



Draft Design and Monitoring Framework

Project Number: 42145
September 2009

Armenia: Proposed Multitranche Financing Facility for the North-South Road Corridor Development Program

A design and monitoring framework is an active document, progressively updated and revised as necessary, particularly following any changes in project design and implementation. In accordance with ADB's public communications policy (2005), it is disclosed before appraisal of the project or program. This draft framework may change during processing of the project or program, and the revised version will be disclosed as an appendix to the report and recommendation of the President.

Asian Development Bank

DESIGN AND MONITORING FRAMEWORK

Multitranche Financing Facility

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Increased subregional trade and accelerated economic development in Armenia</p>	<p>Increase in Armenia's exports from \$300 million in 2007 to \$600 million in 2017</p> <p>Increase in Armenia's imports from \$1.1 billion in 2007 to \$2.0 billion in 2017</p>	<p>National economic and trade statistics</p> <p>Customs statistics</p> <p>Statistics from international organizations</p>	<p>Assumption Continued Government commitment to regional cooperation</p> <p>Risk Macroeconomic instability in Armenia and subregion due to current global financial crisis</p>
<p>Outcome Efficient, safe, and sustainable transport on the north–south road corridor</p>	<p>Increased transit traffic across Armenia on the north–south road corridor to about 200 vehicles a day in 2017</p> <p>Increased cross-border traffic on the north–south road corridor from 4.6 billion ton-km in 2008 to 10.0 billion ton-km in 2017</p> <p>Reduced travel time along the north–south road corridor from 3–4 days in 2008 to 2 days by 2017</p> <p>Increased average daily traffic on the north–south road corridor from 3,000 vehicles in 2008 to 6,000 vehicles in 2017</p> <p>About 3 million people will benefit from the Investment Program</p>	<p>Investment Program and tranche completion reports</p> <p>Investment Program and tranche progress reports</p> <p>National and MOTC traffic statistics</p>	<p>Assumptions Other external aid agencies' support for the north–south road corridor</p> <p>The Government's implementation of road maintenance program</p> <p>Risk Reduced commitment to corridors and weak implementation capacity</p>
<p>Outputs 550 km north–south road corridor improved</p>	<p>Road corridor upgraded to 100 km/hr operation standard</p> <p>IRI value for the north–south corridor reduced to 2.5 by 2017 and kept below 4.0 IRI for the next 5 years.</p>	<p>Investment Program and tranche progress and completion reports</p> <p>Investment Program and tranche performance monitoring system</p> <p>Investment Program and</p>	<p>Assumptions Timely provision of counterpart funds by the Government</p> <p>MOTC and ARD maintain diligent oversight of works and efficiently administer contracts to deliver program on time and budget</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks						
<p>Border and customs facilities modernized and a cross-border agreement with Georgia in place</p> <p>Road subsector plan implemented</p> <p>Road subsector management and institutional capacities improved</p> <p>Road safety improved</p>	<p>At least three border facilities improved to handle increased traffic flows</p> <p>5% annual increase in road maintenance financing from actual budget in 2008 adjusted for inflation</p> <p>Road asset management system introduced</p> <p>Project planning, evaluation, execution and reporting capacities reinforced</p> <p>Skills and human resources development plans implemented</p> <p>Reduced road accident fatalities by 20% by 2017 from 11 accidents per 1,000 vehicles in 2008</p>	<p>tranche audit reports</p> <p>Data from ministries and agencies concerned</p> <p>National road accident statistics</p>	<p>Risk</p> <p>Cost overrun due to the sharp escalation of prices of construction materials and labor</p>						
<p>Activities with Milestones</p> <ol style="list-style-type: none"> 1. Financing framework agreement signed by the Government and ADB by September 2009 2. PFR for Tranche 1 Project submitted by the Government and approved by ADB in September 2009 3. Tranche 2 project prepared by the Government by May 2010 and PFR approved by ADB in July 2010 4. Subsequent tranche projects prepared by mid-2010 and PFRs approved by ADB within 2 months of submission during 2011–2014 5. The Investment Program completed 2016 			<p>Inputs</p> <p>ADB:</p> <table border="0"> <tr> <td>ADF</td> <td>\$60 million</td> </tr> <tr> <td>OCR</td> <td>\$440 million</td> </tr> </table> <p>Government/Cofinanciers:</p> <table border="0"> <tr> <td></td> <td>\$462 million</td> </tr> </table> <p>Total \$962 million</p>	ADF	\$60 million	OCR	\$440 million		\$462 million
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ADB = Asian Development Bank, ADF = Asian Development Fund, ARD = Armenian Roads Directorate, IRI = international roughness index, MOTC = Ministry of Transport and Communication, OCR = ordinary capital resources, PFR = periodic financing request.