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**News Release**

**Together for Growth and Shared Prosperity**

**Marking the 20th Anniversary of the Republic of Armenia Joining the World Bank**

**YEREVAN, December4, 2012 –**The World Bank today marks the 20th anniversary of its cooperation with the Republic of Armenia, a partnership that has made an important contribution to improving lives of the Armenian children, women, and men. A celebration event is attended by many counterparts, including high level officials, representatives of business and banking sectors, project implementation units, civil society organizations, and media outlets.

Since independence, in the early 1990s, Armenia’s economy has undergone a profound transformation. Sustained growth, ambitious reforms, and external inflows of capital and remittances have created a market-oriented environment that is highly receptive to trade, capital, and technological innovation.

Starting with an initial $12 million Operation designed to assist the economic reforms, the World Bank has remained a firm development partner, through 56 operations committing over $1, 6 billion to Armenia, throughout the last two decades.

*“This is a significant milestone for the Bank and we are proud to have been serving Armenian people,” the* **World Bank Regional Director for South Caucasus Henry Kerali** said*. “Armenia has come a long way in the last two decades. Thanks to sustained reform efforts by the Government since early 1990s, the country has managed to increase incomes for its citizens, improve transport and infrastructure, and curtail poverty. However, the country continues to face social and economic challenges, in the aftermath of the recent global and Euro zone crisis. Throughout all these changes, the World Bank Group constantly engaged with Armenia – forging a solid partnership through good times and bad.”*

According to the Country Client Survey conducted in the fall of 2012, the World Bank’s overall effectiveness in Armenia is rated 7.6 (out of 10 point scale); the respect with which the Bank treats stakeholders in the country is rated 8.6; the staff preparedness is graded at 8.3. Looking toward the future, respondents on average rated the potential role to be played by the Bank in terms of Armenia’s development landscape at the level of 8.3. The rating on the technical quality of the Bank’s knowledge stands at 7.6.

“The Client Survey outcomes are encouraging for us, the World Bank Armenia Country Team, especially prior to the preparation of the next Country Partnership Strategy (CPS) covering the period FY2014-17”, **Country Manager for Armenia Jean-Michel Happi** said. “Our staff is our main asset and the key to success of the Bank Group’s financing, knowledge sharing, and advisory services.”

The current Country Partnership Strategy for Armenia, which comes to an end in mid-2013, has been developed in the aftermath of the global economic crisis of 2009. The World Bank has supported the Government by envisaging total IDA/IBRD allocation of US$640.6 million with IDA share equaling to US$277 million. On top of the lending operations the Bank has 16 active trust fund operations totaling to about $15 million, as well as providing sector diagnoses and strategies that underpin the Bank’s dialogue and possible interventions.

Currently, there are 14 active projects financed by the Bank. Here are some results achieved so far.

Under the ***Lifeline Roads Improvement Project* (LRIP)** the most isolated communities in Armenia are benefitting from improved roads, opening potential avenues for tourism industry and economic revival. The intervention has resulted in rural communities reconnected to their urban centers/markets. Since 2009, 332 km of roads linking villages to main highways have been rehabilitated while creating over 34,000 person-months of employment in rural areas.

The quality, reliability, and efficiency of water supply services have improved through **the *Municipal Water* (MWP)** and ***Municipal Water and Wastewater* (MWWP)** projects for Yerevan and outside the capital city. Over 332,000 households in Yerevan have benefitted from improvements in the duration of water supply and water quality. In capital city, the average number of hours on daily basis goes over 21 hours, while for other beneficiary communities it has increased from an average of six hours per day in 2004 to over 15 hours per day in 2012.

The original ***Irrigation Rehabilitation Emergency* *Project*** **(IREP)** reduced water loses between primary intake and secondary structure interface on average by 15-16 percent due to rehabilitated 89.4 km of all identified sections of Armavir and Talin main canals. The intervention has also contributed to the creation of 11,379 man-month temporary jobs. It could led to estimated 2,400 agricultural jobs, dealing with the cultivation of high-value crops. As a result of this intervention, 8000ha of land could be returned to irrigation. The on-going***Additional Financing for Irrigation Rehabilitation Emergency Project*** **(AF IREP)** aims at the rehabilitation of 50 kilometers of selected main and 60km secondary canals, reducing water loss between primary intake and the on-farm system from 23 to 11 percent.

