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## NEWS RELEASE

News Release

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### World Bank Supports Water Supply Improvement for 133,000 Residents in Armenia

**WASHINGTON, February 21, 2012** - The World Bank's Board of Executive Directors today approved a US\$15 million loan for the **Municipal Water Project for Armenia**. The Project will support improvement of the quality and availability of water supply in selected service areas of the Armenian Water and Sewerage Company (AWSC).

The activities proposed under the Project will directly benefit over 133,000 residents in the cities of Ashtarak (Aragatsotn region), Masis (Ararat region) and Echmiadzin (Armavir region) and 15 neighboring rural settlements. The investments will increase average daily supply of drinking water service from 12 hours to 17 hours, improve water quality, decrease water pollution risks and improve customer service. About 21,000 residents will also benefit from installation of new meters. The Project will generate multiple benefits for the public and private sectors by creating a more conducive environment for service delivery to users and stimulating economic activities.

*"This Project supports the Government's strategy aiming at promoting access to quality potable water across the country, including in small and medium-size towns and rural areas. This is an important part of the World Bank's Country Partnership Strategy for Armenia,"* said **Asad Alam, World Bank Regional Director for the South Caucasus**.

The proposed Project is a repeater operation, building on the success of the Municipal Water and Wastewater Project (MWWP) and its Additional Financing, and expanding it to new towns and rural settlements. Over the project implementation period of 2004-2011, the MWWP achieved good results benefiting 264,000 households: the average daily supply of drinking water increased from 6 hours to 15 hours/day, cities with minimal daily hours of water supply increased from 68 percent to 94 percent; revenue collection increased from 47.9 percent to almost 94 percent; billing on the basis of metered consumption increased from 40 percent to 81.2 percent, and bacteriological safety compliance increased from 93 to 98.2 percent.

*"We are particularly pleased to continue supporting improved access to sustainable water supply services in rural Armenia given its strong linkages to health and environment,"* said **Jean-Michel Happi, World Bank Country Manager for Armenia**. *"The goals of the proposed investments are to drastically improve physical infrastructure in a technically sound, cost effective, and reliable manner."*

The project includes three components. The first component (Investments in water supply systems) finances the design, construction, and supervision of priority reconstruction and rehabilitation works; the second component (AWSC investments) will fund water metering program, and facility automation; and the third component ((AWSC management strengthening) finances the enhanced management contract and technical studies, as well as the financial and technical audits.

*"Over the past decade, the Government has succeeded in improving access, reliability and quality of drinking water with increased use of public-private partnerships (PPP), which have brought about higher efficiency and improvements in quality of service to customers,"* said **Ahmed Eiweida, head of the World**

**Bank team designing the project.** *“With the World Bank support, the Government also competitively selected an international water operator to manage the AWSC under a Management Contract. Significant amount of investments are still needed to reduce the high level of commercial and technical losses, and to rehabilitate the water and wastewater infrastructure.”*

The total financing of the project is USD18 million, of which the Government of Armenia will finance USD3 million. The IBRD loan in the amount of USD15 million carries a maturity of 25 years including a grace period of 10 years.

Since joining the World Bank in 1992 and IDA in 1993, the total IDA and IBRD commitments to Armenia amount to US\$1, 612 million.

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