

1. CPS Data	
Country: Armenia	
CPS Year: FY09	CPS Period: FY09 - FY13
CPSCR Review Period: FY09-FY13	Date of this review: October 24, 2013

2. Executive Summary
<p>i. This review examines the implementation of the FY09-F13 Armenia Country Partnership Strategy (CPS) of FY09 and the CPS Progress Report (CPSPR) of FY11, and assesses the CPS Completion Report (CPSCR). The CPS was jointly implemented by IDA/IBRD and IFC; this review covers the joint program of the two institutions.</p> <p>ii. The WBG strategy in Armenia was based on the national strategy. The CPS objectives were articulated under two strategic pillars: (i) addressing vulnerabilities through macroeconomic stabilization and positioning of Armenia for post-crisis growth; poverty alleviation amidst assured health and social protection; and reduction of rural and environmental risks; and (ii) strengthening competitiveness for post-crisis growth by focusing on improved governance to boost public sector efficiency and strengthened foundation for knowledge economy and competitiveness. The CPSPR confirmed the relevance of the two pillars and maintained all the CPS objectives.</p> <p>iii. IEG rates the overall outcome of the CPS as <i>moderately satisfactory</i>, below the CPSCR rating of <i>satisfactory</i>. WBG assistance contributed to significant progress in expanding financial intermediation (including to SMEs), improving the business process in revenue agencies, expanding internet penetration and lowering its access cost, improving water services, and reforming the financing and quality assurance systems in education. Good progress was made in increasing the potential area for irrigation, the adoption of best practice mining legislation, improvement in communal pasture management, efficiency in public expenditure management, civil service assessment, and rule bound judicial decisions. The WBG's work in reforming the tax regime and administration was strategically important and contributed to the implementation of important reforms, although persistent governance issues call for additional efforts to improve performance in this area. There was also partial progress in road network rehabilitation. On the other hand, the Bank played a relatively minor role in the restoration of Armenia's macroeconomic stability while the country continues to face external current account vulnerability. While the Bank's temporary jobs program and the promotion of safe-gas heating in schools and multi-apartment buildings were successful, their relatively small size and the absence of a scale-up strategy limited the impact on the poor. Poverty increased during the CPS period, poverty targeting fell short of expectations, and the results in the health sector were mixed. Similarly, WBG projects contributed to progress in the energy sector, but the progress was timid in relation to the substantial needs and there is no evidence of a scale-up mechanism. The Bank's support in improving livestock productivity and the country's capacity for handling natural disasters has yet to produce measurable results, while progress was limited in dealing with conflict of interest, promoting fair competition in the private sector and facilitating cross-border trade due to legal limitations, insufficient resources allocated to these efforts, and lost reform traction in this area. Finally, information is lacking to substantiate the claim that the PPP framework has been strengthened.</p> <p>iv. IEG rates WBG performance as <i>satisfactory</i>, concurring with the CPSCR rating. The CPS objectives were consistent with Armenia development strategy and addressed both the urgent</p>

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needs of the crisis and the structural shortcomings of the economy. However, despite the explicit attention on selectivity, the design of the Bank's strategy was dispersed, covering every aspect of the comprehensive national strategy and with no indication of disengagement in any area as a result of donor activities, the government's internal capacities, and the need to shift resources to respond to the crisis. By contrast, IFC correctly diagnosed that it would be more successful, particularly in addressing the vulnerabilities of the economy, by targeting financial intermediaries. The selection of instruments was appropriate and the AAA program supported well the initiatives under the CPS. The relevant risks were identified, but the Bank was limited in what it could do to mitigate some of the risks. The WBG did show flexibility and responsiveness by extending the CPS period and by frontloading disbursements. On the other hand, mid-course corrections to the CPS program were mainly to adjust the indicators for measuring success, rather than modifying interventions to ensure achievement of CPS objectives. The quality of the portfolio was much better than the ECA regional average. There was adequate attention to safeguards and fiduciary issues, although IFC found it challenging to make some of its investees address environmental issues adequately. There was a good collaboration between the Bank and IFC and between the WBG and partners.

- v. The CPSCR draws nine key lessons, but without a sense of priority. IEG supports these lessons, but considers that there are more important lessons than the ones identified. First, instead of spreading across all areas of Armenia's development needs, the WBG assistance should focus on the most critical priorities that have an impact on growth, poverty reduction and social inclusion. Second, there is a need to step-up the efforts to overcome the resistance to reforms by vested interests by reaching out to lawmakers, government officials, and other domestic stakeholders. Third, a good results framework should include not just indicators for measuring WBG project implementation, but also a clear results chain that shows the critical assumptions whose fulfillment is required for WBG interventions to achieve the CPS objectives. This is important for making strategic choices and assessing WBG impact.

3. *WBG Strategy Summary*

Overview of CAS/CPS Relevance:

Country Context:

1. In the decade before 2008, Armenia's economy expanded by double-digit annual rates with growth led by non-tradable, high remittances and capital inflows. Macroeconomic policies were supportive of this growth, structural reforms were carried out, and significant progress was made in reducing poverty. Nevertheless, Armenia ran a large external current account deficit during this period which increased its external vulnerability. In 2009, the economy contracted by 14 percent (much larger than envisaged by Bank and Fund staff at the beginning of 2009) as a result of the global financial crisis and the fiscal deficit reached close to 8 percent of GDP as revenues collapsed. Armenia's absolute poverty rate, which had fallen from 54 percent in 2004 to 28 percent in 2008, rose to 34 percent in 2009 and it has stabilized at around 35 percent. Prudent macroeconomic management (including a more flexible exchange rate policy) and counter-cyclical fiscal policies were effective. Growth resumed in 2010, accelerated in 2011 and exceeded 7 percent in 2012; it is expected to continue over the next few years at about 5 percent. The economic recovery remains subject to significant risks due to its narrow economic base, high dependence on remittances (mostly from Russia) and still a large current account deficit.

2. The Government development strategy for the period 2009-2021 was described in the 2008 *Sustainable Development Program (SDP)*. The SDP had three key goals: reducing poverty, including elimination of extreme poverty; ensuring human development; and deepening economic growth and accelerating development of lagging regions. It proposed a comprehensive policy agenda including

macroeconomic policies; employment policies to mitigate poverty; agricultural, rural, and infrastructure development; social protection through family and child benefits; health and educational sectors; public administration and public financial management effectiveness, governance and accountability; judicial system reforms; and anti-corruption policies.

Objectives of the WBG Strategy:

3. The WBG strategy in Armenia was based on the SDP. The CPS objectives were articulated under two strategic pillars: (i) addressing vulnerabilities through macroeconomic stabilization and positioning of Armenia for post-crisis growth; poverty alleviation amidst assured health and social protection; and reduction of rural and environmental risks; and (ii) strengthening competitiveness for post-crisis growth by focusing on improved governance to boost public sector efficiency and strengthened foundation for knowledge economy and competitiveness. The CPSPR confirmed the relevance of the two pillars and maintained all the CPS objectives.

Relevance of the WBG Strategy:

4. **Congruence with Country Context and Country Program:** The CPS was well aligned with the objectives of the Armenian government as articulated in the SDP and its efforts to address the impact of the global crisis. Due to the severe impact of the crisis in 2009, the government's priorities shifted away from the SDP agenda towards emergency crisis responses shortly after the launching of the CPS. But this does not mean that the SDP became irrelevant as asserted by the CPSCR since the policy challenges identified by the SDP and the CPS continued after the effects of the crisis abated. Although the CPS provided a summary of the partners' activities, there was no discussion of how they influenced the CPS objectives and program.

5. **Relevance of Design:** The two strategic pillars were appropriately chosen, and provided an adequate framework for the WBG's operations and advisory activities. However, despite the emphasis on selectivity, the design of the strategy lacked focus, retaining all the themes in the SDP but with little discussion of why the WBG should be involved in all these areas, or how the selectivity principle guided the selection of WBG engagement areas. Consequently, the number of CPS objectives appears excessive, involving in some instances narrowly-defined project level outcomes (and outputs) with little articulation of how these would translate into country-wide impact. The CPSCR argues that such a wide scope of the CPS is justified by the state of development in Armenia, its weak governance and institutional capacity, and the government's request. However, these arguments are weak as development needs are always great and complex where the WBG intervenes, but that is not a sufficient reason for across the board engagement by the WBG. The CPSCR states that the selection of areas and instruments built on past lending and comparative advantage, but by engaging in all areas, it is not clear where the CPS considers that the WBG does not have a comparative advantage.

The support instruments were well chosen, and the AAA programs covered well the main policy issues and there was a good synergy with the lending program. However, in many cases WBG interventions would not be sufficient to bring about the expected outcomes, but the requisite complementary actions by other stakeholders were not explained. IFC's Program was focused, with 88 percent of investment in financial intermediaries to support the availability of finance to a broad range of companies and advisory services that complemented IFC investments. IFC relied mainly on loans, reflecting the increased risk of investments, and invested in equity only to develop the greenfield mining project.

6. **Strength of the results framework:** The CPS demonstrated a strong focus on results by organizing 20 objectives into five results areas under two strategic pillars. The CPS results matrix accurately reflected the WBG interventions and the expected outcomes, with baselines and targets. The CPSPR further improved the results matrix by streamlining the outcome indicators and defining more measurable indicators. Nevertheless, the usefulness of the CPS results framework for making strategic choices and for tracking results was weakened by two shortcomings.

First, there lacked a clear results chain that links WBG interventions to the CPS objectives. In particular, the underlying assumptions that needed to be fulfilled for WBG support to produce the

expected outcomes were not explained in most cases, making it difficult to assess and manage the risks involved. For example, it was implicitly assumed that a decrease in informal out-of-pocket payments (via increased hospital reimbursements and performance bonuses for health workers) would lead to a higher utilization of basic health services by the poor. This assumption was not well substantiated, and eventually the achievement of out of pocket payment target did not lead to attainment of increased access of the poor to basic health services. Second, there was some confusion in the results matrix between outputs, outcomes and outcome indicators. Some outcomes were outputs of specific Bank projects (e.g., kilometers of roads rehabilitated), while other outcomes were indicators to measure attainment of expected outcomes (e.g., business survey show near elimination of complaints). Adding to the confusion was the numerous omissions and additions of indicators in the CPSPR, leading to the CPSCR intermittently reporting on dropped, retained, and newly introduced indicators for assessing CPS outcomes. This practice compromises the accountability of the WBG for delivering the expected results.

7. **Risk Identification and Mitigation:** The CPS identified three key risks to its implementation: the global economic environment, the regional geopolitical factors, and political economy factors. The CPSPR noted a moderation of the downside risks to a sustained economic recovery alongside heightened overall economic and political risks with some macroeconomic risks increasing (less fiscal and debt space for further counter-cyclical and social support policies) and continued regional security risks. The Bank was restricted in what it could do to mitigate these risks, but tried to reduce the political economic risks by organizing dialogues with senior officials. The Bank also extended the CPS period at the time of the progress report by one year in order to align the CPS period with Armenia's political cycle and facilitate the implementation of reforms and provided additional financing from Armenia's continued access to IDA-16.

Overview of CAS/CPS Implementation:

Lending and Investments:

8. At the beginning of the CPS period, 19 IDA financed projects totaling \$285.3 million were ongoing. The entire portfolio consisted of investment operations and was wide ranging, covering agriculture and rural development (8 operations), human development (5 operations), infrastructure (4 operations), and public sector governance (2 operations). These were complemented by a Trust Fund (TF) portfolio of \$34.6 million in 21 activities. During the CPS period, IDA and IBRD approved \$285 and \$401 million, respectively, in new commitments (against the CPS base case envelope of \$150 million for IDA and \$395 million for the IBRD) for 26 projects (23 investment operations and 3 development policy operations). In addition, a TF portfolio of 32 activities for a total of \$18.2 million was implemented, with four TFs co-financing IDA projects.

