

<b>1. CAS Data</b>	
Country: Armenia	
CAS Year: FY2004	CAS Period: FY05 – FY08
CASCR Review Period: FY05 – FY08	Date of this review: June 4, 2009

<b>2. Executive Summary</b>
<p>i. This review evaluates the Armenia FY05-08 Country Assistance Strategy Completion Report (CASCR). The objectives of Bank’s program as identified in the CAS and subsequent progress report were aligned with the PRSP and the recommendations of the 2004 IEG Country Assistance Evaluation (CAE) and were founded on three pillars: (i) promote private sector-led growth; (ii) make growth more pro-poor; and (iii) reduce non-income poverty. During FY05-08, IDA commitments totaled US\$229.25 million for a portfolio of 15 projects, supported by analytical and advisory activities (AAA) and TA operations (see Table 2).</p> <p>ii. The overall outcome of the CAS program is rated <i>satisfactory</i>.</p> <p>iii. Pillar I is rated <i>moderately satisfactory</i>. In supporting private sector-led growth, progress was achieved in building capacity and in advancing structural reforms. As a result, private sector activity picked up. However, there is little evidence of improvements in transparency and reducing corruption. Budget execution, reporting and audit reforms in the PFM chain were delayed, and more deepening is needed in the reforms on competitiveness and corporate governance in the financial and communication sectors.</p> <p>iv. Pillar II is rated <i>satisfactory</i>. Progress was made in reducing poverty and spreading the benefits of growth, especially to the vulnerable. However, job creation, in both rural and urban areas, as well as social protection reform moved at a slower than expected pace.</p> <p>v. Pillar III is rated <i>satisfactory</i>. Progress in reducing non-income poverty at the country level came by an increase in the amount and effectiveness of public resources allocated for education and health, as well as by an innovative public/private partnership in water and sanitation. However, IDA support was modest for these purposes.</p> <p>vi. Bank performance is rated <i>satisfactory</i>. The Bank delivered the CAS program effectively, managing risks through continuous monitoring and evaluation, maintaining a strong working relationship with the Government and coordinating with partners and stakeholders. The Bank, however, could have played a more decisive role on public sector reform.</p> <p>vii. IEG agrees with the lessons drawn in the CASCR and supports the recommendations to strengthen the results framework and the effectiveness of the Government’s strategy to reduce poverty, lower inequality, and improve human development by focusing on improving the business climate and public sector management.</p>

<b>CASCR Reviewed by:</b>	<b>Peer Reviewed by:</b>	<b>CASCR Review Coordinator</b>
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### 3. CASCR Summary

#### *Overview of CAS Relevance:*

1. CAS goals were relevant and corresponded with the country's PRSP objectives: (i) improving the business climate and public sector management; (ii) removing infrastructure bottlenecks; (iii) targeting cost reductions in linking the country to external markets; (iv) strengthening the financial sector; and (v) increasing the Government's capacity to effectively implement policy. The lending and non-lending (on-going and proposed) along with the PRSC series were focused to support the individual intervention programs in each of the pillars. All investment loans evaluated during the CAS period were rated moderately satisfactory or better by IEG (see Table 3).
2. The pace and quality of AAA followed the CAS guidelines and assisted the Government in strengthening its decision-making on strategic policy reforms, as well as in consensus building in designing and implementing programs which underpinned the country's good economic performance.
3. Most of the target outcomes in the CAS captured Bank interventions and were monitorable within or immediately after the CAS timeframe. At the same time, a few indicators lacked data and benchmarks, making it difficult to assess the Bank's contribution and appropriately measure the target outcomes in each of the CAS pillars.

