2000

Midterm Review Date: 10/01/2003

Closing Date: 06/30/2006

Loan/Credit/Grant Number: IDA-34170, IDA-Q2250

Sector(s): Law and justice (100%)

Theme(s): Access to law and justice (P), Judicial and other dispute resolution mechanisms (P), Law reform (P), Legal services (P)

Project Development Objectives:

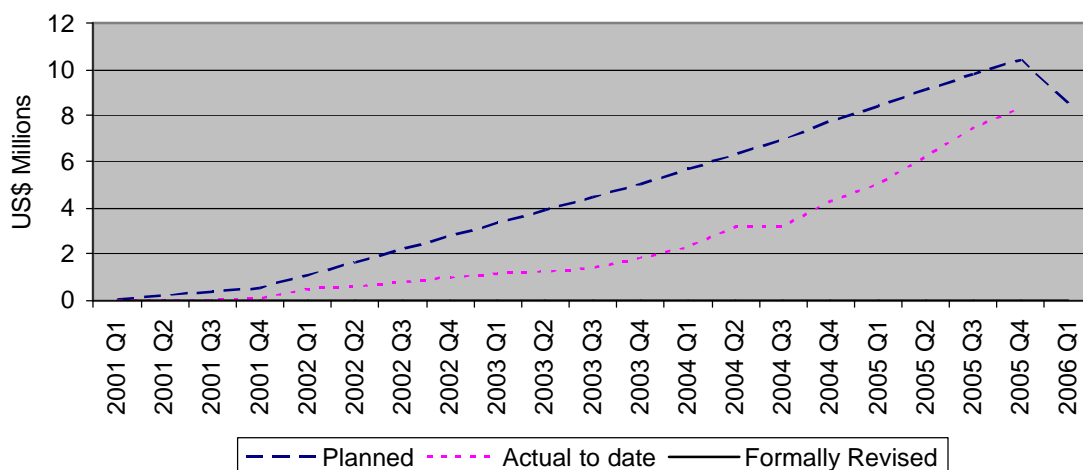
The objective is to assist in the development of an independent, accessible and efficient Judiciary in the Republic of Armenia, which is essential to governance, rule of law, and investment climate.

Progress toward achieving development objective(s):

The project continued to make good progress on all components, including overcoming previous delays in the judicial training activities. Six of 12 planned courthouses have been rehabilitated or reconstructed anew with an additional four nearly complete and the final two under construction. The number of cases administered and completed by the Enforcement Department continues to rise reflecting improvements in efficiency. The Armenian Legal Information System (ARLIS) is now being tested and the database of legislative acts being reviewed for quality and consistency. The My Rights TV program remains the number one show in Armenia and continues to be successfully deepen public legal awareness and education. Additional episodes are being produced and financed by the project. Progress has also been made in implementing consultant recommendations for improving court administration and case management in seven pilot courts and in the development of automated case management software. The project is expected to fully achieve its development objectives

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-34170	Effective	12.55	8.64	3.80	0.00
IDA-Q2250	Closed	0.47	0.00	0.00	0.47



Project Name (ID): Natural Resources Management and Poverty Reduction (P057847)

Country: Armenia

Board Approval Date: 06/04/2002

Closing Date: 07/31/2008

Loan/Credit/Grant Number: IDA-36520, IDA-Q3200

Sector(s): General agriculture, fishing, and forestry (85%), Other social services (11%), Central government administration (2%), Sub-national government administration (2%)

Theme(s): Biodiversity (P), Other rural development (P), Participation and civic engagement (P), Environmental policies and institutions (P), Rural policies and institutions (S)

Project Development Objectives:

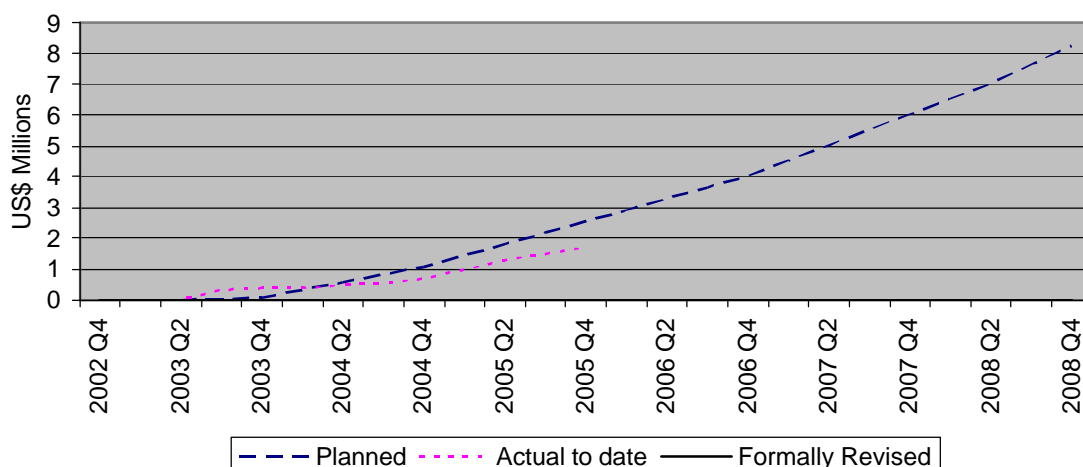
The project's development objective is the adoption of sustainable natural resource management practices and to alleviate rural poverty in mountainous areas where degradation has reached a critical point. The project will help avert further deterioration of natural resources (soil, water, forest, fishery, and biodiversity) and stabilize incomes in the local communities.

Progress toward achieving development objective(s):

Progress towards achieving the project development objectives has been slow. To-date, the project has worked with 59 villages in 34 watersheds to grow basic crops with improved seed varieties and sustainable farming practices. The new practices resulted in increased incomes for the beneficiaries. Reduced environmental degradation, however, has been slow to materialize. The project has also supported the development of forest policies and forest management plans that are expected to improve the protection and rehabilitation of the forest. Planning of the management of protected areas is currently underway involving all stakeholders.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36520	Effective	9.78	1.69	8.08	0.00
IDA-Q3200	Closed	0.45	0.00	0.00	0.45



Project Name (ID): Second Social Investment Fund (P057952)

Country: Armenia

Board Approval Date: 05/11/2000

Midterm Review Date: 10/06/2003

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-33480, IDA-Q2070, WBTF-24403

Sector(s): General education (41%), General water, sanitation and flood protection (26%), Irrigation and drainage (17%), Other social services (16%)

Theme(s): Access to urban services and housing (P), Rural services and infrastructure (P), Improving labor markets (P), Small and medium enterprise support (S), Participation and civic engagement (S)

Project Development Objectives:

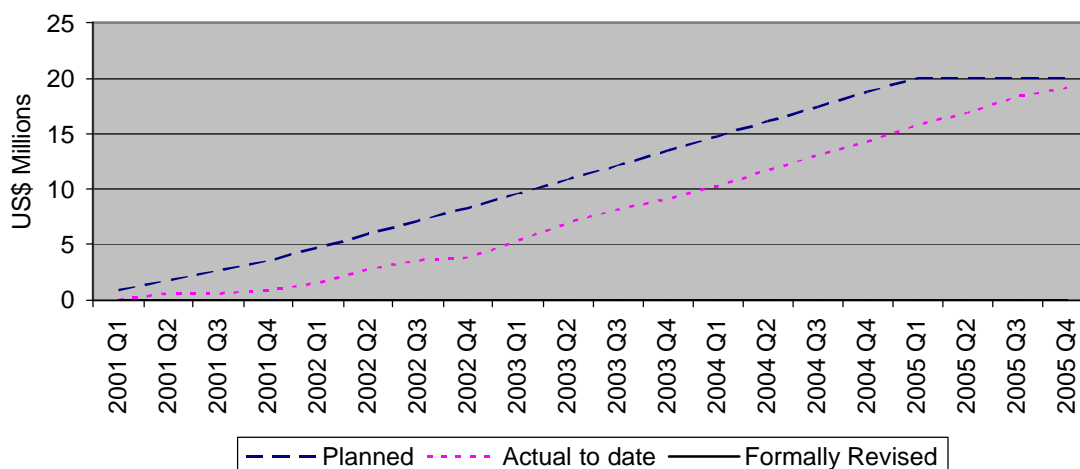
The objective is to improve living standards of lower income groups and strengthen institutions at the local level.