9. Against the trend in ECA region, disbursements declined over the CPS period, from \$171.1 million in FY10 to \$54.57 million in FY13 (disbursement ratio went from 76 percent in FY09 to 34 percent in FY13). No projects were rated at risk during the CPS period, compared to the 18.8 percent average for ECA overall. IEG reviewed the ICRs of 12 projects and rated 11 of them as *moderately satisfactory* or better. At 91.7 percent, this represents a better success than the ECA average of 78.5 percent. IEG also rated 75 percent of the reviewed projects as having a moderate to lower risk to development outcome, compared to the ECA average of 53.6 percent. Finally, among the 26 approved projects during the CPS period, all are being implemented satisfactorily according to management assessment.

10. Seven IFC investment projects for \$37.3 million of net commitment were in operation at the start of the CPS period. The largest investment was in commercial banking that supported, among other things, energy, retail, and construction activities. During the CPS period, IFC committed \$151.3 million through 25 projects that included investments in financial intermediaries for SME, agriculture, and commercial banking, as well as investments for gold mining, food processing, and

retail construction. IEG reviewed the XPSRs of three projects that were approved in FY06-08 and rated one each *successful* (financial intermediary for SME and mortgage lending), *mostly successful*, and *unsuccessful* (again, financial intermediary for SME and mortgage lending). Of the newer investments, at the end of the review period, most of the financial sector projects appear to be performing as envisaged, while two of the three real sector projects are Greenfield investments which have yet to demonstrate project business success and the third is too new to assess.

Analytic and Advisory Activities and Services

11. The Bank delivered 12 Economic and Sector Works (ESW) and 11 Technical Assistance (TA) tasks. These AAAs supported the Bank's ongoing portfolio and new lending. During the CPS period, the Bank delivered a comprehensive set of policy notes to support the reform agenda developed under the SDP. The rest of the AAA consisted of diagnostic studies to design and implement the crisis response initiatives, to strengthen the capacity for improved governance and to inform the design of the next generation of reforms. There is little information in the Bank's tracking system to assess the impact of the AAAs.

12. At the start of the CPS period, there were no on-going IFC advisory projects (AS) under implementation. During the CPS period, IFC started seven AS projects amounting to over \$6.35 million of IFC managed funds. Four of them have closed. Although IEG has not rated any of them yet, the results from self-evaluations indicate that they have all been successful. All three AS projects that are still under implementation are over the half-way mark, and results so far indicate that they are successful as well.

Partnerships and Development Partner Coordination

13. The CPS benefited from strong coordination with the IMF, EU and other partners such as ADB and the EBRD. The Bank collaborated closely with the IMF in the preparation of an overall fiscal stimulus package and related programs to mitigate the impact of the global economic crisis on the country. The Bank also worked closely with the EU in the organization of policy dialogue activities in key areas such as such as competition, export promotion, and trade policies. Close collaboration with MCC via joint field missions and detailed information sharing were instrumental in helping the Bank prepare new irrigation projects on a fast track. Moreover, the Bank coordinated with ADB on road rehabilitation, with ADB focusing on highways and the North-South Corridor and the World Bank on rural and lifeline roads. The Bank and UNDP also coordinated their support to help the Government prepare its Sustainable Development Program (SDP). Overall, donor coordination was good but no joint project existed.

Safeguards and Fiduciary Issues

14. There were no cases brought before the Inspection Panel. The CPSCR reports that fiduciary risks were partly mitigated by CPAR and CFAA activities, joint fiduciary reviews, and regular project support missions.

Overview of Achievement by Objective:

Strategic Pillar I: Addressing Vulnerabilities

15. The CPS aimed to tackle the vulnerability issue from three directions: regaining macro stability and positioning for high growth; limiting poverty impact through assured access to health services and social protection; and reducing rural and environmental risks.

Results Area 1: A Post-Crisis Armenia that Regains Macro Stability and is Poised for High Growth

16. ***Macro-stability maintained through appropriate external and domestic fiscal adjustment.*** The CPSCR reports that the targets of GDP growth, share of tradable sectors in GDP, fiscal deficit, and inflation for 2011-2012 were exceeded. These results reflect the appropriate fiscal

and monetary policies implemented by the authorities which were supported by IMF programs. There is one external area of vulnerability where insufficient progress has been made - the reduction in the external current account deficit, which should have been an indicator for the CPS and remains high at around 10 percent of GDP. The Bank provided the DPOs, ESW on fiscal consolidation and policy notes, and coordinated with IMF for its policy advice. However, the IMF supported programs played the lead role in this area, while no specific macroeconomic policy initiative was taken by the Bank to generate the macro results.

17. **Tax regime and administration reformed.** The CPS target of increasing tax/GDP ratio objective to 22 percent by 2013 was not very ambitious and the tax ratio of Armenia is still low by international standards. Tax policy was part of the policy dialogue in the DPO series and the Bank's fiscal studies. During the CPS period, the authorities implemented a number of important tax policy changes, including a new mining royalty, increased income and payroll taxes on high-income earners, and higher excise and presumptive taxes. In coordination with the State Revenue Committee, IFC prepared a tax compliance cost survey that formed the basis for tax administration reforms: introduction of risk-based management in tax and customs departments, tax e-filing, and creation of tax-payers service centers and tax appeals committee. However, the effects of these reforms have been slower than anticipated due to capacity constraints. The CPSCR notes that under-reporting of taxable income by companies with links to politicians and still ambiguous and opaque procedures applied at customs is fertile ground for corruption and favor economic agents who abuse political and administrative powers.

18. **Strengthened financial intermediation.** IFC AS project Armenia Microfinance project facilitated access to credit for Armenian low income individuals and small entrepreneurs through a participating financial institution. The volume of credit granted to SMEs by end-2012 reached \$100 million compared with a target of \$60 million. In addition, the CPSCR reports that an IFC AS project worked with the Central Bank of Armenia to improve risk and distressed asset management, leading to increased mortgage lending through various banks and an initiation of a certification program for risk professionals.

Results Area 2: Adverse Poverty Impact Limited Amidst Assured Health and Social Protection

19. **Income poverty impacts muffled through employment generation from job-creating programs and through improved poverty targeting.** The impact of the crisis on the poor was larger than expected and the poverty rate has remained at around 35 percent notwithstanding the efforts of the authorities. The CPSCR replaced the original outcome indicator (reduction in poverty), which was a good measurement of the achievement of the CPS objective; with two indicators that measured more the intermediate steps towards achieving the CPS objective than the attainment of the objective itself. With regard to the indicator of jobs generated through IDA's fast-tracked projects in road improvements, social investment fund, irrigation rehabilitation, and in rural enterprise and small scale agriculture, the target of creating 60,000 person/months of temporary jobs was exceeded. However, it is difficult to assess the relevance of this achievement in the context of the overall job creation needs, and the sustainability of its poverty impact given the temporary nature of the jobs created. Poverty targeting improved, although not as much as expected with the share of ineligible family beneficiaries in the social assistance program reduced from 28.8 percent to 22 percent, against the CPS target of 20 percent.

20. **Increased utilization of basic health services by the poor, with a decline in out-of-pocket payments.** The DPO2 and DPO3 had prior actions conditionality to protect the social safety net and priority social spending programs for the poor and vulnerable. However, the results in the health sector are mixed with the objective of increasing access of the poorest income quintile to primary health care not being met (3.8 percent in 2011 against a target of 5.5 percent in 2013). On the other hand, increased hospital reimbursements helped reduce out of pocket expenses from almost 51 percent in 2008 to 38 percent in 2011. Increased performance bonuses to health workers should help reduce informal payments although it is not clear how the Bank contributed to this effort.

21. **Employment of safe-gas based heating by urban households and schools.** The outcome indicators measure the direct output of the Bank's urban heating project, which provided financing to

rehabilitate safe gas-based heating of 120 schools and extended loans to 7,225 urban households to purchase safe gas-based heaters for their apartments. As a result, the target of a minimum of 119 urban schools with safe gas-based heating was met. No target was set for the percentage of households with safe gas heating in their apartments, although the CPSPR reported an increase from 45 to 70 percent of households in multi-apartment buildings using safe gas-based heating during 2007-09, but the CPSCR provides no information on the impact of Bank financing for the post-2009 period. It is not clear what mechanism has been put in place to address the heating safety issues that poor people and schools face in other parts of Armenia not covered by IDA projects.

Results Area 3: Decline in Rural and Environmental Risks

22. **Area returned to irrigation rises as institutions for water management develop.** The CPSCR reports that irrigation services on the land (irrigation potential) were restored on 8,000 ha during 2009-12. It is not clear whether this is the same concept as the CPS target of increasing irrigated area by 7,300 ha. Two Bank irrigation projects provided financing to improve water canals and reduce water loss to make irrigation available to an additional 14,500 ha by the end of FY 2013. There is no information on what catalytic effect the Bank would bring about beyond its own immediate projects.

23. **Rural output and employment is supported.** Three indicators (livestock disease prevalence, livestock productivity, and communal pasture management effectiveness) were proposed to measure improvement in support for livestock output; rural employment was not tracked. In livestock disease prevention, efforts are still being implemented to establish a national comprehensive control program for brucellosis and other zoonotic diseases. A Bank TA in this area is assessing the progress made. As measured by the (unexplained) effectiveness index, communal pasture management has become more effective. However, the CPSCR notes that it is too early to assess the impact of these disease control and pasture management efforts on livestock productivity (measured by milk production) even though the Bank's main support instrument, the Community Agricultural Resource Management and Competitiveness (CARMC) Project (FY11), was rated as progressing satisfactorily in the latest ISR.

24. **International best practice compliant mining code under implementation.** A new, improved Mining Code and a number of secondary legislations for implementation of the Mining Code were adopted, but there is no information on how the new Code has been enforced. The DPO2 had as a prior action the submission to the National Assembly a new mining code adhering to international best practice for fiscal, environmental, social, and licensing standards. IFC made an equity investment in a mining company operating in Armenia, which led to the first new discovery of gold in the country since independence. IFC also provided technical assistance to develop the mine in accordance with Environmental and Social Standards, although a recent quarterly review of the project noted that the project was significantly behind in the development of the ESHS Management System for exploration. In addition, a number of issues were not being managed adequately at the site of the mine such as erosion control and waste management.

25. **Preparedness for handling natural disasters.** At the beginning of the CPS period in 2009, the Bank produced a report on Disaster Risk Reduction and Emergency Management in Armenia which highlighted the vulnerability of Armenia to natural disasters and recommended actions towards reducing the risk of and mitigating the impact of natural disasters. However, only limited progress has been made in this area. With the help of Bank financing, criteria for identifying retrofitting needs of buildings were developed and public buildings needing retrofitting identified. But due to lack of resources, the launching of the retrofitting program has not started. The Government also postponed joining a regional project on catastrophic risk insurance and thus delaying a possible source of financing envisaged under the CPS. On the other hand, a disaster risk management strategy was developed and included in the National Security Strategy as expected under the CPS.

26. The IEG rates the outcome of WBG assistance under Pillar I as *moderately satisfactory*. Successful IFC investment and advisory services contributed to the significant progress achieved in improving access to credit for SMEs and poor individuals. Good progress was made in increasing the

potential area subject to irrigation, the adoption of best practice mining legislation, and the improvement in communal pasture management. The WBG's work in reforming the tax regime and administration was strategically important and contributed to the implementation of important reforms, although persistent governance issues call for additional efforts to improve performance in this area. By contrast, while the Bank's financial assistance and policy advice contributed to restoration of macroeconomic stability in Armenia notwithstanding the persistent external current account vulnerability, the role of the WBG in this area has been relatively minor. In addition, poverty ratio was not reduced and the results in the health sector fell short of expectations. The temporary job program and the promotion of safe-gas heating in schools and multi-apartment buildings were implemented successfully, but their relatively small size and the absence of a scale-up strategy limited the impact on the poor. The Bank's support in improving livestock productivity and the country's capacity for handling natural disasters has yet to produce measurable results.