#### *Overview of CAS Implementation*

4. **Lending:** The CAS started from a strong portfolio from previous CAS, which included seven projects amounting to US\$84 million. IDA commitments during FY05-08 increased to US\$229.25 million, with 13 projects and two trust fund (TF) grants (see Table 1). The base case had an envelope of US\$170 million with 12 projects, with a high case triggered by good tax performance, and progress of reforms in the civil service and in health and education. For the most part projects were delivered as scheduled, with only three facing delays and two being substituted. The additional projects were designed to scale up activities launched during the previous CAS in the areas of rural development (irrigation) and the judicial reform. The two projects that were not delivered were on infrastructure and public sector reform. The portfolio included a TF grant (about US\$2 million) from the Dutch Government to support a project initiated during the previous CAS (Second Foreign Investment and Export Facilitation Project) and a second TF grant (US\$6.25 million) to address the outbreak of the avian influenza.
5. Total disbursements during the CAS period (2005-08) reached US\$297.2 million and represented about 30 percent of the total development assistance received by the country during the period 2004-2007 (see Table 6). As of December 2008, the IDA portfolio included 17 projects with net commitments of US\$283.6 million, covering operations in public sector reform, rural development and irrigation, water and sanitation, renewable energy and urban heating, health and private sector development.
6. Portfolio quality was good throughout the CAS period (FY05-08). While there were two projects at risk in 2004, during the period 2005-2007 all projects performed well and none of them was at risk. In 2008, there was only one project at risk, which represented 5.9 percent of the total portfolio of that year. During the CAS period, IEG evaluated 9 projects of which 5 were rated satisfactory, 2 moderately satisfactory and 2 highly satisfactory. Average sustainability likelihood weighted by amount and number, was higher for projects in Armenia than the average of ECA countries. However, the average development impact rating weighted by amount was less in Armenia than the average for ECA region.

7. The working relationship between the Bank and the Government at all levels was strong, with the Bank's local office having played a positive role in the dialogue with the authorities in all sectors and contributed to a well performing portfolio. The interface with the Government was also supported by an effective Project Implementation Units (PIUs) many of which were integrated into the line Ministries. Little is reported, however, on the progress in strengthening Armenia's country systems.

8. Due to Armenia's strong performance and progress with the high case triggers, the country became eligible for mixed IDA/IBRD support as of the end of the CAS period.

9. **Non-lending:** Out of the ten planned studies, eight were delivered and two were dropped. The three major studies were the programmatic PERs that included CFAA and PEFA, the programmatic poverty assessments, and the CEM. These pieces are reported to have been well internalized. The two dropped studies were the Country Environmental Assessment, and another study covering the donor coordination consultations. Seven non-programmed studies were initiated to scale up those already planned or to address new issues. Analytical work is said to have provided a foundation for the reforms in private sector development and competition policy, rural sector strategy and social protection.

#### Overview of Achievement by Objective:

##### Objective 1: Promote Private Sector-led Growth

10. The CAS aimed to foster private sector development, so as to make it the main source of economic growth, employment creation and poverty reduction. The strategy envisaged a public sector more supportive of private sector development, an enhanced and deeper financial system and an upgraded communications infrastructure. The Bank strategy built on a portfolio initiated during the previous CAS, which included an enterprise incubator LIL, and transport and public sector modernization. The Bank projects included: four PRSCs aimed at improving the public sector capacity and enhancing the quality of governance, and projects on judicial reform, and foreign investment and export facilitation. Additional Bank support was provided through analytical work, including Programmatic PERs, a CEM, an FSAP and ROSC updates, a PEFA, and an Annual Business Survey. Two programmed projects (an infrastructure project and a second public sector project) were dropped.

11. **Public Sector:** The CAS program contributed to building capacity in the public sector, as reflected in stronger revenue collection and tax legislation compliance, alignment of fiscal resources with national priorities, advancement in civil service reforms, and in the delivery of basic social services. There was some efforts launched to improve the tax and customs administration. However, there is little factual and/or measurable evidence in the CASCR on progress achieved in these critical areas. In fact, several composite and perception ratings (DB, TI, Global Competitiveness Report) point to persisting issues.

12. Progress has been achieved in enhancing policy-budget linkages, but reforms related to budget execution, reporting and auditing have been delayed, and there is a need for a more integrated approach to improve the country public finance management system.

13. The Bank aimed at strengthening the performance of the judicial system by improving the courts infrastructure (buildings, etc), introducing a modern case management and legal information systems, enhanced and raising overall legal awareness. Aside from outputs that were achieved, the CASCR shows little evidence (aside from government surveys) pointing to improved performance of the judiciary or improved public trust in it.