The transmission line connecting two key generation centers - Hrazdan Thermal Power Plant and Vorotan Cascade of hydropower plants, serving large electricity consumers in the central-eastern part of the country, will be replaced under the ***Electricity Supply Reliability* *Project* (ESRP**), thus, increasing the reliability and capacity of the transmission network. The line was constructed in 1956–58 and has been in service since then.

The ***Geothermal Energy* *Project* (GEP)** has already completed the preliminary economic and financial assessment of previously identified Karkar site’s potential, which combined with a number of technical studies, will be used prior to exploratory drilling.

By supporting energy efficiency investments in 120 schools, hospitals and other public facilities, the ***Energy Efficiency Project (EEP)*** will develop, test and disseminate replicable and sustainable models for energy efficiency service provision and stimulate the market by creating demand for relevant equipment and services.

So far under the ***Community Agricultural Resource Management and Competitiveness* (CARMAC)** ***Project*** 49 Pasture Users’ Associations (PUAs) have been established in communities along with 31 pasture management plans that have been completed with 18 being in the process. This would be evidenced through improved productivity and sustainability of the pasture/livestock livelihood systems in 55 communities.

Under the ***Access to Finance for Small and Medium Enterprises*** **(AFSME)** ***Project*** 6000 SMEs have received loans in the amount of $85 million USD for development projects through 15 local banks and financing organizations. As of end-2012, loans have been provided cumulatively to SMEs across all regions, operating in the trade, agricultural, production, and service sectors for both investment and working capital needs. The original amount for AFSME was $50 million USD. However, it has reached the current level of financing through the revolving fund created under this project.

The ***Armenia Social Investment Fund* (ASIF) III** ***Project*** has so far successfully completed 233 community infrastructure micro-projects (community-cultural centers, schools, kindergartens, health care centers, potable water supply and irrigation systems) and created 447,000 person-days of employment, as well as generating US$ 7.23 million in wage income.

Eight regional medical centers (MCs) in Kotayk (Hrazdan MC), Tavush (Ijevan MC), Armavir (Armavir MC), Ararat (Ararat MC), Syunik (Goris MC), Aragatsotn (Aparan MC), Gegհarkunik (Gavar MC), and Gyumri (Medical Center of Shirak) with overall 642,100 population — were renovated and constructed, as well as provided with modern medical equipment and furniture under the ***Second Health Modernization* *Project* (HMP).** Also Lori region’s Alaverdi MC (47,600 population) was provided with modern medical equipment and furniture.

The ***Second Judicial Reform* *Project*** **(JRP-II)** supported the rehabilitation of 14 courthouses totaling 19,000 square meters of area. 70 public information kiosks providing access to judicial services and information were installed in Yerevan and regional courts and selected administrative buildings. About 10 additional kiosks for the regions will be installed by December 31, 2012.

Through ***Second Public Sector Modernization* Project** **(PSMP-II)** an archiving system for the electronic document management system (Mulberry), operational in all ministries, all governors’ offices, and in other public administration bodies (totaling 50 entities), is launched. The Commission on Ethics of High-Ranking Officials was established in January 2012 as part of a policy dialogue on conflict of interest management reform. In April 2012, the Automated Information Retrieval System was launched in Traffic Police Service, facilitating transparent service delivery during registration of vehicles, receipt of plate numbers and driver licenses

The second phase of the ***Education Quality and Relevance* *Project* (EQRP)** continues to focus on the reform in education system, through support to 194 pre-school education micro-projects, benefiting over 4,250 students, increase of (256 kilobytes to 2 megabytes) network capacity in the schools, receipt of hardware in 1,360 schools, creation of resource centers in 91 school libraries, provision of grants to 10 public universities for the establishment of internal Quality Assurance system.

The ***Social Protection Administration* *Projec****t* **(SPAP)** has addressed a key challenge of a modern social protection administration and has already created results by increasing the share of pensioners and social assistance beneficiaries who are paid in a well-timed manner, with both indicators reaching 99.7% performance (2012 survey data). Gyumri Center for the Disabled is functional. Overall satisfaction of beneficiaries with social service and benefits has improved, reaching 98.9 percent (2012 survey data).

The***E-Society and Innovation for Competitiveness* *Project* (EIC)** has enabled the creation of electronic certificates/IDs system in Armenia, as well as fostered the development of Gyumri Technology Center (GTC) by creating advanced physical infrastructure, which is undergoing renovation and is scheduled to open by the end of 2013.

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