Progress toward achieving development objective(s):

Activities under the project are nearly complete and the project is on track to meet its development objectives. The project has effectively promoted institution building and social capital formation with comprehensive capacity building programs and high quality training, rolled out countrywide, that prioritized community investment projects. Communities were empowered and decentralized management of basic social services at the local government and community levels was improved and strengthened. Visible social and economic benefits for the poorest communities show that the project has had a positive impact in reducing non-income poverty.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-33480	Effective	21.74	17.33	3.56	0.00
IDA-Q2070	Closed	0.50	0.00	0.00	0.50
WBTF-24403	Effective	2.13	1.82	0.11	0.00



Project Name (ID): Public Sector Modernization (P060786)

Country: Armenia

Board Approval Date: 05/04/2004

Closing Date: 03/31/2009

Loan/Credit/Grant Number: IDA-38910, NETH-50298

Sector(s): Central government administration (70%), Sub-national government administration (30%)

Theme(s): Administrative and civil service reform (P), Public expenditure, financial management, and procurement (P), Municipal governance and institution building (P), Municipal finance (S), Law reform (S)

Project Development Objectives:

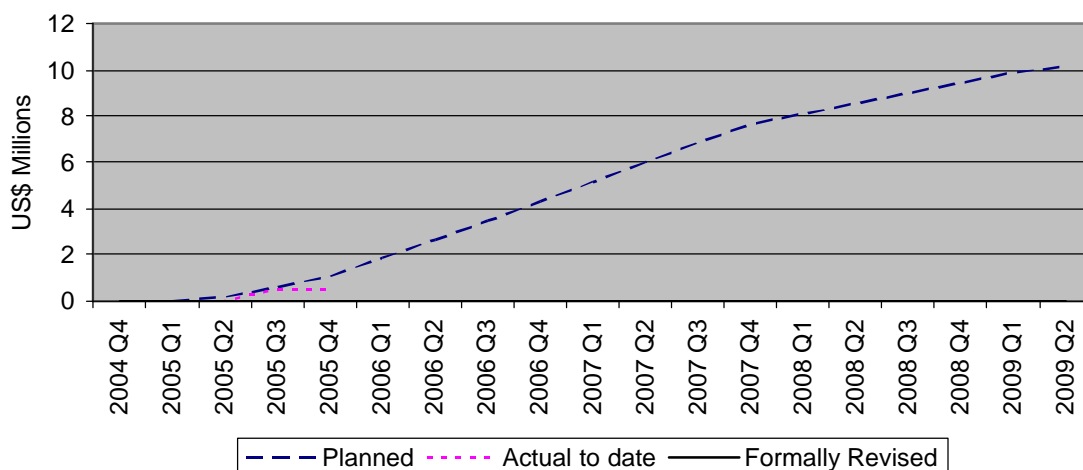
The objective is to enhance efficiency in public sector management and improving transparency in government decision-making and policy implementation

Progress toward achieving development objective(s):

During the year, the project experienced some delays in getting started on implementation following effectiveness in December 2004. These have been mostly resolved, but implementation is still in too early a state to report meaningful progress.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38910	Effective	9.92	0.50	9.44	0.00
NETH-50298	Closed	0.34	0.25	0.00	0.10



Project Name (ID): Municipal Water and Wastewater (P063398)

Country: Armenia

Board Approval Date: 05/04/2004

Closing Date: 02/28/2009

Loan/Credit/Grant Number: IDA-38930, IDA-Q2870

Sector(s): Water supply (71%), General water, sanitation and flood protection (20%), Sewerage (5%), Central government administration (4%)