Pillar II: Strengthening Competitiveness for Post-Crisis Growth

27. The CPS aimed to help Armenia improve competitiveness through strengthened governance and foundation for a knowledge economy.

Results Area 4: Strengthening Governance with Resulting Rise in Public Sector Efficiency

28. ***Conflict of interest among public officials is substantially diminished and fair competition in commerce is established.*** Armenia enacted in 2011 a Law on Public Service that clarified the interpretation of the conflicts of interest for public officials (an action envisaged in the DPO1) and established in January 2012 an Ethics Commission for High Level Public Officials. There was an almost 100 percent compliance with the declaration of 2011 income and assets by officials requested by the Law. However, as acknowledged by the CPSCR and the November 2012 Technical Notes prepared by Bank staff for the new government, the Law of Public Service has several drawbacks such as not specifying penalties for false declarations and no coverage of legislators. As part of the efforts to reduce conflict of interest and promote fair competition, an anti-corruption strategy was supposed to be adopted, but although an Anti-Corruption Strategy was approved in 2009 with a well-defined program of actions, it was not extended beyond 2012. Moreover, insufficient resources were allocated for its implementation, ministries did not take ownership of the strategy and there was little interaction with the civil society. As a result, at the beginning of 2013, the national anti-corruption efforts appeared to have lost traction. The CPSCR notes that the target of enforcing corporate governance rules has been replaced by an Action Plan for Corporate Accounting and Auditing. No information is available to assess the significance of this change or what role, if any, the WBG played in this area. Regarding the private sector assessment of fairness in implementing laws, information available from the Global Competitiveness Index shows that Armenia made progress towards better rule of law towards business conflict resolution. Again, it is not clear the role of the WBG in this area.

29. ***Business surveys show near-elimination of complaints of revenue agency behavior.*** This CPS objective is a proxy, thus an indicator, for improved governance of revenue agencies. The CPS did not propose any outcome indicator, but had many targets that were not aligned with the baselines. The CPSPR replaced these with two indicators that measured the adoption of modern business processes (e.g., e-government, automation of customs) as a way to reduce the discretionary powers in revenue agencies. The absolute number of tax returns filed electronically rose to 7,367 taxpayers (compared to target of 3,000), but the CPSCR does not report on what share in total this represents (target was 15 percent). Over 70 percent total customs clearance was through the green channel (against target of 30 percent). These initiatives were part of the policy dialogue under the DPO2 and 3. But more importantly, the IFC played a key role in this area with two projects on regulatory simplification and reform of the investment climate. The Doing Business survey shows that Armenia's ranking in "paying taxes" improved from 152 in 2012 to 107 in 2013.

30. ***Rule bound judicial decisions; program budgeting leads to efficient expenditure allocations; civil service performance appraisal introduced; strengthened accountability, transparency and efficiency in the use of public funds.*** This CPS objective covered a large set of

issues in public resource management, civil service performance management, functioning of courts, etc. The CPSPR replaced the diverse outcome targets, most of which had been fully or substantially met by then according to the CPSCR, with two indicators on improved functioning of the judiciary and improved performance and reporting of corporate entities. By 2011, all courts were connected to the Judicial Decision Database and the Case Management and Recording Systems, which enabled access to court information nationwide and facilitated the use of the decisions of the Cassation Court in the lower instance courts. These efforts were supported by the Bank's Judiciary Reform Project 2 (FY07-FY13). The Bank's Public Sector Modernization Project provided assistance on strategic planning, policy formulation, and performance management; introduction of a performance management system and introduction of an e-procurement system piloted in 2012. On the other hand, no information exists to suggest that progress was made in improving the performance and financial management of corporate entities through a reform of the corporate sector accounting and auditing frameworks.

Results Area 5: Strengthening Knowledge and Competitiveness

31. ***Support of a knowledge-based economy with the necessary infrastructure; strategy implemented for increased internet penetration, amidst the laying of a national ICT broadband backbone network.*** All the outcome targets for measuring progress in this area (home computer and internet penetration, e-services by state entities, IT workforce, and adoption of IFRS and ISAs supporting accounting and auditing methodologies by financial institutions and by large non-financial entities) were met. The Global Competitiveness Report confirms that significant progress was made in Armenia between 2008/9 and 2012/13 with regard to technological readiness, including e-access, and availability of the latest technologies. The Bank-financed E-Society and Innovation for Competitiveness project and the DPOs encouraged broadband infrastructure development, and the strengthening of the regulatory framework for institutions for public services.

32. ***PPP framework in operation. Commercially valuable spectrum available for private sector use; operationally Universal Services Fund; and civil aviation fully liberalized.*** No indicator was established to measure the operations of the PPP framework in the CSP. The CPSCR asserts that the PPP framework was strengthened without providing any details. This is an area where the WBG could have played a role. The indicator for assessing the availability of the commercially valuable spectrum to the private sector was replaced by the monthly cost of broadband access following the opening of spectrum in 2011 when the Government decided to lease free bandwidth of public fixed-line telephone network to private operators. The cost reduction target was met, although it is not clear what role the WBG played in it. Finally, the full liberalization of civil aviation was dropped in the CPSPR; the CPSCR notes that the national carrier declared bankruptcy in March 2013 and that the new DPO includes a prior action on not extending new exclusivity contracts.

33. ***In transportation management, road network is improved.*** Instead of transportation management, the outcome indicator measures the kilometers of road rehabilitated, an output, under the Bank's Lifeline Roads Improvement Projects and additional financing. By November 2012, 433 km of secondary roads had been rehabilitated, against the CPSPR targets of 400 km of secondary roads and 100 km of primary roads.

34. ***Financing for new renewable energy based generation capacity; improved energy efficiency and transmission losses reduced.*** The capacity of renewable energy generation increased from 134 MW to 220 MW between 2008 and 2012. The 64 percent increase appears impressive, but in the absence of any pre-determined target or information on the overall energy need or generation capacity, it is difficult to assess the importance of this achievement. Against the goal of reducing transmission losses from 1.5 percent in 2008, such losses increased to 1.8 percent in 2012 as the transmission lines got older and line rehabilitation work is still going on. To promote energy efficiency, the energy consumption of public buildings was targeted, but no specific goal was set. The CPSCR reports that in 13 schools where energy efficiency measures were implemented, energy consumption was reduced by 30-40 percent. However, such improvements can hardly make a dent on energy inefficiency at the country level and there is no information on other complementary

measures, if any, for scaling-up. The Bank's Renewable Energy Project (FY06-FY11) was successful in increasing privately owned and operated power generation utilizing renewable energy, and the Electricity Supply Reliability Project (FY11) aimed to increase the reliability and capacity of transmission network. IFC provided financing for building capacity in the financial sector to finance energy efficiency projects by SMEs and residential energy efficiency projects, and it helped finance directly energy efficient projects.

35. **Improved water service reliability and quality; greater water operating efficiency; and closer alignment of service tariffs with costs.** During the last 12 years, Armenia strived to improve access, reliability, and quality of the drinking water, as well as its infrastructure that were in serious state of disrepair. The WBG played an important role in these efforts through the provision of policy advice in a Water Sector Note and through a municipal water and wastewater project that aimed at increasing the daily hours of drinking water service, safety compliance, and the amount of metered consumption. In particular, the Note made recommendations on the best PPP structuring option for the water utility of the capital city; and the PPP approach piloted in water and sanitation has been innovative and delivered good results. Consequently, all outcome targets including share of consumers with continuous water supply, compliance with water bacteriological safety standards, and water metering were met. The cost recovery indicator was dropped in the CPSPR even though closer alignment of service tariffs with costs remained part of the CPS objective. Water tariff rates continue to be subsidized.

36. **Growing private sector facing more open competition and access to finance.** Although this objective had a clear focus on encouraging more competition, the proposed outcome indicators on improvement in the enabling environment for open competition were dropped in the CPSPR and replaced by an indicator that tracked the amount of credit granted under the Bank's Access to Finance for SME project. Nevertheless, the CPSCR reports on the dropped indicators: as of 2011 rules are in place with regard to large companies' financial reporting requirements, although it is not clear to what these rules are complied with; but the enforcement capacity of the Competition Commission has not been strengthened because of serious legislation gaps even though a new Competition Law was approved in 2011. The CPSCR does not discuss how the WBG contributed to this objective. According to 2012 Global Competitiveness Index, Armenia ranked the lowest among ECA countries in the effectiveness of antimonopoly policy and the intensity of local competition. IFC invested in a leading food & beverages producer/exporter, directly supporting more open competition. Progress in SME access to finance has already been discussed in the first result area.

37. **In education, increase of net preschool enrollment rate; expansion of tertiary education financing through higher education financing reform and introduction of competitive innovation fund and student loan scheme; the national Quality Assurance System in line with European Higher Education Area is fully functional.** Through the implementation of 193 preschool micro-projects with financial assistance from the Bank's Second Education Quality and Relevance APL (FY09), preschool enrollment rate more than doubled from 31 percent in 2008/09 to 75 percent in 2012/13, against a target of 37 percent. To improve higher education financing, the Ministry of Education and Science approved a new student financial support program regulation in 2012. It is still too early to know the impact of this program, but 1,000 needy students are expected to qualify in 2012/2013, with the number rising to 2,500 by 2015. Meanwhile, a student loan program with public sector subsidies was launched by the Government and Armenian banks, replacing the program envisioned, but subsequently cancelled at the Government's request, in the APL2. In addition, the APL2 was amended to finance the pilot implementation of a fund for competitive innovation in higher education. Finally, the CPSCR reports that the National Quality Assurances Agency is fully functional and in line with the requirements of the European Higher Education Area on the basis that pilot accreditation of public and private universities are being financed through the APL2, which is also supporting the establishment of internal quality assurance units in public and private universities.

38. IEG rates the outcome of the WBG assistance under Pillar II as *moderately satisfactory*. Significant progress was made in improving the business process in revenue agencies, in expanding

internet penetration and lowering its access cost; in improving water services, and in reforming the financing and quality assurance systems in education. Good progress was also made in increasing efficiency in public expenditure management, civil service assessment, and rule bound judicial decisions, although there is no evidence of improved performance and financial management of corporate entities. The expected rehabilitation of secondary roads was exceeded, but information is lacking on primary roads. Little progress appears to have been made in dealing with conflict of interest and the promotion of fair competition in the private sector due to legal limitations, insufficient resources allocated to these efforts, and lost reform traction in this area. In the energy sector, progress achieved was timid in relation to the substantial needs and there is no evidence of a scale-up mechanism. Finally, information is lacking to substantiate the claim that the PPP framework has been strengthened.

Objectives	CPSCR Rating	IEG Rating
Pillar I: Addressing Vulnerabilities	NA	<i>Moderately Satisfactory</i>
Pillar II: Strengthening Competitiveness for Post-Crisis Growth	NA	<i>Moderately Satisfactory</i>

4. Overall IEG Assessment

	CPSCR Rating	IEG Rating
Overall Outcome:	<i>Satisfactory</i>	<i>Moderately Satisfactory</i>
WBG Performance:	<i>Satisfactory</i>	<i>Satisfactory</i>

Overall outcome:

39. IEG rates the overall outcome of the CPS as *moderately satisfactory*, below the CPSCR rating of *satisfactory*. WBG assistance contributed to significant progress in expanding financial intermediation (including to SMEs), improving the business process in revenue agencies, expanding internet penetration and lowering its access cost, improving water services, and reforming the financing and quality assurance systems in education. Good progress was made in increasing the potential area for irrigation, the adoption of best practice mining legislation, improvement in communal pasture management, efficiency in public expenditure management, civil service assessment, and rule bound judicial decisions. The WBG's work in reforming the tax regime and administration was strategically important and contributed to the implementation of important reforms, although persistent governance issues call for additional efforts to improve performance in this area. There was also partial progress in road network rehabilitation. On the other hand, the Bank played a relatively minor role in the restoration of Armenia's macroeconomic stability while the country continues to face external current account vulnerability. While the Bank's temporary jobs program and the promotion of safe-gas heating in schools and multi-apartment buildings were successful, their relatively small size and the absence of a scale-up strategy limited the impact on the poor. Poverty increased during the CPS period, poverty targeting fell short of expectations, and the results in the health sector were mixed. Similarly, WBG projects contributed to progress in the energy sector, but the progress was timid in relation to the substantial needs and there is no evidence of a scale-up mechanism. The Bank's support in improving livestock productivity and the country's capacity for handling natural disasters has yet to produce measurable results, while progress was limited in dealing with conflict of interest, promoting fair competition in the private sector and facilitating cross-border trade due to legal limitations, insufficient resources allocated to these efforts, and lost reform traction in this area. Finally, information is lacking to substantiate the claim that the PPP framework has been strengthened.