14. **Strengthening the financial system:** Building on the recommendations of the 2005 Financial Sector Assessment Program (FSAP) and its update, as well as on the 2008 ROSC, the financial system regulations were strengthened by introducing a unified supervisory regime and stronger prudential enforcement and oversight powers under the authority of the Central Bank of Armenia (CBA). In addition, creditors' rights, civil procedures for bad debt resolution is reported as having expanded faster than expected; banking corporate practices improved, and bank consolidation and the entry of foreign banks increased competition in the sector. However, operational efficiency and competitiveness in the financial sector are still lagging, as illustrated by the high cost of financial intermediation, the framework for AML/CFT that needs further development and the governance of the corporate sector that remains weak.

15. **Improving communications infrastructure:** Bank support during the previous CAS helped the country to improve the road and railways systems, and tangible results were evident in roads, bridges, and track rehabilitation. The breaking of monopolistic practices in the telecom sector has permitted a timid opening towards competition. An umbrella framework, the Public Services Regulatory Commission (PSRC) was put in place for the regulation of telecommunication, energy, railways, and water utilities, and an investment promotion agency, the Armenian Development Agency (ADA) was created.

16. The PRSC series provided the platform for policy dialogue for improving business environment. The Bank provided policy advice on introducing more competition in the aviation sector, and aimed at raising efficiency and reducing costs in key economic sectors. However, the CASCR does not provide convincing evidence as to what exactly was achieved through establishment and operation of the ADA supported by the Bank LILs, as well as what was the Bank's contribution to the break-up of the telecom monopoly, which had expired according to the terms of the contract of the monopoly operator, and whether there were any tangible results in the aviation sector.

17. Overall Performance – Pillar I. Overall rating: *moderately satisfactory*. Bank interventions under the FY05-08 CAS aimed at enhancing public sector capacity (including the judiciary) as well as strengthening the financial and communication sectors. However, there is little evidence pointing to concrete outcomes in several important areas, including tax and customs and judicial reform. Budget execution, reporting and auditing reforms have been delayed, and there is a need for a more integrated approach to improve the country public finance management system. Sustainability and balanced growth of the financial and the communication sectors require improved competitiveness measures, and better governance of the corporate sector.

#### **PILLAR II: Make Growth More Pro-Poor**

18. The CAS objective was to have the benefits from economic growth better shared among population, by improving formal sector jobs, stimulating the rural economy, and improving social protection. Analytical work and technical assistance in support of this pillar included the programmatic series of PER and Poverty Assessments, a CEM, a Labor Market Dynamics study and a Policy Notes study. The country achieved significant progress on poverty reduction, as measured by reduction in the number of poor households from 49.3 percent in 2002 to 25 percent in 2007, accompanied with a decline in inequality in 2006 and 2007 with the Gini declining from 0.37 in 2002 to 0.45 in 2006-07. The poverty in rural areas fell from 48.2 percent in 1999 to 23.2 percent but increased to 25.5 percent in 2007.

19. **Declining importance of the informal sector in the economy:** The data from the Government estimates that the size of the informal economy is at 35 percent of the formal economy, lower than the 45 percent benchmark at the start of the CAS period. To boost employment in Armenia, the Bank supported

the Government through diagnostic work and a labor market study, which provided recommendations on how to improve the employment markets. Its findings have been used in drafting a National Employment Strategy. The CASCR suggests that despite unreliable statistics, the unemployment in Armenia seems to have declined. But underemployment remains a large concern with low percentage of labor force participation with excess labor in agriculture and other informal tasks. Employment in rural areas has also remained relatively stagnant. The CASCR reports a 77 percent satisfaction among users of the social protection system, but also indicates the need for further efforts in matching education, training and job opportunities.

20. **Increasing productivity in rural areas:** New and ongoing Bank projects (irrigation and dam safety, irrigation development, title registration, irrigation and dam safety, rural development project and social investment fund 3) supported this Pillar. The irrigation rehabilitation project helped sustain irrigation to 146,800 ha (99 percent of the revised target), reducing water losses, increasing delivery efficiency and introducing water user consumer cooperatives on 27,800 ha (111 percent of the target). The CASCR notes major savings in energy and economic self-sufficiency as a result of transferring irrigation supply services to WUAs. The ongoing agricultural reform project helped to establishing the agricultural development center which provides training, business planning and financial management assistance to farmers and agro-processors as well as improving and expanding agricultural credit. An ongoing rural development project provided rural financial services, including support for a seed and sapling market and a community-focused rural lending program. Two dam safety projects and an irrigation development project have also been supported by the Bank to mitigate risks for half a million people living in the vicinity of the dams. The title registration project aimed at: increasing productivity and value of land and other real estate through securing property rights; and promoting consolidation of fragmented rural land ownership.