Theme(s): Access to urban services and housing (P), Other urban development (P), Pollution management and environmental health (S)

Project Development Objectives:

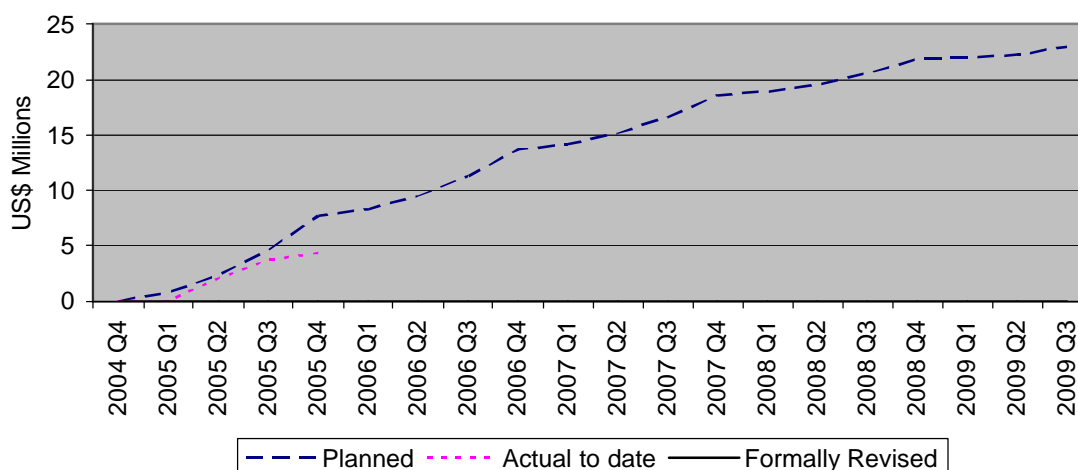
The objective of the project is to improve the quality of water and wastewater services in the Armenia Water and Sanitation Company (AWSC) Service Area by improving utility financial discipline, rehabilitating sector infrastructure, and increasing efficiency in water distribution and use.

Progress toward achieving development objective(s):

The project has made progress toward its development objectives. A tariff increase was approved as recommended. Tangible results that have accrued thus far include a large increase in the number of installed and operational individual meters, 104,500 from 7,500 meters; and a much higher rate of collections, 77% compared to 53% at appraisal. These improvements are mostly due to changes in the organizational front. A management contractor took over the system in November 2004 as agreed, and the AWSC was reorganized. Efforts are underway to replace pumps and repair leaks to reduce water loss in the system.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38930	Effective	22.47	4.32	18.35	0.00
IDA-Q2870	Closed	1.20	0.00	0.00	1.20



Project Name (ID): Irrigation Dam Safety (P064879)

Country: Armenia

Board Approval Date: 06/24/1999

Midterm Review Date: 12/10/2002

Closing Date: 09/30/2007

Loan/Credit/Grant Number: IDA-32600

Sector(s): Irrigation and drainage (78%), Central government administration (22%)

Theme(s): Natural disaster management (P), Water resources management (P), Infrastructure services for private sector development (P), Rural services and infrastructure (S)

Project Development Objectives:

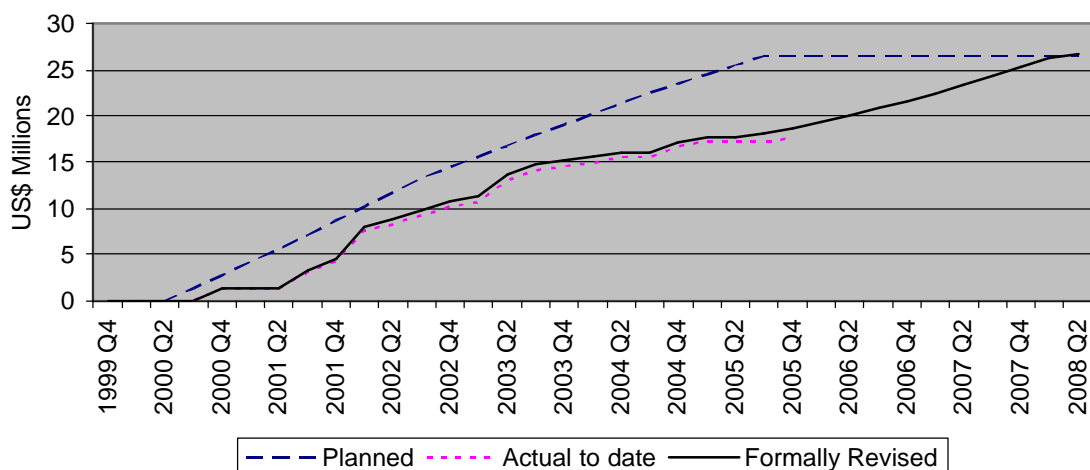
This project will protect the population and the socioeconomic infrastructure downstream of the dams in Armenia facing the highest risk of failure.

Progress toward achieving development objective(s):

The impact of project interventions is gradually being felt, particularly in areas surrounding 27 rehabilitated dam sites scattered around the country. All irrigation dams in Armenia have been investigated and priority interventions have been made. In addition, emergency preparedness plans have been readied for all sites. The Emergency Management Agency has been continuing to conduct awareness-raising campaigns by disseminating targeted information and simulating situations in select communities. These efforts are being strengthened in areas where progress has been uneven. Awareness levels continue to be monitored in affected communities.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-32600	Effective	28.75	17.59	9.32	0.00



Project Name (ID): Health Systems Modernization (P073974)

Country: Armenia

Board Approval Date: 06/10/2004

Closing Date: 06/30/2009

Loan/Credit/Grant Number: IDA-39200, JPN-26804, JPN-51331, JPN-53436

Sector(s): Health (90%), Central government administration (6%), Compulsory health finance (4%)

Theme(s): Health system performance (P), Other communicable diseases (S), HIV/AIDS (S), Non-communicable diseases and injury (S), Access to urban services and housing (S)

Project Development Objectives:

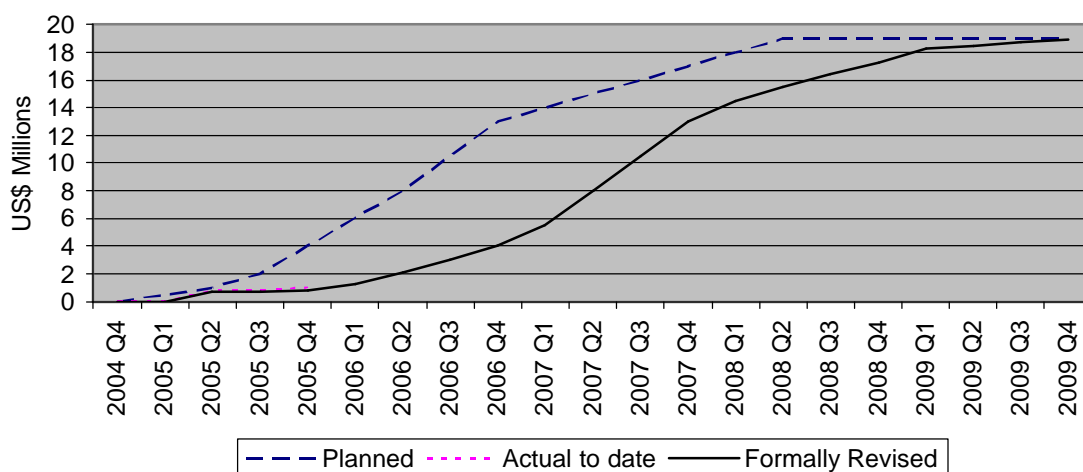
The objectives are to expand access to quality primary health care, improve quality and efficiency of selected hospital networks, and lay the groundwork for effective health sector policy and monitoring.