WBG Performance:

40. IEG rates WBG performance as *satisfactory*, concurring with the CPSCR rating. The CPS objectives were consistent with Armenia development strategy and addressed both the urgent needs of the crisis and the structural shortcomings of the economy. However, despite the explicit attention on selectivity, the design of the Bank's strategy was dispersed, covering every aspect of the comprehensive national strategy and with no indication of disengagement in any area as a result of donor activities, the government's internal capacities, and the need to shift resources to respond to the crisis. By contrast, IFC correctly diagnosed that it would be more successful, particularly in addressing the vulnerabilities of the economy, by targeting financial intermediaries. The selection of instruments was appropriate and the AAA program supported well the initiatives under the CPS. The relevant risks were identified, but the Bank was limited in what it could do to mitigate some of the risks. The WBG did show flexibility and responsiveness by extending the CPS period and by frontloading disbursements. On the other hand, mid-course corrections to the CPS program were mainly to adjust the indicators for measuring success, rather than modifying interventions to ensure achievement of CPS objectives. The quality of the portfolio was much better than the ECA regional average. There was adequate attention to safeguards and fiduciary issues, although IFC found it challenging to make some of its investees address environmental issues adequately. There was a good collaboration between the Bank and IFC and between the WBG and partners.

5. Assessment of CPS Completion Report

41. The CASCR provides a comprehensive analysis of CPS implementation and adequate information for drawing conclusions. However, it emphasizes too much the number of indicators that were attained without due consideration of their relevance to the CPS objectives, of which the achievement were not consistently assessed. In several areas, the CASCR could have explained more the role played by the WBG in implementing the initiatives, and drawn more explicitly on how the AAA program contributed to the implementation of the CPS. It could also be more candid in analyzing implementation shortcomings and their implications.

6. Findings and Lessons

42. The CPSCR draws nine key lessons, but without a sense of priority. IEG supports these lessons, but considers that there are more important lessons than the ones identified. First, instead of spreading across all areas of Armenia's development needs, the WBG assistance should focus on the most critical priorities that have an impact on growth, poverty reduction and social inclusion. Second, there is a need to step-up the efforts to overcome the resistance to reforms by vested interests by reaching out to lawmakers, government officials, and other domestic stakeholders. Third, a good results framework should include not just indicators for measuring WBG achievement, but also a clear results chain that shows the critical assumptions whose fulfillment is required for WBG interventions to achieve the CPS objectives. This is important for making strategic choices and assessing WBG impact.

Annex Table 1: Summary of Achievements of CPS Objectives

Annex Table 2: Planned and Actual Lending, FY09-13

Annex Table 3: Analytical and Advisory Work for Armenia, FY09-FY13

Annex Table 4: Grants and Trust Funds Active in FY09-13 (in US\$ million)

Annex Table 5: IEG Project Ratings for Armenia, FY09-12

Annex Table 6: IEG Project Ratings for Armenia and Comparators, Exit FY09-13

Annex Table 7: Portfolio Status for Armenia and Comparators, FY09-13

Annex Table 8: Disbursement Ratio for Armenia, FY09-13

Annex Table 9: Net Disbursement and Charges for Armenia, FY09-13

Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid

Annex Table 11: List of IFC's investments in Armenia that were active during FY09-13 (US\$'000)

Annex Table 12: List of IFC's Advisory Services in Armenia, FY09-13

Annex Table 13: Economic and Social Indicators for Armenia, FY09-12

Annex Table 14: Millennium Development Goals

Annex Table 1: Summary of Achievements of CPS Objectives

CPS FY09-FY13: Pillar I Pillar I: Addressing Vulnerability	Actual Results (as of current month/year)	Comments
RESULTS AREA 1: A POST-CRISIS ARMENIA THAT REGAINS MACRO-STABILITY AND IS POISED FOR HIGH GROWTH		
1. Macro Stability Maintained Through Appropriate External and Domestic Fiscal Adjustment		
<p>Indicators: GDP growth, share of tradable sectors in GDP, fiscal deficit, inflation.</p> <p>Baseline (2009): GDP contraction -14.2%, share of tradable sectors in GDP - 60 percent, fiscal deficit - 7.8% of GDP, inflation 6.6%.</p> <p>Target: The average GDP growth is at least 4% for 2011-2013, percentage share of tradable sectors in GDP rises by 2013, fiscal deficit below 5 percent of GDP in 2013, and inflation below 5 percent in 2013.</p>	<p>GDP growth: 7.2% average growth for the period 2011-2012</p> <p>Share of tradable sectors in GDP: 76% (2012)</p> <p>Fiscal deficit: 1.5% (2012)</p> <p>Inflation (12-months): 3.2% (December 2012).</p>	<p>Source: CPSCR</p>
2. Tax Regime and Administration Reformed		
<p>Indicator: Tax/GDP ratio</p> <p>Baseline (2009): Tax/GDP=19.6%</p> <p>Target (2013): Tax/GDP=22%</p>	<p>Redefined tax revenue of 21.5% in 2012 and projected 22.2% in 2013.</p>	<p>Source: CPSCR and data from MTEF 2012-2014.</p>
3. Financial Intermediation Rises, with Growth in SME Credit Lines to Rise as a Share of Total Credit		
<p>Indicator: Cumulative amount of medium term credit provided to SMEs granted by the PFIs.</p> <p>Baseline (2009): Cumulative amount of credits provided to SMEs granted by the PFIs – zero (beginning of 2009).</p> <p>Target (2012): Cumulative amount of credits provided to SMEs granted by the PFIs to reach \$60 million by 2012.</p>	<p>\$100 million lent to SMEs by end-2012. Target exceeded by 66.7%.</p>	<p>Source: CPSCR</p>
RESULTS AREA 2: ADVERSE POVERTY IMPACT LIMITED AMIDST ASSURED HEALTH AND SOCIAL PROTECTION		
4. Income poverty impacts are muffled through employment generation from job-creating programs and through improved poverty targeting		
<p>Indicator: Reduction in poverty.</p> <p>Baseline (2007): Poverty headcount ratio – 24.9% of total population (2007).</p> <p>Target (2012): A fall in poverty headcount by 2012 after a crisis-related rise in 2009-10.</p>		<p>Not met.</p>

Major Outcome Measures

CPS FY09-FY13: Pillar I Pillar I: Addressing Vulnerability	Actual Results (as of current month/year)	Comments
<p>Indicator: Number of jobs generated through job-creating programs.</p> <p>Baseline (2009): n/a in 2009.</p> <p>Target (2013): 60,000 person/months of temporary jobs created.</p>	<p>72,933 person/month of temporary jobs by March 2013.</p>	<p>Source: CPSCR</p>
<p>Indicator: Reduction of ineligible families benefiting from the Poverty Family Benefit program.</p> <p>Baseline (2007): 28.8% in 2007.</p> <p>Target (2012): 20% in 2012.</p>	<p>22% share of ineligible beneficiaries.</p> <p>58.8% of transfers go to poorest quintile, but coverage of the poor is still low (25.6% in 2011).</p>	<p>Source: CPSCR</p>
<p>5. Increased utilization of basic health services by the poor, with a decline in out-of-pocket payments (OOP)</p>		
<p>Indicator: Increased utilization of basic health services by the poorest quintile.</p> <p>Baseline (2009): Integrated Survey of Living Standards (ISLS) 2008 - 3.5% for poorest quintile ISLS 2009 - 4.9% for poorest quintile.</p> <p>Target (2011): Target: ISLS 2011- 5.5% by poorest quintile.</p>	<p>3.8% in 2011. Target constrained by financing. 95% of population has access to qualified family medicine practices as of April 2013.</p>	<p>Source: CPSCR and ISLS</p>
<p>Indicator: Reduction in OOP payments for essential health Services.</p> <p>Baseline (2009): NHA 2008 - 50.9%, NHA 2009 - 51% (preliminary data).</p> <p>Target (2011): NHA 2011- 46%.</p>	<p>38.4% in 2011 (ILSMS data).</p> <p>The DPCP use of performance-based financing (PBF) to support the delivery of NCD-related primary health care services (screenings and timely referral) will help reduce informal payments by increasing performance bonuses to health workers and increasing their accountability for results.</p>	<p>Source: CPSCR and ILSMS</p>
<p>6. Urban households and schools employ safe gas-based heating</p>		
<p>Indicator: % of households in multi-apartment buildings with safe gas-based heating.</p> <p>Baseline (2007): 45% of households in multi-apartment buildings have safe gas-based heating.</p> <p>Target: No target.</p>	<p>70% in 2009. 8,265 poor households in 44 municipalities received capital grants for installation or verification of gas-based heating.</p>	<p>Source: CPSCR</p>

CPS FY09-FY13: Pillar I Pillar I: Addressing Vulnerability	Actual Results (as of current month/year)	Comments
<p>Indicator: # of urban schools with safe gas-based heating.</p> <p>Baseline (2007): 96 schools with safe gas-based heating.</p> <p>Target (2012): 119 urban schools have safe gas-based heating (2012).</p>	<p>120 schools o/w 7 special schools for children with disabilities rehabilitated by end-2011.</p>	<p>Source: CPSCR</p>
RESULTS AREA 3: RURAL AND ENVIRONMENTAL RISKS DECREASE		
7. Area returned to irrigation rises as institutions for water management develop		
<p>Indicator: Area returned to irrigation.</p> <p>Baseline: Irrigated area comprises 128,750 ha (2009).</p> <p>Target: About 7,300 ha returned to irrigation bringing the total irrigated area in the country to about 136,050 ha 2012.</p>	<p>Irrigation services on the land (irrigation potential) restored on 8,000 ha between 2009 - 12. Another 6,500 ha to be added by end-FY13.</p>	<p>Source: CPSCR</p>
8. Rural output and employment is supported		
<p>Indicator: Livestock disease prevalence.</p> <p>Baseline: Brucellosis prevalence is estimated at 1.32% in cattle and sheep and goats. Village level prevalence is around 36.3%.</p> <p>Target: Implementation of national comprehensive control program for brucellosis and other zoonotic diseases.</p>	<p>TA provided under Community Agricultural Resource Management and Competitiveness Project (P120028) is assessing progress.</p>	<p>Source: CPSCR</p>
<p>Indicator: Livestock productivity.</p> <p>Baseline: Livestock productivity is below its potential.</p> <p>Target: Milk productivity increase 7% for cattle and 5% for sheep.</p>	<p>Too early to assess progress. Community Agricultural Resource Management and Competitiveness Project (P120028) projects 20% increase in milk productivity for cattle by 2016.</p>	<p>Source: CPSCR No baseline available. Target lacks date.</p>
<p>Indicator: Effectiveness of communal pasture management.</p> <p>Baseline: Effective community pasture management is not practiced.</p> <p>Target: Pasture management</p>	<p>Index of 34.5 in January 2013.</p>	<p>Source: CPSCR No information provided on how the pasture management index is calculated.</p>