21. **Effectiveness of social transfers in addressing extreme consumption poverty:** The Bank supported the CAS objective of increasing the effectiveness of social transfers through a social protection project, the PRSC and a few pieces of analytical work (e.g., Programmatic PER, CEM, Programmatic Poverty Assessments and WBI's pension administration project). Pension, family benefits, and other social assistance programs received 4.8 percent of the GDP in 2007 up from 3.2 percent in 2005. The 2008 PER determined that in the absence of social transfers, poverty would have increased from 26.5 percent to 32.8 percent in 2006 and the incidence among the extreme poor would have tripled from 4.1 percent to 12.2 percent.

22. Overall Performance – Pillar II: *satisfactory*. Bank contribution through projects, analytical work and TA was effective in helping to reduce poverty and protect the vulnerable. However, support to reforms aimed at transforming the private sector into a source of job creation both in the rural sector and in the cities progressed at a slower pace.

### **PILLAR III: Reduce Non-Income Poverty**

23. The CAS aimed to address three main constraints: quality and inefficiencies in the educational system, unaffordable health care and poor investments and access to basic infrastructure through lending (the PRSC series, health APL II, urban heating project, social investment fund III and rural development project), and non-lending activities (policy notes, country economic memoranda, programmatic public expenditure reviews and poverty assessments). Other pre-CAS lending activities that contributed to the achievement of objectives included education APL, health modernization APL, municipal development project, Armenia water, electricity transmission and development project, and roads and highways project. The specific outcomes achieved are as follows:

24. **Increase the number of children staying in the educational system:** The CAS objective was to have more children stay in the educational system, increase the net secondary enrollment rates, increase pupil-teacher ratio and agree on procedures relating to teachers compensation that are redundant. These issues were addressed through new lending - the PRSC and the education APL, and through ongoing interventions, social investment fund 3 and urban heating project. Progress was achieved mainly at the general secondary education level owing to increased resources for education. Spending rose from 2.3 percent of GDP in 2004 and about 2.9 percent in 2006 (slightly below the 2006 PRSP target of 3.1 percent of GDP). An ongoing education APL is assisting with the development of a national curriculum for primary and secondary education along with improvements in teacher testing, training, and support for substantial teacher salary increases. The social investments in education facilities were also supported by the urban heating project. An optimization program introduced and developed during the CAS period helped increasing teacher pupil ratio from 11 in 2003 to 14.5 in 2008 through an aggressive teacher reduction and retraining program. The GER for upper secondary education was 89 percent in 2005 while the NER was 70 percent.

25. **Ensuring access to healthcare services:** The CAS aimed to achieve better access to healthcare through an increase in the share of sick people that use healthcare services. In health, provisions for affordable quality services and the utilization of these services to the poor increased up to 27 percent of the bottom quintile. A primary health care system (PHC) was in place, guaranteeing a minimum but broad package of services for all citizens. As public budget allocation to health increased in real terms, progress was achieved in improving access to the PHC by the poorest, increasing the number of trained doctors and nurses, increasing utilization rates for outpatient services, reductions in out-of-pocket expenditures, and hospital consolidation. Gains in health services were also evident with the increase in the life expectancy among the poor and decrease in child mortality incidence. The PRSC series and the health system modernization project helped to consolidate hospitals. In addition, government policies to strengthen the PHC yielded significant results, inter alia, the gap between the richest and poorest quintiles using the PHC shrank the share of the population covered by newly trained doctors and nurses reached 58 percent in 2008, utilization rates increased by 33 percent for outpatient services and by 22 percent for hospitals. The percentage of the population satisfied with the quality of outpatient services increased, and access to the PHC was better spread geographically – although access in rural areas lagged behind the national average.