Progress toward achieving development objective(s):

The project started well in the six months since becoming effective. The most significant development has been the signing of tri-partite agreements for 3 out of 4 potential optimization sites.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39200	Effective	18.97	1.03	17.99	0.00
JPN-26804	Closed	0.49	0.47	0.00	0.02
JPN-51331	Effective	0.96	0.51	0.45	0.00
JPN-53436	Effective	1.25	0.13	1.13	0.00



Project Name (ID): Education Quality and Relevance (P074503)

Country: Armenia

Board Approval Date: 01/20/2004

Closing Date: 11/30/2008

Loan/Credit/Grant Number: IDA-38490, IDA-Q3390, JPN-26805

Sector(s): Secondary education (40%), Primary education (40%), Central government administration (10%), Compulsory pension and unemployment insurance (7%), Other social services (3%)

Theme(s): Education for the knowledge economy (P), Education for all (S)

Project Development Objectives:

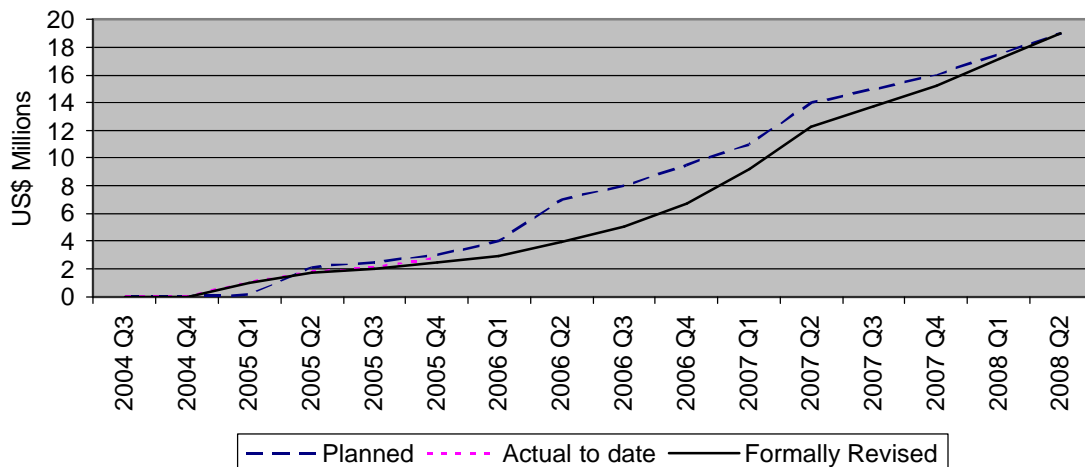
The objective is to improve the quality and relevance of the Armenian school system to meet the challenges of the knowledge society.

Progress toward achieving development objective(s):

The first year of project implementation has been very positive and on track, with good technical support being provided by consultants and a high level of ownership on the part of the government. Provided that this trend continues, the project is likely to fully meet its objectives.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38490	Effective	19.26	2.79	16.52	0.00
IDA-Q3390	Closed	1.29	0.00	0.00	1.29
JPN-26805	Closed	0.37	0.33	0.00	0.04



Project Name (ID): Foreign Investment and Export Facilitation LIL (P076543)

Country: Armenia

Board Approval Date: 04/16/2002

Midterm Review Date: 05/17/2004

Closing Date: 12/31/2005

Loan/Credit/Grant Number: IDA-36330

Sector(s): General industry and trade (50%), General public administration (50%)

Theme(s): Export development and competitiveness (P), Trade facilitation and market access (P), Small and medium enterprise support (P)

Project Development Objectives:

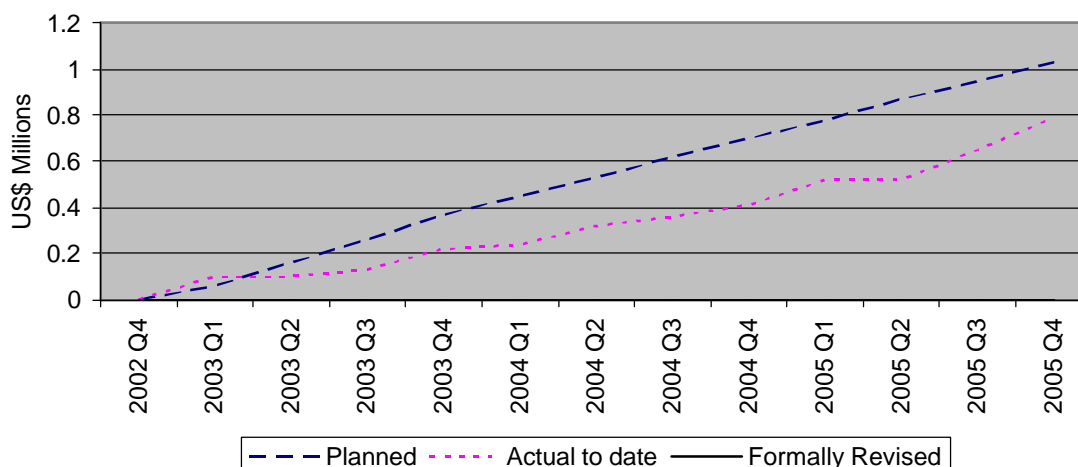
The objectives are to test potential exporters' and investors' response to the investment environment, to implement a promotion strategy to attract the investors, and to improve investment and business climate, as well as enhancement of the country investment attractiveness and facilitation of exports.

Progress toward achieving development objective(s):

As the project approaches closing, it has already achieved its objectives. The capacity of the Armenian Development Agency (ADA) as the main promotion institution for Armenia has been substantially strengthened. The Investment Promotion Department recently completed a European outreach campaign during which 15 quality leads were generated. The Export Promotion department now focuses on priority sectors and has facilitated attendance by Armenian companies in international exhibitions. The ADA's role as the Secretariat of the Business Support Council has been promoted public-private dialogue and generated initiatives to complement the government's own efforts at improving the business environment. Recently, the ADA was ranked among the top 5 percent of international investment promotion agencies, by the joint MIGA/GDP Global 2005 benchmarking exercise.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-36330	Effective	1.17	0.80	0.36	0.00



Project Name (ID): Social Protection Administration (P087620)

Country: Armenia

Board Approval Date: 06/10/2004

Closing Date: 12/31/2007

Loan/Credit/Grant Number: IDA-39210

Sector(s): Other social services (70%), Compulsory pension and unemployment insurance (30%)

Theme(s): Social risk mitigation (P), Improving labor markets (P), Other public sector governance (S)

Project Development Objectives:

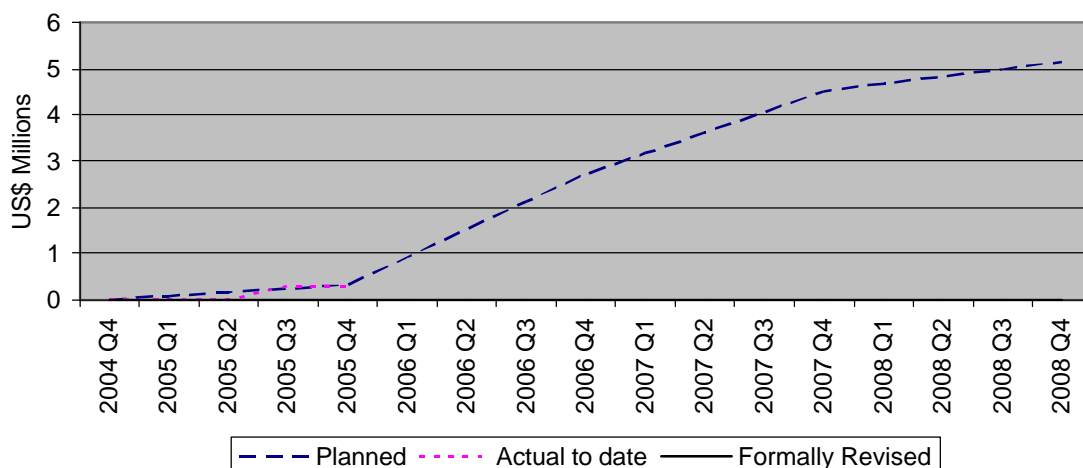
The objective is to improve the capacity of the employment, pension and social assistance agencies to provide more efficient, effective and high quality services to the population.