CPS FY09-FY13: Pillar I Pillar I: Addressing Vulnerability	Actual Results (as of current month/year)	Comments
effectiveness index increases from baseline 0 to mid-term value of 25.		
9. International best practice compliant mining sector under implementation		
<p>Indicator: New mining code and implementation decrees approved.</p> <p>Baseline (2009): Deficient mining code in 2008-09, hindering private investment.</p> <p>Target (2012): Fiscally, environmentally and socially sound Mining Code adopted and enforced.</p>	The National Assembly adopted the new Mining Code and the amendments to the Natural Resource User Fee on December 5, 2011 and the President ratified them on December 17, 2011.	Source: CPSCR Not clear the role played by the WBG in the development of this legislation.
<p>Indicator: Secondary legislation for implementation of the Mining Code in place to comply with the requirements of the new Mining Code.</p> <p>Baseline (2009): No secondary legislation for implementation of the Mining Code in place.</p> <p>Target (2012): Secondary legislation for implementation of the Mining Code in place.</p>	Legislation on royalties and requirements for mine closure and environmental impact assessments adopted. Decree on "Procedure for calculation of royalty on earnings from sales" adopted on Dec. 29, 2011. Order issued Dec. 30, 2011 on "requirements for the mine closure plan and nature and environmental impact assessment as attachment to the application requesting the mineral extraction right".	Source: CPSCR
10. Preparedness for handling natural disasters is developed		
<p>Indicator: GoA develops a prioritized plan to retrofit at-risk key public facilities/buildings.</p> <p>Baseline: None.</p> <p>Target: GoA develops and launches program on retrofitting of schools and other key public facilities.</p>	GFDRR pending approval. The GoA developed criteria for retrofitting at-risk key public facilities (under the GFDRR activity) with the advice of Bank consultants. Based on those criteria the Ministry of Urban Development prepared and submitted to the Bank a priority list of schools and hospitals requiring immediate action for retrofitting (both long and short lists).	Source: CPSCR The baseline and target lack dates.
<p>Indicator: Adequate financing for short and medium term actions on disaster risk management and emergency preparedness.</p> <p>Baseline: Inadequate financing allocated from state budget and/or loans from IFIs allocated on strengthening disaster risk management.</p> <p>Target: None.</p>	GoA postponed decision on joining regional project on catastrophic risk insurance (South-Eastern European Countries Catastrophic Risk Insurance Facility). Financing not secured.	Source: CPSCR The baseline and target lack dates.

CPS FY09-FY13: Pillar I Pillar I: Addressing Vulnerability		Actual Results (as of current month/year)	Comments
	<p>Indicator: Disaster risk management strategy.</p> <p>Baseline: Absence of a comprehensive disaster risk management strategy.</p> <p>Target: A comprehensive disaster risk management strategy developed.</p>	Armenia's DRR strategy included in National Security Strategy and the SDP.	Source: CPSCR. The baseline, target and results reported lack dates.
CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth		Actual Results (as of current month/year)	Comments
	RESULTS AREA 4: STRENGTHENING GOVERNANCE WITH RESULTING RISE IN PUBLIC SECTOR EFFICIENCY		
	11. Conflict of interest among public officials is substantially diminished; and fair competition in commerce is established. At least 60 percent of firms agree that implementation of laws is consistent and predictable.		
	<p>Indicator: Conflict of Interest in the Public Sector.</p> <p>Baseline: Pervasive conflicts of interest in the Public Sector.</p> <p>Target: Sound progress towards elimination of ministerial, parliamentarian and civil servants' involvement in business.</p>	<p>Conflict of interest regulation set forth by the Law on Public Service adopted in 2011.</p> <p>Ethics Commission for High Level officials established in January 2012.</p>	Source: CPSCR
<u>Major Outcome Measures</u>	<p>Indicator: Anti-corruption strategy.</p> <p>Baseline: Weak and ineffective anti-corruption strategy.</p> <p>Target: None.</p>	2009-12 Anti-Corruption Strategy was approved in 2009, but not updated or extended beyond 2012.	Source: CPSCR The baseline lacks a date. No target was provided.
	<p>Indicator: Corporate governance rules.</p> <p>Baseline: No Enforcement of corporate governance rules.</p> <p>Target: Enforcement of corporate governance rules.</p>	Replaced by Action Plan for Corporate Accounting and Auditing (outcome).	Source: CPSCR
	<p>Indicator: Number of individuals submitting an income and asset declaration form expressed as percentage of the number required to submit (DPO indicator).</p>	99.7% (698 of the 700 high officials covered by Law mandate) submitted declarations for 2011, posted on website of Ethics Commission.	Source: CPSCR Need to strengthen capacity for verification and validation of statements.

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
<p>Baseline: Data not available.</p> <p>Target: 100% (2013).</p>		
<p>12. Business surveys show near-elimination of complaints of revenue agency behavior.</p>		
<p>Indicator: The absolute number (and share in total) of tax returns filed electronically.</p> <p>Baseline: None.</p> <p>Target: 3000 taxpayers (15 percent of total) file tax returns electronically.</p>	<p>7,367 e-returns as of end-2012.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>
<p>Indicator: The share of green channel in total customs clearance Declarations.</p> <p>Baseline: None.</p> <p>Target: 30 percent share of fully functioning green channel in total declaration.</p>	<p>The green channel cleared 70.1% of custom declarations in 2012.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>
<p>13. Program budgeting leads to efficient expenditure allocations; and civil service performance appraisal is introduced. Judicial decisions are rule-bound. Strengthened accountability, transparency and efficiency in the use of public funds.</p>		
<p>Indicator: Number of courts that are:</p> <ul style="list-style-type: none"> - connected to JDD/CAST, - equipped with DataLex kiosk, - equipped with CRS. <p>Baseline (2008) : N/A, - 5 out of 48 courts in 2008.</p> <p>Target (2013): All 48 courts country-wide by 2013.</p>	<p>Judicial Decision Database, Case Management and Recording Systems used in all courts nationwide (CRS in 38 courts out of 48).</p>	<p>Source: CPSCR</p>
<p>Indicator: Decisions of the Cassation court serve as a precedent for the lower instance courts.</p> <p>Baseline: Judges lack capacity and incentives to produce and apply judicial precedent conceptually introduced in Armenian legal system through 2005 Constitutional Amendment.</p> <p>Target: Application of judicial precedent makes courts more rule bound and consistent in interpretation of Law.</p>	<p>Introduction of DataLex in 2009 enabled access to court information nationwide and enabled increased use of judicial precedent in new court cases.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
<p>Indicator: Improved performance and financial management of corporate entities.</p> <p>Baseline: The corporate sector accounting and auditing framework is weak and outdated.</p> <p>Target: Action Plan for Corporate Accounting and Auditing is adopted and enforced resulting in improved performance and reporting of the corporate entities.</p>		<p>No results reported in the CPSCR The baseline and target lack dates.</p>
RESULTS AREA 5: STRENGTHENING KNOWLEDGE AND COMPETITIVENESS		
14. In support of a knowledge-based economy with the necessary infrastructure, strategy being implemented for increased internet penetration, amidst the laying of a national ICT broadband backbone network.		
<p>Indicator: Home Computer penetration.</p> <p>Baseline: 25%</p> <p>Target (2012): 35%</p>	35% as of end-2012.	Source: CPSCR Baseline lack date.
<p>Indicator: Population internet penetration.</p> <p>Baseline: 18%</p> <p>Target (2012): 40%</p>	52% as of end-2012.	Source: CPSCR Baseline lack date.
<p>Indicator: Share of e-services provided by state entities.</p> <p>Baseline: Low</p> <p>Target: Increased</p>	All companies registered in 2012 through the one-stop shop for business registry in Yerevan with online linkages in other municipalities. Online connection allows tax registry offices outside Yerevan to act as one-stop shop and issue unique tax registration number.	Source: CPSCR The baseline and target lack dates.
<p>Indicator: IFRS and ISAs supporting accounting and auditing methodologies.</p> <p>Baseline: Absent</p> <p>Target: Introduced</p>	Mandatory IFRS reporting for banks since January 2009, for other financial institutions since January 2010, and for non-financial entities with revenue in excess of AMD 100 million since January 2011. Companies with revenue in excess of AMD 1 billion must publish audited financial statements. Reliability constrained by capacity of accountants and auditors.	Source: CPSCR The baseline and target lack dates.
<p>Indicator: IT workforce.</p> <p>Baseline: 5,000</p> <p>Target: 10,000</p>	9,354 as of end-2012.	Source: CPSCR The baseline and target lack dates.

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
15. PPP framework in operation. Commercially valuable spectrum available for private sector use; operational Universal Services Fund.		
<p>Indicator: Monthly cost of broadband internet access.</p> <p>Baseline (2008): US\$98</p> <p>Target (2012): US\$49</p>	<p>US\$39/month as of end-2012.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>
16. In transport management, road network is improved.		
<p>Indicator: Length of primary roads rehabilitated.</p> <p>Baseline (2010): Some sections need rehabilitation.</p> <p>Target (2013): 100 km of primary road network rehabilitated.</p> <p>Indicator: Length of secondary roads rehabilitated.</p> <p>Baseline (2010): Some sections need rehabilitation.</p> <p>Target (2013): 400 km of secondary road network rehabilitated (2013).</p>	<p>433 km end-November 2012.</p>	<p>Source: CPSCR</p>
17. In energy, financing for new renewable energy based generation capacity; improved energy efficiency and transmission losses reduced.		
<p>Indicator: Installed capacity of renewable based generation.</p> <p>Baseline (2008): 134 MW.</p> <p>Target (2013): Increase in installed capacity of renewable based energy generation.</p>	<p>220 MW of installed capacity in 2012.</p>	<p>Source: CPSCR</p>
<p>Indicator: Transmission network capacity.</p> <p>Baseline: None.</p> <p>Target: Transmission network capacity increase of 60 MW.</p>	<p>Investment underway in transmission capacity but not yet completed.</p>	<p>Source: CPSCR The original CPS indicator was transmission losses. The baseline was 1.5% in 2008 and the target was reduced losses in 2012. Transmission losses in 2012 were 1.8%.</p> <p>In the CPSPR, the indicator was changed to transmission network capacity. No baseline was provided and the target proposed lacked a date.</p>

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
<p>Indicator: Energy consumption of public buildings.</p> <p>Baseline (2008): Public buildings are energy Inefficient.</p> <p>Target (2013): Reduction of energy consumption of public buildings by 2013.</p>	<p>In the 13 schools in which additional energy efficiency measures were implemented energy consumption was reduced by 30-40%.</p>	<p>Source: CPSCR</p>
<p>18. In water, improved service reliability and water quality, greater operating efficiency. Closer alignment of service tariffs with costs.</p>		
<p>Indicator: Share of consumers with continuous water supply in Yerevan.</p> <p>Baseline (2008): 75.5% (average daily duration in hours - 18.1 hour).</p> <p>Target (2013): 89%</p>	<p>88.8% as of end-December, 2011 (21.3 hours/day).</p>	<p>Source: CPSCR</p>
<p>Indicator: Water bacteriological safety compliance in Yerevan and AWSC¹ service area.</p> <p>Baseline (2009): 97.8% Yerevan and AWSC range of 88.</p> <p>Target (2011): 98% compliance in both Yerevan and AWSC service area.</p>	<p>Yerevan 98%, AWSC 99% compliance January 2011.</p>	<p>Source: CPSCR This indicator was not originally planned in the CPS and it was introduced in the CPSPR. The reported results happened before the CPSCR was written (June, 2011). In other words, the targets had already been achieved when the indicator was included in the CPSPR.</p>
<p>Indicator: Domestic water metering in Yerevan.</p> <p>Baseline (2006): In Yerevan, percentage of domestic subscribers provided with water meters was 89.6%.</p> <p>Target (2011): The percentage of individual subscribers billed on the basis of metered consumption will reach 96% in Yerevan.</p>	<p>Water meters installed for 96.8% of Yerevan consumers as of December 2011.</p>	<p>Source: CPSCR</p>
<p>19. A growing private sector faces more open competition and access to finance.</p>		
<p>Indicator: SME access to finance.</p> <p>Baseline: There is no credit line facility for SMEs.</p>	<p>Cumulative credits of US\$100 million extended to SMEs by end-2012 through AFSME revolving credit line. SME portfolio of the AFSME Project PFIs more than 2.4 times higher in June 2012 than in 2008.</p>	<p>Source: CPSCR Indicators added after the CPS PR. This indicator is duplicative because it was already considered in results area 1.</p>

