Armenia: Water Supply and Sanitation Sector Project

**Project Name**
Water Supply and Sanitation Sector Project

**Project Number**
40296-013

**Country**
Armenia

**Project Status**
Closed

**Project Type / Modality of Assistance**
Loan

**Source of Funding / Amount**
Loan 2363-ARM: Water Supply and Sanitation Sector Project
concessional ordinary capital resources lending / Asian Development Fund
US$ 36.00 million

**Strategic Agendas**
Environmentally sustainable growth

**Drivers of Change**
Governance and capacity development

**Sector / Subsector**
Water and other urban infrastructure and services - Urban sewerage - Urban water supply

**Gender Equity and Mainstreaming**
Some gender elements

**Description**
Armenia is a mountainous landlocked country located in the southern Caucasus. It has a land area of approximately 28,700 square kilometers and shares land borders with Azerbaijan, Georgia, Iran, and Turkey. Based on National State Statistics Association estimates, the population was about 3.22 million in 2006 of which about 64% lives in urban areas and the remainder in rural villages. About half the urban population lives in Yerevan, the capital city. The population is forecast to grow at 0.3% per annum through 2015. For administrative purposes, Armenia is divided into 10 marzes (provinces) that are subdivided into districts, and consist of towns and villages. The proportion of the population living in poverty was 29.8% in 2005. Most of the country’s poor lives in regional towns where the incidence of poverty is about 38%.

**Project Rationale and Linkage to Country/Regional Strategy**
To improve people’s living standards, the environment, public health, and economic opportunities, the Government of Armenia (the Government) is prioritizing improved delivery of water and sanitation (WSS) services. To address serious difficulties being faced by the majority of the population because of unsafe and unreliable water supply and inadequate sanitation facilities, the Government has mobilized financial resources, strengthened the legislative and regulatory framework, and restructured sector institutions. Since there is a considerable gap between the overall needs and available financial resources, the Government requested assistance from the Asian Development Bank (ADB) to prepare the proposed Project.

**Impact**
Improved public health and environment in project towns and villages.

**Project Outcome**
Improved access to safe, reliable and sustainable water supply and sanitation services in about 16 project towns and up to 125 project villages managed on commercial principles and environmentally sound practices.

**Progress Toward Outcome**
Project is physically completed and financial loan closing date is 20 February 2013. Outcomes have been successfully achieved with the following results:
1. 21 project towns are now benefiting from the project in terms of improved public health and environment. This is well above the original target of 16 project towns.
2. 600,000 people are now benefiting from the project in terms of improved public health and environment. This is also well above the original target of 576,000.

**Implementation Progress**

1. Rehabilitated, replaced, and expanded water supply and sewerage systems in project towns and villages.
2. Improved water services in project towns and villages.
3. Strengthened AWSC and institutionalized project villages not covered by AWSC.
4. Improved community management skills.

**Status of Implementation Progress (Outputs, Activities, and Issues)**
Water and sewerage systems were rehabilitated and upgraded in 21 towns and 97 villages benefitting approximately 600,000 households.
- On track
- 915 km of water supply pipes installed or upgraded in 2012
- 11,899 new households connected to piped water supply in 2012
- 10,327 new households connected to piped water supply in 2012
- 40,570 consumers with access to safe water supply of at least 12 hours per day in 2012
- Achieved 100%
- 63,735 consumers with access to full level of water supply in 2012
- Tracking well
- 128,933 customers in 2012
- 79% in 2012
- 35 achieved

**Geographical Location**

**Safeguard Categories**

- Environment: B
- Involuntary Resettlement: B
- Indigenous Peoples: C
The Project is unlikely to cause any adverse environmental impacts because (i) potential negative impacts associated with the design, construction, and operation of the proposed subproject activities are likely to be temporary and localized in extent, and can be mitigated to acceptable levels using proven technology and management measures; (ii) an environmental management and monitoring plan was prepared to ensure environmentally sustainable implementation of the subprojects.

During Project Design
Stakeholder analysis has been conducted during project preparation through public participation and consultation with key stakeholders. Stakeholder consultations and focus group discussions were conducted with 120 people in the subproject town and each subproject community during April-May 2007. Issues discussed included qualitative aspects of poverty in subproject communities; gender issues; benefits of improved water services (especially to the poor and women); and willingness of involvement in design, monitoring, and evaluation activities for the Project. During these consultation exercises, community members also voiced their key environmental concerns and ideas on improving sanitation.

During Project Implementation
Based on the public consultations, focus group discussion, and rapid participatory appraisal, a participation strategy has been developed to (i) promote active participation of the beneficiary and affected population in project planning, implementation, and monitoring and evaluation; (ii) promote active participation of the stakeholders in the implementation of the capacity building program on the effective management of water resources and water systems in the project communities; (iii) enhance project benefits to the beneficiary populations; (iv) obtain their support for the Project; and (v) raise their social acceptance of the user fees.

Business Opportunities
Consulting Services
Inputs of 1,120 person-months of national consultants are planned for project implementation and management support to the PCU and PMU. The selection and engagement of these consulting services will be in accordance with the quality and cost-based selection method of ADB's Guidelines on the Use of Consultants (2007, as amended from time to time).

Procurement
All procurement financed under the Project will be carried out in accordance with ADB's Procurement Guidelines (2007, as amended from time to time). Contracts for civil works estimated to cost more than $1 million equivalent and contracts for goods estimated to cost more than $500,000 equivalent will be procured using international competitive bidding (ICB). Civil works contracts estimated to cost $1 million equivalent or less will be procured through national competitive bidding (NCB). Goods contracts estimated to cost less than $100,000 equivalent will be carried out through shopping procedures. Goods valued below $10,000 may be purchased directly from the supplier.

Timetable

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<tr>
<th>Milestones</th>
<th>Status of Covenants</th>
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<tbody>
<tr>
<td>Approval</td>
<td>Cofinancing</td>
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<tr>
<td>Signing Date</td>
<td>Cumulative Disbursements</td>
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<tr>
<td>Effectivity Date</td>
<td>31 Oct 2007</td>
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<tr>
<td>Original Closing</td>
<td>20 Feb 2013</td>
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<tr>
<td>Revised Closing</td>
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<tr>
<th>Financing Plan</th>
<th>Loan Utilization</th>
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<tr>
<td>Total (Amount in US$ million)</td>
<td>Date</td>
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<tr>
<td>Project Cost</td>
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<tr>
<td>ADB</td>
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<td>Counterpart</td>
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Loan 2363-ARM
| Rating       | Satisfactory | - | - | - | - | Satisfactory |

| Project Page | https://www.adb.org/projects/40296-013/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=40296-013 |
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