26. **Providing basic infrastructure in water and sanitation:** The CAS program intended to increase the share of population permanently connected to piped water. The municipal development project (MDP) introduced a performance-based management system for the city of Yerevan, aiming to improve the financial viability of the water and sewage utility. The CAS further helped the Government consolidating the private/public partnership under the Yerevan water and sanitation project which financed investments under a new lease contract resulting in the increased availability of water. The municipal water and wastewater project improved the water and wastewater services outside Yerevan covering 45 percent of the population while the social investment fund I & II financed water supply in small communities. There was progress in the provision of safe, clean, and affordable heating in apartments (46 percent of households), and in schools along with the rehabilitation of 97 urban schools in 2006-08, and the provision of capital grants to the urban poor for installing gas heaters and connecting to the gas network under the renewable resources and energy efficiency fund (RREEF). Outside the capital city of Yerevan, the Armenia social investment fund II helped rehabilitate 145 small scale water systems in about 62 villages.

27. Overall Performance – Pillar III: *satisfactory*. Results included: (i) increase in the allocation of public resources, for education and health; and (ii) the innovative public/private partnership in the water and sanitation programs.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Objective I - Pillar I Promote Private Sector-led Growth	Satisfactory	Moderately Satisfactory	Despite progress achieved in certain areas (telecom sector competitiveness, financial sector deepening) there is little evidence pertaining to concrete results in public sector reform (including tax and customs administration).
Objective II - Pillar II Make Growth more Pro-Poor	Satisfactory	Satisfactory	There was significant progress in poverty reduction. However, there is little evidence of progress in creating jobs, especially in the rural areas, where the concentration of poor is the highest.
Objective III - Pillar III Reduce Non-Income Poverty	Satisfactory	Satisfactory	Major progress included: (i) increase in the allocation of public resources and achievement of targeted results in education and health; and (ii) the innovative public/private partnership in the water and sanitation programs. However, sustainability of achievements remains a concern.

**Comments on Bank Performance:**

28. The CAS and its progress report were highly relevant owing to its alignment with the goals and priorities of the PRSP and the recommendations of the CAE. Armenia made progress in poverty reduction and high economic growth. Overall, the Bank delivered the CAS program with quality, effectively managing risks, had a strong working relationship with the Government, and good coordination with partners. The Bank's investment and policy-based lending, and AAA are reported to have helped the Government. Areas that needed further strengthening included placing a stronger focus on governance, more outreach to civil society in developing programs and disseminating analytical work more widely.

29. Supervision and implementation were generally of good quality. Disbursement ratio averaged over 30 percent per annum during the CAS period, and was considered to be one of the best performances among Bank clients.

30. Monitoring and evaluation (M&E) proceeded at both the project and country levels, where the latter was facilitated through periodic country portfolio reviews (CPRs) and the continuous tracking of the CAS milestones by the CMU which informed the drafting of the CAS progress reports and the preparation of the CASCR. At the same time, major challenges remain in M&E. Some target outcomes were difficult to measure in the absence of associated benchmarks in the CAS, and owing to the lack of documented information on the Bank's contribution.

<b>4. Overall IEG Assessment</b>	
<b>Outcome:</b>	Satisfactory
<b>Bank Performance:</b>	Satisfactory
<p>31. <b>Outcome:</b> IEG rates the overall outcome as <i>satisfactory</i>. The overall outcome is the result of an equal weight of the performance achieved under the three pillars, two of which are rated satisfactory and one is rated moderately satisfactory. Despite strong economic growth and progress in private sector development, transparency and anti-corruption reforms seemed to lack traction, and budget execution, reporting and auditing reforms in the PFM chain were delayed. Significant reduction in poverty rates was not accompanied by robust job creation among the poorest strata. Regarding the non-income poverty, major progress included: (i) increase in the allocation of public resources and good performance on education and health outcomes, and (ii) the innovative public/private partnership in the water and sanitation programs. However, sustainability of achievements remains a concern—the extent to which progress may be hampered by the slowdown in growth of real GDP fueled by the major downturn in remittances, as well as the associated decline in tax revenues, remains an open question.</p> <p>32. <b>Bank Performance:</b> Bank performance contributed to the achievement of objectives. The quality of supervision and implementation was high, the operations closely followed the original CAS program and were supported by sound AAA program.</p>	
<b>5. Assessment of CAS Completion Report</b>	
<p>33. The Armenia CASCR is an extensive and careful review of the objectives, achievements, targeted results, and benchmarks incorporated in the CAS. Although the CASCR did not provide an overall outcome rating of the CAS, it provided a thorough and frank assessment of the achievements, shortfalls, and challenges leading to generally satisfactory outcomes in each of the focused pillars/objectives. A shortcoming of the CASCR was lack of thoughtful discussion of the evolution of the strategy, the rationale behind the mix of adjustment and investment credits.</p> <p>34. Nevertheless, the CASCR points to some indicators that did not quite capture key Bank interventions. The CASCR had limited references, discussion, and assessment of the impact on outcomes of: IFC and MIGA programs and the WBI learning and capacity building efforts. Table 9 points to the CASCR’s weakness in providing the appropriate data and information (e.g., benchmarks, methods to measure progress, etc.) on the outcomes of key sub-themes in all three pillars.</p>	
<b>6. Findings and Lessons</b>	
<p>35. IEG supports the proposed initiatives to improve the results framework, the effectiveness of policy support, related investments, selected analytical work, public/private partnerships, and the heightening of the use of stronger cross-sectoral approaches for specific sector operations. IEG also endorses QAG findings and recommendations to find ways to strengthen analytical work in the real sectors and human development. This would help the Government in designing appropriate programs and implementation approaches to addressing capacity and infrastructure constraints in key sectors.</p>	



