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## NEWS RELEASE

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# 50 Needy Communities in Armenia to Benefit from Social Investments

## *World Bank Supports Community Investments that Target the Poor*

**WASHINGTON, February 14, 2012** - The World Bank's Board of Executive Directors today approved a US\$11 million credit, the Third Additional Financing for the **Social Investment Fund III (ASIF III) Project for Armenia**. The Additional Financing will further assist the Government of Armenia in its efforts to improve the living standards of the poor and vulnerable groups by expanding labor-intensive infrastructure projects in response to critical needs of the local communities.

The Project focuses on "infrastructure gaps" through renovation and rehabilitation of secondary and special schools, kindergartens, gymnasiums and playgrounds, primary health clinics, potable water pipelines and sanitation systems, community-cultural and social service centers, minor irrigation schemes throughout Armenia. In this regard, the situation in Armenia's rural areas, especially in remote and isolated communities, and the earthquake zone, is particularly severe. The Project targets those populations most affected by the economic crisis, and the Additional Financing will help to meet these and other needs over the medium-term.

*"The main strength of ASIF is in its approach to enable local communities to identify their own investment needs,"* said **Asad Alam, World Bank Regional Director for the South Caucasus**. *"The proposed project will directly benefit 50 rural communities. While this creates much-needed jobs in the current environment, the success of the program will also depend on how well local communities are able to sustain these new investments."*

ASIF has successfully been in operation for the last decade and a half. So far, under ASIF III, 233 community infrastructure micro-projects have been completed and another 27 are under implementation. The completed micro-projects created over 447,000 days of employment and US\$7.23 million in wage income from short-term employment. The Project also financed school furniture for 802 elementary school classrooms throughout the country.

*"The ASIF micro-projects have proven to be an effective tool in responding to the needs of the poor and promoting economic growth in remote and isolated villages by supporting small-scale, labor intensive, community infrastructure projects and creating employment in the poorer regions,"* said **Jean-Michel Happi, World Bank Country Manager for Armenia**.

The Additional Financing will support implementation of about 50 micro-projects aimed at infrastructure rehabilitation and improvement, and will create short-term employment of up to 140,000 days of labor. About 20 schools and kindergartens and 5 community centers will benefit from improved furniture under the proposed project.

The ASIF III Project has two main components. It supports **community investments** in the poorest communities of Armenia through basic small-scale social and economic infrastructure rehabilitation. These

investments are made based on the community-driven development approach where communities are responsible for identifying their own priorities, contributing to the financing of their micro-projects, monitoring and supporting the implementation and maintaining them after completion of micro-projects.

The ASIF III Project also complements community investments through **local-level institutional strengthening and capacity building for improved management, monitoring, and evaluation** to improve the quality and sustainability of community investments and service delivery, increase accountability, and enhance greater stakeholder empowerment at the local level.

*“Capacity building is provided for community councils, school boards and the micro-project implementing agencies to effectively plan and manage their investments and strengthen partnerships with local governments, resulting in more than 4,700 community members receiving the training so far,”* said **Ivan Drabek, head of the World Bank team designing the project.** *“Furthermore, the municipal financial management training has been successfully conducted with 515 local mayors, finance officers, council members from 105 communities from all regions of Armenia.”*

Total financing of the Additional Financing is US\$ 14.6 million, of which the Government of Armenia will finance US\$2.9 million and US\$0.7 million will be provided by beneficiary communities. The IDA credit in the amount of US\$11 million carries a maturity of 25 years including a grace period of 5 years.

Since joining the World Bank in 1992 and IDA in 1993, the total IDA and IBRD commitments to Armenia amount to US\$1, 517 million.

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