¹ Armenian Water Sewerage Company

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
<p>Target: Cumulative amount of medium term credit granted by the financial institutions under the AFSME project is up to US\$ 60 million.</p>		
<p>20. In education, increase of net preschool (5 years old) enrollment rate. Tertiary education financing expands through higher education financing reform and introduction of competitive innovation fund and student loan scheme. The national Quality Assurance system in line with European Higher Education Area is fully functional.</p>		
<p>Indicator: Better access to preschool education.</p> <p>Baseline: only 31% of 5-years old are enrolled in preschool education services.</p> <p>Target: established new public preschool classrooms in 70 communities increasing 5-years old enrollment up to 37% enrollment.</p>	<p>74.8% of preschool-age children enrolled in preschool in 2012/13 academic year.</p> <p>193 Preschool Micro-Projects implemented during 2010-12 with APL2 support in 10 marzes, with about 6,000 children enrolled. In 2013 projected 70 more schools enrolling 1,500 children.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>
<p>Indicator: More equitable and effective higher education financing system is developed.</p> <p>Baseline: merit-based scholarships were the only public funds that support students in higher education.</p> <p>Target: new student loan scheme is designed and piloted to support needy-students; merit-based scholarships are partly replaced with need-based scholarships.</p>	<p>In 2012 MoES developed criteria for Assessment of the Students' Financial Capacity and Student Financial Support Program. The Student Financial Support Program regulation was approved by the Government on October 10, 2012 (Decree N: 1323-N). Starting with academic year 2013-2014, 1000 needy students will receive financial assistance and their number will increase to 2500 by 2015.</p> <p>Respective action under APL2 canceled at the Government's express request. Joint statement by the Minister of Education and Science and the President of Armenian Banks Association on February 6, 2013, confirming the start of a student loan program. 13 banks (from 22) would extend 10-year student loans to students. Interest rate of 12% would be subsidized by the Government, with 2% for all students, and 3 % for students with excellent marks for the last year.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>
<p>Indicator: Public funding for quality improvements and innovation in higher education.</p> <p>Baseline: no public funds provided for tertiary education institutions for quality improvement and innovation.</p> <p>Target: Competitive innovation funds are developed.</p>	<p>Operational Manual for Competitive innovation Fund (CIF) approved by the Government; CIF Steering Committee established; areas for CIF first cycle approved by CIF SC; call for proposals published in October 2012. Higher Education Institutions submitted grant proposals and CIF Proposal Review Panel is reviewing them. The Government signed amendment of APL2 to finance CIF implementation on pilot basis.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>

CPS FY09-FY13: Pillar II Pillar II: Strengthening Competitiveness for Post-Crisis Growth	Actual Results (as of current month/year)	Comments
<p>Indicator: The national Quality Assurance system is in line with European Higher Education Area.</p> <p>Baseline: The National Quality Assurance Agency is just established.</p> <p>Target: The National Quality Assurance Agency is fully functional in line with the requirements of the European Higher Education Area; Internal Quality Assurance units in all public universities are established and are functioning in accordance with the national QA standards.</p>	<p>Two public universities evaluated In April 2012 against new QA standards. Additional contracts financed by APL2 for pilot accreditation: (i) contract approved for one public and two private universities November 2012; (ii) contract drafted for 5 more public universities February 2013; (iii) projected contracts for 5 more private universities.</p> <p>18 public and 3 private universities received grants through APL2 for establishment and improvement of Internal Quality Assurance units.</p>	<p>Source: CPSCR The baseline and target lack dates.</p>

Annex Table 2: Planned and Actual Lending, FY09-13

Project ID	Project Name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved Amount	Outcome Rating
Project Planned Under CPS / CPSPR 2009-13							
P115743	Social Investment Fund III Additional Financing	2009	2009	Active	8.0	8.0	LIR: S
P115686	Rural Enterprise & Small-Scale Commercial Agriculture Development Additional Financing	2009	2009	2009	2.0	2.0	LIR: S
P115109	Access to Finance for Small and Medium Enterprises	2009	2009	2013	50.0	50.0	LIR: HS
P107614	Additional Financing for the Municipal Water and Wastewater Project	2009	2009	2012	20.0	20.0	LIR: S
P115486	Lifeline Roads Improvement Project	2009	2009	Active	25.0	25.0	LIR: S
P107772	Second Education Quality and Relevance (APL 2)	2009	2009	Active	25.0	25.0	LIR: MS
Sub-Total programmed projects CAS FY09					130.0	130.0	
P115626	Armenia First Development Policy Operation	2010	2010	2010	60.0	60.0	LIR: HS
P116681	Irrigation Rehabilitation Emergency Project	2010	2010	2013	30.0	30.0	LIR: MS
P116760	Lifeline Road Improvement Project - Additional Financing	2010	2010	Active	30.0	37.0	LIR: S
P117384	Public Sector Modernization Project II	2010	2010	Active	9.0	9.0	LIR: S
P118157	Social Protection Additional Financing	2010	2010	2010	5.0	5.0	LIR: S
P118158	Social Investment Fund III Second Additional Financing	2010	2010	Active	7.0	7.0	LIR: S
P115647	E-Society and Innovation for Competitiveness (EIC) Project (P115647)	2010	2011	Active	24.0	24.0	LIR: S
P121287	Lifeline Roads Improvement Project – Second Additional Financing	2010	2011	Active	43.0	40.0	LIR: S
Sub-Total programmed projects CAS FY10					208.0	212.0	
P116451	Second Development Policy Operation	2011	2011	2011	25.0	25.0	LIR: S
P116748	Electricity Supply Reliability Project	2011	2011	Active	36.0	39.0	LIR: S
P120028	Community Agricultural Resource Management and Competitiveness Project	2011	2011	Active	14.0	16.0	LIR: S
Sub-Total programmed projects CAS FY11					75.0	80.0	
P122195	Third Development Policy Operation	2012	2012	2013	30.0	80.0	LIR: S
P126509	Additional Financing - Irrigation Rehabilitation Emergency Project	2012	2012	2012	40.0	18.0	LIR: MS
P126722	Municipal Water Project	2012	2012	Active	15.0	15.0	LIR: S
P111942	Tax Administration Modernization Project	2012	2013	Active	20.0	12.0	LIR: S
Sub-Total programmed projects CAS FY12					105.0	125.0	
P126782	Lifeline Road Network Improvement Project	2013	2013	Active	40.0	45.0	LIR: S
P128442	Disease Prevention and Control Project	2013	2013	Active	25.0	35.0	LIR: S
	DPC - 1	2013	Dropped		25.0		
Sub-Total programmed projects CAS FY13					90.0	80.0	
Total programmed projects CAS FY09-13					608.0	627.0	
Unplanned							
P121728	Additional Financing for the 2nd Health System Modernization Project (APL2)		2011	Active		19.0	LIR: S

P128740	Third Additional Financing for Social Investment Fund III Project		2012	Active		11.0	LIR: S
P127759	Irrigation System Enhancement Project		2013	Active		30.0	..
Total Non-programmed projects CAS FY09-13						0.0	60.0
Total projects CAS FY09-13						608.0	687.0
On-going							
P088262	Agricultural Reform Support Project Supplemental		2004	2004		1.8	..
P055022	Irrigation Development Project		2002	2009		24.9	IEG: S
P057847	Natural Resources Management & Poverty Reduction Project		2002	2009		8.3	IEG: MS
P064879	Irrigation Dam Safety		1999	2010		26.6	IEG: MU
P073974	Health Systems Modernization Project		2004	2010		19.0	IEG: S
P074503	Education Quality & Relevance Project (APL #1)		2004	2010		19.0	IEG: MS
P088499	Irrigation Dam Safety 2 Project		2004	2010		6.8	IEG: MS
P105171	Irrigation Development Additional Financing		2008	2010		5.0	..
P060786	Public Sector Modernization Project		2004	2011		10.2	IEG: S
P057880	Urban Heating Project		2006	2011		15.0	IEG: S
P083352	Renewable Energy Project		2006	2011		5.0	IEG: S
P087011	Rural Enterprise & Small-Scale Commercial Agriculture Development Project		2006	2011		20.0	IEG: S
P099832	Avian Influenza Preparedness Project		2006	2011		6.3	IEG: MS
P063398	Municipal Water and Wastewater Project		2004	2012		23.0	LIR: S
P087641	Yerevan Water & Wastewater Project		2005	2012		20.0	IEG: MS
P087620	Social Protection Administration Project		2004	2013		5.2	LIR: S
P099630	Judicial Reform Project 2		2007	2013		22.5	LIR: MS
P094225	Social Investment Fund III		2007	2014		25.0	LIR: S
P104467	Health System Modernization Project (APL2)		2007	2015		22.0	LIR: S
Total Ongoing Projects						285.3	

Source: Armenia CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 09/26/2013

*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

Annex Table 3: Analytical and Advisory Work for Armenia, FY09 - FY13

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P112826	CPAR UPDATE - AM	2009	Report
P110724	Armenia - Country Environmental Analysis	2010	Report
P116771	Programmatic Poverty	2010	Report
P118164	Programmatic Fiscal Work	2011	Report
P121249	Armenia Water Sector Note	2011	Policy Note
P120511	Institutional and Governance Review	2012	Report
P128308	FSAP Update Armenia	2012	Report
P127396	Education Sector Policy Report	2013	Report
P127753	Sources of Growth	2013	Report
P127756	Agriculture & Rural DEVT. Policy Note	2013	Policy Note
P129287	Armenia Power Sector Tariff Study	2013	EW/Not assigned
P131912	Armenia Policy Notes	2013	EW/Not assigned
Proj ID	Technical Assistance	Fiscal year	Output Type
P111979	Armenia ITES & ICT industry development	2009	"How-To" Guidance
P112499	Financial Sector Advisory	2009	Client Document Review
P112590	Armenia: PEFA Follow Up	2009	Institutional Development Plan
P113610	Poverty Monitoring TA	2009	"How-To" Guidance
P110703	Designing SUST. Institutional ARRANG	2010	Client Document Review
P123246	Armenian Policy Forum	2011	Knowledge-Sharing Forum
P123324	Joint WB-IMF training on AML in Armenia	2011	"How-To" Guidance
P127670	Support WSC with design of enhanced MC	2012	TA/IAR
P127783	FLIT: AM Fin Capability Survey	2012	TA/IAR
P129522	FY12 Programmatic Fiscal Work	2012	TA/IAR
P130275	Advisory Study for PPP of Bus Stations	2013	TA/IAR

Source: WB Business Warehouse as of 09/26/2013

Annex Table 4: Grants and Trust Funds Active in FY09-13 (in US\$ million)

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P101486	Fourth Poverty Reduction Support Credit	TF 57634	2007	2009	0.3
P104433	Railways Restructuring	TF 90814	2008	2009	0.4
P100665	Traffic Management and Safety	TF 57789	2007	2009	1.0
P069917	Natural Resources Management & Poverty Reduction GEF Project	TF 51022	2003	2009	5.1
P057847	Natural Resources Management & Poverty Reduction Project	TF 57320	2007	2009	1.5
P109305	Statistical Master Plan Development and technical assistance in strengthening of statistical capacity	TF 91206	2008	2010	0.2
P104433	Railways Restructuring	TF 90313	2008	2010	1.0
P103894	IDF- Implementation of IPSAS Strategy	TF 58039	2007	2010	0.3
P103071	Access to Gas & Heat Supply for Poor Urban Households	TF 57405	2007	2010	2.2
P101066	Public Sector Internal Audit IDF	TF 56827	2007	2010	0.2
P103071	Access to Gas & Heat Supply for Poor Urban Households	TF 56501	2006	2010	3.1