The lessons of aligning sectoral projects with country context are supported by IEG, notwithstanding the need for appropriate use of programmatic instruments, public/private partnership coordination, and clear delineation and coordination stressing responsibilities, roles, and governance arrangements.

36. The experience in the social sectors in Armenia had important lessons both for Armenia and for other countries in the region. The use of collaborative public and private initiatives to bring about consensus on key approaches and modalities, and the extension of this collaboration in project design, implementation and monitoring and evaluation was very important in building ownership and achieving flexibility to changing circumstances in order to achieve the intended results.



**Annex Table 1: Actual vs. Planned Lending**

**Annex Table 2: Analytical and Advisory Work: actual vs planned**

**Annex Table 3-a: IEG Project Ratings**

**Table 3-b: IEG Project Ratings by Region and Bank Averages**

**Annex Table 4: Portfolio Status Indicators by Year**

**Annex Table 5: IBRD / IDA Net Disbursements and Charges**

**Annex Table 6: Net Official Development Assistance & Official Aid**

**Annex Table 7: Economic and Social Indicators**

**Annex Table 8: Millennium Development Goals**

**Annex Table 9: Summary of Achievements of CAS Objectives**



**Annex Table 1: Planned and Actual Lending, FY05-08 (Base-case: US\$170.00 million)**

	Project ID	Proposed FY	Approved FY	Proposed Amount	Approved Amount
<b>Programmed Projects</b>					
PRSC/PRSC TA	P078673	2005	2005	20.00-25.00	20.00
Rural Development	-----	2005	Forwarded to 2006	15.00-25.00	Forwarded to 2006
Yerevan Water II	P087641	2005	2005	20.00	20.00
PRSC II	P093459	2006	2006	20.00	20.00
Social investment Fund III <i>(Rural Development<sup>1</sup>)</i>	P087011	2006	2006	15.0-25.0	20.00
Urban Heating	P057880	2006	2006	15.0	15.00
Renewable energy	P083352	2007	2006	5.0	5.00
PRSC III	P093460	2007	2007	20.00-25.00	28.00
Renewable energy <i>(Social investment Fund III)</i>	P094225	2007	2007	5.00	25.00
Infrastructure <i>(Health APL II)</i>	P104467	2007	2007	10--30	Dropped 22.00
Public Sector II		2007		0.0-20.00	Dropped
PRSC IV	P101486	2008	15.00	15.0	18.50
Rural Development II <i>(Add-Finance-Irrigation)</i>	P105171	2008	2007	10.00-30.00	5.00
<b>Total FY05-08</b>					<b>193.50</b>
<b>Non-Programmed Projects</b>					
Judicial reform II	P099630	2007	2007	0.0-20.00	22.50
Rural Development II (Add-Finance-Irrigation)	P105171	2008	2007	10.00-30.00	5.00
Avian Influenza	P099832	2006	2006	0.00	6.25
Second Foreign Investment and Export Facilitation Project (TF Grant)	P108294	2008	2008	0.00	2.00
<b>Total FY05-08</b>				<b>170.00</b>	<b>229.25</b>

Source: Armenia Draft CASCR 2009 and WB Business Warehouse as of March 20, 2009.