Progress toward achieving development objective(s):

The project became effective only in late December 2004 and early indications suggest the project is generally on track. Agreements on project management have been reached and much progress has been made in the establishment of the monitoring and evaluation system for the project.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39210	Effective	5.25	0.30	4.96	0.00



Project Name (ID): Yerevan Water and Wastewater (P087641)

Country: Armenia

Board Approval Date: 02/24/2005

Closing Date: 02/28/2011

Loan/Credit/Grant Number: IDA-40380, IDA-Q3960

Sector(s): Water supply (99%), Sanitation (1%)

Theme(s): Access to urban services and housing (P), Pollution management and environmental health (S), Rural services and infrastructure (S), Water resources management (S)

Project Development Objectives:

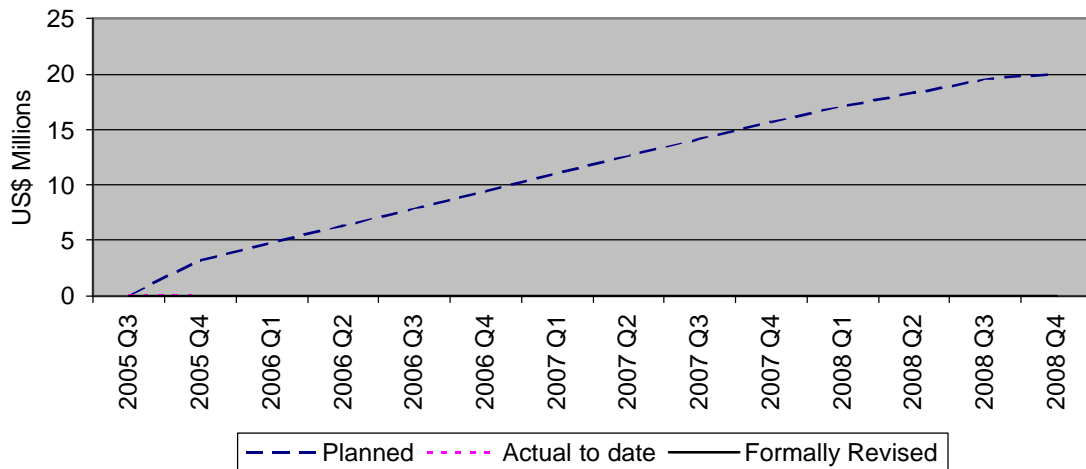
The objective is to provide Yerevan with safe, continuous water supply while reducing environmental pollution.

Progress toward achieving development objective(s):

The project was not effective at the close of the reporting period.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-40380	Effective	18.97	0.00	18.97	0.00
IDA-Q3960	Effective	2.00	0.98	1.02	0.00



Project Name (ID): Second Irrigation Dam Safety (P088499)

Country: Armenia

Board Approval Date: 06/10/2004

Closing Date: 03/31/2009

Loan/Credit/Grant Number: IDA-39220

Sector(s): Irrigation and drainage (53%), Central government administration (28%), Telecommunications (15%), Roads and highways (4%)

Theme(s): Natural disaster management (P), Water resources management (P), Rural services and infrastructure (S)

Project Development Objectives:

The project will protect the people and the socioeconomic infrastructure downstream of dams facing high risk of failure. It aims at upgrading the safety status of 47 dams in need of rehabilitation and putting in place the necessary conditions (safety monitoring, operation & maintenance, emergency preparedness) that could not be financed under the ongoing Dam Safety project, defacto completing the task initiated under that project.

Progress toward achieving development objective(s):

The project only became effective at the end of the reporting period. The experience and success achieved with the first Dam Safety project is expected to provide valuable lessons to aid the successful implementation of this project.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39220	Effective	6.86	0.50	6.38	0.00

