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|  | **NEWS RELEASE** |

**World Bank Supports Irrigation Systems Enhancement in Armenia**

*Water User Associations to benefit from improved service delivery*

**WASHINGTON, May 22, 2013** – The World Bank Board of Executive Directors today approved a US$30 million loan for the **Irrigation System Enhancement Project (ISEP) in Armenia**. This project will assist the Government of Armenia in its continuous efforts to ensure efficient, cost effective and sustainable irrigation through reduced amount of energy used and improved timing of water supply in four targeted irrigation schemes. In addition, it will help improve the availability and reliability of important sector data and information for decision-makers and other stakeholders.

The major investment will be aimed at lowering the operating cost of water by converting pump-based irrigation to gravity irrigation in four systems. The proposed ISEP will finance the construction of gravity irrigation systems in the Meghri, Gegardalich, Baghramyan-Norakert and Kaghtsrashen. About 52 km of outlet canals in 13 selected pump-based schemes will be rehabilitated to minimize losses of high-cost pumped water. The investment in these canals will allow for savings of more than 20 million cubic meters of high-cost pumped water. It will be achieved mainly through the improvement in conveyance efficiency of the outlet canals of selected schemes by reducing water losses. It is calculated that for 100,000 liters of water the introduced change will save 1.2 liters of water per second.

In addition to the energy saving effect of slightly more than 38 million kw/h, equivalent to about 30 percent of the total needs of the irrigation system in Armenia, the project will also allow improving water availability for currently serviced areas. This will potentially bring about 2,400 ha of formerly irrigated agricultural fields back to irrigation, leading to increased agricultural production.

*“The Bank’s support to agriculture in Armenia has continued for the last two decades through improved infrastructure and participatory irrigation practices,”* says **Jean-Michel Happi,** **World Bank Country Manager for Armenia***. “In the context of the country’s development strategy, boosting job creation through competitiveness and supporting the integration of mainly small farms is very timely.”*

The current project builds on the results of previous projects, intertwining the achievements into synergistically linked change. For over a decade, the Banks interventions helped the country to substantially decrease water shortages, increase reliability of water supply and timely delivery, which allowed for a significant shift of cropping patterns towards higher added value crops and, ultimately, to the growth of the agricultural GDP.

*“Our goal is to help improve governance in the Water User Associations by providing individual water users with better access to information and empowering them to voice their interests and concerns,”* says **Giuseppe Fantozzi, World Bank Senior Rural Development Specialist and the Task Team Leader of the project.** *“We are confident that suggested governance improvements combined with operational enhancements will contribute to the effective management and lead to improved competitiveness of individual users.”*

The two Water State Agencies (WSA) and 44 Water User Associations (WUA) being the project’s main beneficiaries would benefit from improved operations and enhanced capacity of service delivery. In particular, awareness raising and communication activities would help enhance the transparency and responsiveness of the WUAs’ executive bodies by increasing their ability to inform, communicate and consult with WUA members. Capacity building of WUAs’ will lead to increased efficiency and transparency of resource management.

The project will ensure gathering critical information in order to guide the Government in appropriate and sound decision-making. More specifically, information will relate to (a) extraordinary maintenance costs and how these translate into higher operations and maintenance cost in the future; (b) the performance indicators to measure the operational effectiveness of irrigation institutions; and (c) the actual amounts of water entering the irrigation system and being delivered to the WUAs at each intake gate in real time. For this purpose, Supervisory control and data acquisition (SCADA) system will be installed at 71 observation points on the main canals and at some other intake points to control water flow.

The total financing of the project is US$37.5 million, of which US$7.5 million is contributed by the Government of Armenia. The International Bank for Reconstruction and Development (IBRD) Specific Investment Loan (SIL) has a maturity of 30 years and a 5 year grace period.

Since joining the World Bank in 1992 and IDA in 1993, the commitments to Armenia total approximately US$1,734,600 million.

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