<sup>1</sup> The projects in italic were effectively delivered instead of those planned.

**Annex Table 2: Planned and Actual Analytical and Advisory Work**

Planned FY	Products	Project ID/ Comm. Amount	Delivered to Client FY	Delivery Status
	<b>Planned</b>			
<b>FY05</b>	Private/Financial Sector services		Ongoing	Delivered
	Programmatic Poverty Assessments	P090784 (\$84,000)	2005	Delivered
	Programmatic Public Expenditure Reviews		2007	Forwarded to FY07
	FIAS Follow -Up	P093326 (198,000)	2005	Delivered
	Annual Business Survey		2005	On-going
	CG meetings –Donor Coordination		2005	Dropped
	Private/Financial Sector services		On-going	To be delivered in 2009
<b>FY06</b>	Labor Market Dynamics	P090919 (\$135,000)	2007	Delivered
	Programmatic Poverty Assessments	P096944 (107,000)	2006	Delivered
<b>FY07</b>	Programmatic Poverty Assessments	P101610 (\$73,000)	2007	Delivered
	Programmatic Public Expenditure Reviews	P096939 (\$303,000)	2007	Delivered
<b>FY08</b>	Country Environment Assessment		2005	Dropped
	Programmatic Public Expenditure Reviews	P107267 (217,000)	2008	Delivered
	Competition Policy (IDF)		2008	On-going
<b>Additional actual deliveries</b>				
<b>FY05</b>	Governance ROSC Assessment	P092957 (\$58,000)	2005	Delivered
	Policies to sustain growth	P085587	2005	Delivered
<b>FY06</b>	Rural sector strategy	P084109 (107,000)	2006	Delivered
<b>FY07/08</b>	PPIAF on Railways Restructuring/Concession		2008	Delivered
	Public Debt Management (IDF)		2008	Delivered
<b>FY08</b>	ROSC	P104011 (\$115,000)	2008	Delivered
	Policy Notes	P107277 (\$428,000)	2008	Delivered
<b>FY08/09</b>	Public Sector Accounting Standards (IDF)		2009	Ongoing
<b>FY08/09</b>	PEFA	P112609 (\$29,000)	2009	Ongoing

Source: Armenia Draft CASCR 2008 and WB Business Warehouse as of April 01, 2009.

**Annex Table 3-a: IEG Project Ratings for Armenia, FY05-08**

Proj. ID	Project Name	Approval FY	Exit FY	IEG Outcome	IEG Sustainability	IEG ID Impact
P050140	Health	1998	2004	SATISFACTORY	LIKELY	SUBSTANTIAL
	Other social service	2003	2004	SATISFACTORY	LIKELY	SUBSTANTIAL
P035806	Agro-industry	1998	2005	SATISFACTORY	LIKELY	SUBSTANTIAL
P044829	Roads & highways	2000	2005	SATISFACTORY	LIKELY	MODEST
P057560	Central Government admin	1999	2005	HIGHLY SATISFACTORY	HIGHLY LIKELY	HIGH
P035805	Water supply	1998	2006	SATISFACTORY	LIKELY	SUBSTANTIAL
P076543	Gen ind/trade sector	2002	2006	HIGHLY SATISFACTORY	LIKELY	HIGH
P008276	Power	1999	2007	SATISFACTORY	NA	NA
P044852	Info technology	2002	2007	SATISFACTORY	NA	NA
P057838	Law and justice	2001	2007	MODERATELY SATISFACTORY	NA	NA
P057952	Gen education sector	2000	2007	MODERATELY SATISFACTORY	NA	NA

Source: WB Business Warehouse Table 4a.6 as of February 10, 2009.

**Annex Table 3-b: IEG Project Ratings by Region and Bank Averages FY05-08**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome percent Sat (\$)	Outcome percent Sat (No)	Inst Dev Impact percent Subst (\$)	Inst Dev Impact percent Subst (No)	Sustainability percent Likely (\$)	Sustainability percent Likely (No)
ECA	12,768.4	255	88.2	84.8	72	62.7	94.5	90.3
Armenia	209.7	11	100.0	100.0	72	85.7	100.0	100.0
Overall Result	77,350.1	1,202	86.9	79.2	65	55.8	88.5	81.2

Source: WB Business Warehouse Table 4a.5 as of March 20, 2009.