P073974	Health Systems Modernization Project	TF 53436	2005	2010	1.3
P111942	Tax Administration Modernization Project	TF 93098	2009	2011	1.0
P116680	Energy Efficiency Project	TF 94673	2010	2011	0.1
P115647	E-Society and Innovation for Competitiveness (EIC) Project	TF 93097	2009	2011	1.0
P108357	Public Debt Management	TF 91617	2008	2011	0.5
P105864	Building Government Capacity to Implement Government Financial Management Information System (GFMIS)	TF 90559	2008	2011	0.3
P099832	Avian Influenza Preparedness Project	TF 58076	2007	2011	2.0
P099832	Avian Influenza Preparedness Project	TF 56629	2006	2011	0.8
P090058	Renewable Energy GEF Project	TF 56211	2006	2011	3.0
P087011	Rural Enterprise & Small-Scale Commercial Agriculture Development Project	TF 54738	2006	2011	1.8
P125326	NPFE Armenia	TF 98686	2011	2012	0.0
P114823	Building Government Capacity for Better Monitoring for Results	TF 93847	2009	2012	0.5
P115486	Lifeline Roads Improvement Project	TF 94897	2010	2012	0.1
P111375	Piloting Fiduciary Control for Non-Commercial Organizations	TF 92616	2009	2012	0.4
P111283	Ministry of Trade & Economic Development Capacity Building	TF 92478	2009	2012	0.4
P109572	Strengthening Forest Monitoring	TF 92157	2009	2012	0.4
P108294	Second Foreign Investment & Export Facilitation Project	TF 91254	2008	2012	2.0
P099630	Judicial Reform Project 2	TF 91251	2008	2012	4.8
P087620	Social Protection Administration Project	TF 97400	2011	2012	0.1
P118912	Transaction Advisory Support for PPP for Solid Waste Management for Yerevan City	TF 95221	2010	2013	0.5
P114799	Strengthening Public Sector Internal Audit IDF	TF 93846	2009	2013	0.5
P114409	GEOFUND 2: Armenia Geothermal Project	TF 93653	2009	2013	1.5
P099630	Judicial Reform Project 2	TF 57514	2007	2013	3.0
P130182	Education Quality Project	TF 14539	2013	Active	0.4
P133831	Preparation of SREP Investment Plan	TF 14245	2013	Active	0.3
P120238	Strengthening National Assembly's Capacity for Policy Formulation and Public Dialogue	TF 96229	2011	Active	0.5
P120122	Improving Fiscal Management and Tax Compliance Capacity in the Government of Armenia	TF 96224	2010	Active	0.5
P120210	Implementation of IPSAS Strategy 2	TF 96227	2010	Active	0.5
P131687	Strengthening Public Financial Management in Armenia	TF 12529	2013	Active	0.9
P131631	Reports to Conventions - UNCCD - Armenia	TF 13195	2013	Active	0.2
P116680	Energy Efficiency Project	TF 12163	2012	Active	1.8
P128442	Disease Prevention and Control Project	TF 13103	2013	Active	0.4
P133439	Environmental Governance, Inclusion & Transparency in Mining Sector IDF Grant Project	TF 13658	2013	Active	0.4
P131126	Strengthening Training Capacity of the School of Advocates	TF 13656	2013	Active	0.5
P131003	Pension Public Awareness and Literacy IDF Grant Project	TF 13654	2013	Active	0.4
P125791	JSDF Strengthening the Livelihoods and Voice of Vulnerable and Disabled Persons in Armenia	TF 13894	2013	Active	2.7

P143212	Revision of the NBSAP preparation of the 5th National Report to the CBD	TF 13529	2013	Active	0.2
P131036	Electronic Processing and One-Stop Shop for Construction Permits	TF 12782	2013	Active	0.5
P125933	Capacity Building for Public Sector Auditing	TF 11901	2013	Active	0.5
P129168	Food Safety Capacity Building IDF	TF 12224	2013	Active	0.5
P125966	Ministry of Finance Capacity Building	TF 11907	2013	Active	0.3
P128769	Strengthening Capacity of Regulatory Reform Unit to the Armenian Government	TF 11972	2013	Active	0.5
Total					52.8

Source: Client Connection as of 09/26/2013

Annex Table 5: IEG Project Ratings for Armenia, FY09-12

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2009	P055022	IRRIG DEVT	32.9	Satisfactory	Moderate
2009	P057847	Natural Resource Management	9.9	Moderately Satisfactory	Moderate
2010	P064879	IRRIG Dam Safety	27.3	Significant	Significant
2010	P073974	HEALTH SYS MOD (APL #1)	19.6	Satisfactory	Negligible to Low
2010	P074503	EDUC QUAL & RELEVANCE (APL #1)	19.8	Moderately Satisfactory	Moderate
2010	P088499	IRRIG DAM SAFETY 2	7.1	Moderately Satisfactory	Significant
2011	P057880	Urban Heat	15.3	Satisfactory	Moderate
2011	P060786	Public Sector MOD	10.3	Satisfactory	Moderate
2011	P083352	Renew Energy	5.0	Satisfactory	Negligible to Low
2011	P087011	RUR ENT & AGRIC DEVT	22.6	Satisfactory	Negligible to Low
2011	P099832	Avian Flu- AM	5.4	Moderately Satisfactory	Significant
2012	P087641	Yerevan Water/WW SERVS	19.8	Moderately Satisfactory	Moderate
Total			195.0		

Source: BW Key IEG Ratings as of 09/25/2013

Annex Table 6: IEG Project Ratings for Armenia and Comparators, Exit FY09-13

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$) *	RDO % Moderate or Lower Sat (No) *
Armenia	195.0	12.0	86.0	91.7	79.6	75.0
ECA	11,245.5	162.0	88.4	78.5	65.7	61.4
World	65,505.7	852.0	83.2	71.3	65.7	53.6

Source: WB Business Warehouse as of 09/25/2013

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status for Armenia and Comparators, FY 09-13

Fiscal year	2009	2010	2011	2012	2013	Total
Armenia						
# Proj	21.0	19.0	17.0	15.0	19.0	91.0
# Proj At Risk	-	-	-	-	-	-
% Proj At Risk	-	-	-	-	-	-
Net Comm Amt	385.0	398.6	475.2	385.0	450.2	2,094.0
Comm At Risk	-	-	-	-	-	-
% Commit at Risk	-	-	-	-	-	-
ECA						
# Proj	287.0	276.0	251.0	209.0	194.0	1,217.0
# Proj At Risk	52.0	50.0	40.0	42.0	45.0	229.0
% Proj At Risk	18.1	18.1	15.9	20.1	23.2	18.8
Net Comm Amt	21,383.2	24,340.5	22,535.4	22,957.9	24,571.3	115,788.4
Comm At Risk	3,460.2	4,357.1	2,116.9	2,652.6	3,834.9	16,421.7
% Commit at Risk	16.2	17.9	9.4	11.6	15.6	14.2
World						
# Proj	1,552.0	1,590.0	1,595.0	1,500.0	1,466.0	7,703.0
# Proj At Risk	344.0	366.0	337.0	333.0	368.0	1,748.0
% Proj At Risk	22.2	23.0	21.1	22.2	25.1	22.7
Net Comm Amt	131,076.4	158,287.4	168,248.7	168,407.7	171,249.8	797,270.1
Comm At Risk	19,929.9	28,186.1	22,978.5	23,723.1	40,131.0	134,948.7
% Commit at Risk	15.2	17.8	13.7	14.1	23.5	16.9

Source: WB Business Warehouse as of 9/26/2013

Annex Table 8: Disbursement Ratio for Armenia, FY09-13

Fiscal Year	2009	2010	2011	2012	2013	Overall Result
Armenia						
Disbursement Ratio	75.99	68.22	51.29	42.25	33.71	52.45
Inv Disb in FY	90.05	107.36	72.07	85.44	54.71	409.62
Inv Tot Undisb Begin FY	118.51	157.37	140.52	202.25	162.28	780.93
ECA						
Disbursement Ratio	17.79	18.64	20.51	25.93	24.15	21.37
Inv Disb in FY	2,217.56	2,660.03	2,806.39	3,498.18	2,925.12	14,107.29
Inv Tot Undisb Begin FY	12,462.44	14,268.76	13,682.49	13,492.15	12,110.38	66,016.21
World						
Disbursement Ratio	26.51	26.92	22.39	20.79	20.59	23.05
Inv Disb in FY	18,062.48	20,928.14	20,929.34	21,040.66	20,498.97	101,459.59
Inv Tot Undisb Begin FY	68,128.29	77,755.60	93,495.08	101,207.03	99,546.94	440,132.93

BW disbursement ratio table as of 09/25/13

Annex Table 9: Net Disbursement and Charges for Armenia, FY09-13

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2009	88.29	12.95	75.33	0.18	7.64	67.51
2010	171.08	15.52	155.56	0.36	8.45	146.76
2011	97.05	17.92	79.14	0.61	8.85	69.68
2012	165.08	19.35	145.73	0.93	9.33	135.47
2013	54.57	19.79	34.78	2.43	9.10	23.25
Total FY09-13	576.07	85.53	490.53	4.51	43.36	442.67

Source: Client Connection 09/25/13

Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid

Development Partners	2009	2010	2011	2009-2011
Austria	1.28	1.45	2.32	5.05
Belgium	0.10	0.03	0.37	0.50
Canada	0.73	0.01	0.03	0.77
Czech Republic	0.41	0.68	0.21	1.30
Denmark	2.74	1.78	4.16	8.68
Finland	0.30	0.13	0.24	0.67
France	5.67	4.47	5.59	15.73
Germany	30.99	16.72	40.93	88.64
Greece	2.91	1.73	1.92	6.56
Italy	0.52	0.07	0.53	1.12
Japan	98.70	77.45	7.41	183.56
Korea	0.04	0.86	1.49	2.39
Luxembourg	..	0.11	0.10	0.21
Netherlands	3.01	1.56	0.86	5.43
New Zealand	..	..	..	0.00
Norway	3.12	3.57	3.07	9.76
Spain	0.35	0.26	0.13	0.74
Sweden	2.27	0.94	0.70	3.91
Switzerland	2.81	2.63	3.72	9.16
United Kingdom	1.02	0.49	0.36	1.87
United States	78.45	91.55	90.52	260.52
DAC Countries, Total	235.42	206.49	164.66	606.57
AsDB Special Funds	120.01	22.26	19.51	161.78
EU Institutions	38.79	33.35	99.79	171.93
GAVI	0.39	0.81	0.18	1.38
GEF	2.40	1.91	..	4.31
Global Fund	5.89	4.24	5.98	16.11
IAEA	0.85	0.91	0.94	2.70
IDA	128.47	20.29	31.14	179.90
IFAD	1.49	2.71	4.71	8.91
IMF (Concessional Trust Funds)	-23.42	35.51	36.25	48.34
OFID	10.04	3.63	0.15	13.82

OSCE	..	3.28	3.37	6.65
UNAIDS	0.23	0.32	0.24	0.79
UNDP	1.28	1.40	1.08	3.76
UNFPA	0.47	0.50	0.56	1.53
UNHCR	0.61	0.55	..	1.16
UNICEF	0.78	0.79	0.73	2.30
WFP	0.29	1.08	0.31	1.68
WHO	..	..	0.62	0.62
Multilateral, Total	288.57	133.54	205.56	627.67
Cyprus	0.17	0.10	0.04	0.31
Hungary	..	0.02	0.06	0.08
Israel	0.25	0.19	0.08	0.52
Lithuania	0.05	0.03	0.07	0.15
Poland	0.51	0.56	1.12	2.19
Romania	..	0.06	0.10	0.16
Russia	..	..	3.00	3.00
Thailand	..	0.01	..	0.01
Turkey	0.97	0.99	1.26	3.22
United Arab Emirates	0.03	0.83	2.23	3.09
Non-DAC Countries, Total	1.98	2.79	7.96	12.73
All Development Partners Total	525.97	342.82	378.18	1,246.97

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements, as of September 25, 2013

Annex Table 11: List of IFC's investments in Armenia that were active during FY09-13 (US\$'000)

Project ID	Cmt. FY	Closure FY	Project Status	IFC Sector Primary	IFC Sector Explntry	Project Size	Net Loans ¹	Net Equity	Total Net Commitment
Investments approved pre-FY09, but active during FY09-13									
24572*	2006		Active	Fin & Ins	Comm. Banking	4,400	3,000	1,300	4,300
24841	2006		Active	MAS	Retail	11,117	2,200		2,200
25057, 25222!	2007, 08		Active	Fin & Ins	Comm. Banking, Trade Fin.	4,500	4,500		4,500
26276+	2008		Active	Fin & Ins	Comm. Banking	25,000	15,000	10,000	25,000
26623, 26669#	2008		Active	IINR	Gold Mining	1,249		1,249	1,249
Subtotal:						46,266	24,700	12,549	37,249
Investments approved in FY09-13									
*266812 7497	2009, 11		Active	Fin & Ins	Comm. Banking, Trade Fin.	5,300	5,300		5,300
#276572 9240, 29651,	2009, 10, 11,		Active	IINR	Gold Mining	34,110		10,377	10,377

30148, 30377, 31396, 33462	11, 11, 12, 13								
+27866	2010		Active	Fin & Ins	Trade Fin.	2,500	2,500		2,500
28241, 28757, 30028, 30934, 33644	2010, 10, 11, 11, 13		Active	Fin & Ins	Trade Fin., Comm. Banking	35,200	35,200		35,200
28826	2010		Active	MAS	Real Estate	5,400	5,400		5,400
29379	2010		Active	Fin & Ins	Leasing	12,000	3,000		3,000
30026, 30857, 31359, 33720	2011, 11, 12, 13		Active	Fin & Ins	Comm. Banking	53,000	50,000		50,000
129523	2011		Active	Fin & Ins	SME	10,000	5,000		5,000
30549	2012		Active	Fin & Ins	Comm. Banking	30,000	22,000		22,000
31610	2012		Active	Fin & Ins	Comm. Banking	10,000	10,000		10,000
32799	2013		Active	MAS	Fruit juices & preservtn	5,500	2,500		2,500
Subtotal						203,010	140,900	10,377	151,277
Grand Total						249,276	165,600	22,926	188,526

Source: IFC, October 2013- The list does not cover the regional projects. *,!, +, and # are linked investments in the two periods.
MAS: Manufacturing, Agriculture, and Services; IINR: Industry, Infrastructure, and Natural Resources

Annex Table 12: List of IFC's Advisory Services in Armenia, FY09-13

Project ID	Project Name	Start FY	End FY	Project Status	Primary Business Line	Total Funds, US\$
Advisory Services operations approved pre-FY09, but active during FY09-12						
						None
Subtotal:						0
Advisory Services operations approved in FY09-13						
557190	Energy Efficiency Survey Armenia	2009	2010	Closed	SBA	107,810
564407	Armenia Doing Business Reform	2009	2012	Closed	IC	1,276,705
549975	Armenia Banking	2009	2012	Closed	A2F	1,088,843
570010	Armenia MFI	2010	2013	Closed	A2F	705,155
568727	Armenia Sustainable Energy Finance	2010	2015	Active	A2F	1,025,200
585987	Armenia Food Safety	2012	2015	Active	SBA	489,000
588147	Armenia IC Reform	2012	2015	Active	IC	1,656,702
Subtotal:						6,349,415
Grand Total						6,349,415

Source: IFC, October 2013
A2F: Access to Finance; IC: Investment Climate; SBA: Sustainable Business Advisory

Annex Table 13: Economic and Social Indicators for Armenia, FY09-12

Series Name	Armenia				Armenia	ECA	World
	2009	2010	2011	2012	Average 2009-2012		
Growth and Inflation							
GDP growth (annual %)	-14.1	2.1	4.7	7.1	0.0	0.1	1.7
GDP per capita growth (annual %)	-13.9	2.3	4.7	7.0	0.0	-0.4	0.5
GNI per capita, PPP (current international \$)	5,580.0	5,880.0	6,400.0	6,990.0	6,212.5	24,934.5	11,344.9
GNI per capita, Atlas method (current US\$)	3,180.0	3,330.0	3,490.0	3,720.0	3,430.0	23,597.0	9,334.0
Inflation, consumer prices (annual %)	3.4	8.2	7.7	2.6	5.4	2.6	3.8
Composition of GDP (%)							
Agriculture, value added (% of GDP)	18.9	19.6	20.7	..	19.7	2.1	3.1
Industry, value added (% of GDP)	35.8	36.0	37.1	..	36.3	25.9	26.5
Services, etc., value added (% of GDP)	45.3	44.5	42.2	..	44.0	72.0	70.4
Gross fixed capital formation (% of GDP)	36.4	33.5	31.3	..	33.7	18.6	20.1
Gross domestic savings (% of GDP)	7.1	9.3	6.9	..	7.8	20.4	20.5
External Accounts	..	..	..	..		31.8	20.4
Exports of goods and services (% of GDP)	15.5	20.8	23.7	..	20.0	40.2	28.8
Imports of goods and services (% of GDP)	43.0	45.3	48.6	..	45.6	38.5	28.7
Current account balance (% of GDP)	-15.8	-14.8	-11.2	-10.6	-13.1		
External debt stocks (% of GNI)	57.0	64.3	68.3	..	63.2		
Total debt service (% of GNI)	4.8	10.1	8.7	..	7.8		
Total reserves in months of imports	5.7	4.6	4.2	3.9	4.6	6.4	14.0
Fiscal Accounts ¹							
General government revenue (% of GDP)	20.9	21.2	22.1	22.4	21.6		
General government total expenditure (% of GDP)	28.6	26.2	25.0	23.9	25.9		
General government net lending/borrowing (% of GDP)	-7.7	-5.0	-2.9	-1.5	-4.3		
General government gross debt (% of GDP)	34.1	33.7	35.5	39.5	35.7		
Social Indicators							
Health							
Life expectancy at birth, total (years)	74.1	74.2	74.3	..	74.2	75.8	70.3
Immunization, DPT (% of children ages 12-23 months)	93.0	94.0	95.0	..	94.0	94.5	83.2
Improved sanitation facilities (% of population with access)	90.1	90.2	90.4	..	90.2	92.5	63.1
Improved water source (% of population with access)	98.0	98.6	99.2	..	98.6	97.9	88.4
Mortality rate, infant (per 1,000 live births)	17.1	16.2	15.4	14.7	15.9	10.8	36.6
Education							
School enrollment, preprimary (% gross)	31.7	31.1	43.5	..	35.5	75.7	48.4
School enrollment, primary (% gross)	104.1	102.5	..	..	103.3	102.5	106.7
School enrollment, secondary (% gross)	93.0	92.0	..	..	92.5	97.9	70.0
Population							
Population, total	3.0	3.0	3.0	3.0	3.0	893.5	6,925.7
Population growth (annual %)	-0.3	-0.2	0.0	0.2	-0.1	0.4	1.2
Urban population (% of total)	64.1	64.1	64.1	64.2	64.1	70.1	51.8

Source: WB World Development Indicators for all indicators as of 09/26/13

¹ WEO Data as of April 2013 and 2012 data are IMF estimate

Annex Table 14: Millennium Development Goals

	1990	1995	2000	2005	2011
Goal 1: Eradicate extreme poverty and hunger					
Employment to population ratio, 15+, total (%)	44	45	42	41	41
Employment to population ratio, ages 15-24, total (%)	26	28	28	23	19
GDP per person employed (constant 1990 PPP \$)	11,470	7,327	10,869	22,872	28,502
Income share held by lowest 20%	..	6	8	8	9
Malnutrition prevalence, weight for age (% of children under 5)	..	..	3	4	5
Poverty gap at \$1.25 a day (PPP) (%)	..	5	4	1	0
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	..	18	20	4	2
Vulnerable employment, total (% of total employment)	..	..	..	36	..
Goal 2: Achieve universal primary education					
Literacy rate, youth female (% of females ages 15-24)	100	..	100	..	100
Literacy rate, youth male (% of males ages 15-24)	100	..	100	..	100
Persistence to last grade of primary, total (% of cohort)	..	96	96	99	96
Primary completion rate, total (% of relevant age group)	..	106	93	92	..
Adjusted net enrollment rate, primary (% of primary school age children)	..	..	87	88	..
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliaments (%)	36	6	3	5	8
Ratio of female to male primary enrollment (%)	..	104	101	103	102
Ratio of female to male secondary enrollment (%)	..	..	106	102	102
Ratio of female to male tertiary enrollment (%)	..	..	108	122	130
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	45.0	41.2	40.9
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	93	96	92	94	97
Mortality rate, infant (per 1,000 live births)	42	34	27	21	15
Mortality rate, under-5 (per 1,000 live births)	49	39	30	23	17
Goal 5: Improve maternal health					
Adolescent fertility rate (births per 1,000 women ages 15-19)	74	62	40	30	27
Births attended by skilled health staff (% of total)	100	93	97	98	100
Contraceptive prevalence (% of women ages 15-49)	56	..	61	53	55
Maternal mortality ratio (modeled estimate, per 100,000 live births)	46	47	38	34	30
Pregnant women receiving prenatal care (%)	..	82	92	93	99
Unmet need for contraception (% of married women ages 15-49)	..	..	12	13	14
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	7	5	9
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	32	68	74
Incidence of tuberculosis (per 100,000 people)	17	39	61	77	55
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	0.1
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	0.1
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.2	0.2	0.2
Tuberculosis case detection rate (% , all forms)	97	79	71	93	74

Goal 7: Ensure environmental sustainability					
CO2 emissions (kg per PPP \$ of GDP)	<i>1</i>	1	1	0	<i>0</i>
CO2 emissions (metric tons per capita)	<i>1</i>	1	1	1	<i>1</i>
Forest area (% of land area)	12.2	11.4	10.7	9.9	9.1
Improved sanitation facilities (% of population with access)	<i>89</i>	89	89	90	90
Improved water source (% of population with access)	<i>91</i>	91	93	96	99
Marine protected areas (% of territorial waters)	..	..	..	..	..
Net ODA received per capita (current US\$)	<i>1</i>	68	70	56	128
Goal 8: Develop a global partnership for development					
Debt service (PPG and IMF only, % of exports of goods, services and primary income)	..	3	9	3	3
Internet users (per 100 people)	0.0	0.1	1.3	5.3	32.0
Mobile cellular subscriptions (per 100 people)	0	0	1	10	104
Telephone lines (per 100 people)	16	18	17	19	19
Fertility rate, total (births per woman)	3	2	2	2	2
Other					
GNI per capita, Atlas method (current US\$)	<i>310</i>	450	660	1,500	3,490
GNI, Atlas method (current US\$) (billions)	<i>1.1</i>	1.5	2.0	4.5	10.3
Gross capital formation (% of GDP)	47.1	18.4	18.6	30.5	31.8
Life expectancy at birth, total (years)	68	69	71	73	74
Literacy rate, adult total (% of people ages 15 and above)	<i>99</i>	..	99	..	<i>100</i>
Population, total (billions)	3.5	3.2	3.1	3.0	3.0
Trade (% of GDP)	81.3	86.1	73.9	72.0	72.3

Source: World Bank Development Indicators

Figures in italics refer to periods other than those specified.