**Annex Table 4: Portfolio Status Indicators, FY03-08**

<b>Fiscal year</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Armenia</b>					
# Proj	18	16	18	17	17
Net Comm Amt	295.5	251.3	266.5	278.6	283.6
# Proj At Risk	2	0	0	0	1
Percent At Risk	11.1	0.0	0.0	0.0	5.9
Comm At Risk	16.4	0.0	0.0	0.0	10.2
Percent Commit at Risk	5.5	0.0	0.0	0.0	3.6
<b>Georgia</b>					
# Proj	18	17	18	18	14
Net Comm Amt	344.8	328.8	290.4	308.5	253.3
# Proj At Risk	4	0	2	1	2
% At Risk	22.2	0.0	11.1	5.6	14.3
Comm At Risk	82.1	0.0	55.7	15.7	18.7
% Commit at Risk	23.8	0.0	19.2	5.1	7.4
<b>Azerbaijan</b>					
# Proj	14	18	18	16	24
Net Comm Amt	341.3	421.0	572.9	768.0	2,034.7
# Proj At Risk	2	1	0	2	4
% At Risk	14.3	5.6	0.0	12.5	16.7
Comm At Risk	103.9	15.0	0.0	26.0	89.9
% Commit at Risk	30.5	3.6	0.0	3.4	4.4
<b>Ukraine</b>					
# Proj	8	8	5	7	6
Net Comm Amt	377.1	377.1	205.9	400.5	366.3
# Proj At Risk	1	1	0	0	0
% At Risk	12.5	12.5	0.0	0.0	0.0
Comm At Risk	30.0	30.0	0.0	0.0	0.0
% Commit at Risk	8.0	8.0	0.0	0.0	0.0
<b>Lithuania</b>					
# Proj	5	3	3	1	1
Net Comm Amt	105.7	82.0	82.0	35.4	35.4
# Proj At Risk	1	0	0	0	0
% At Risk	20.0	0.0	0.0	0.0	0.0
Comm At Risk	20.0	0.0	0.0	0.0	0.0
% Commit at Risk	18.9	0.0	0.0	0.0	0.0
<b>ECA</b>					
# Proj	1,346	1,332	1,345	1,347	1,386
Net Comm Amt	92,554.3	93,211.7	92,888.8	97,790.5	105,292.49
# Proj At Risk	228	224	188	224	250
% At Risk	16.9	16.8	14.0	16.6	18.0
Comm At Risk	14,742.1	12,552.7	10,849.8	15,175.6	18,179.3
% Commit at Risk	15.9	13.5	11.7	15.5	17.3



**Annex Table 5: IBRD / IDA Net Disbursements and Charges (FY05-08)**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Amt.
2005	75.1	2.1	73.00	5.80	0.4	66.8
2006	55.0	5.6	49.40	5.9	0.4	43.1
2007	85.1	7.3	77.8	6.6	0.4	70.8
2008	82.0	10.1	71.9	3.7	4.1	64.1
<b>TOTAL</b>	<b>297.2</b>	<b>25.1</b>	<b>272.1</b>	<b>22.0</b>	<b>5.3</b>	<b>244.8</b>

Source: World Bank Client Connection, Net Disbursements and Charges Report (in USD) as of March 16, 2009.

**Annex Table 6: Total Net Disbursements of Official Development Assistance & Official Aid 2003-2007 (US\$ million)**

Years	2003	2004	2005	2006	2007	Total
<b>Donor</b>						
All Donors, Total	248.74	253.78	171.73	213.39	351.55	1239.19
DAC Countries, Total	127.4	133.14	126.37	135.04	230.72	752.67
Multilateral Agencies, Total	120.74	119.91	44.44	76.43	118.87	480.39
Non-DAC Countries, Total	0.6	0.73	0.92	1.92	1.96	6.13
G7, Total	103.78	107.89	100.85	111.91	205.6	630.03
DAC EU Members, Total	39.7	48.29	59.36	54.54	56.82	258.71
Austria	3.06	3.38	1.73	0.36	0.6	9.13
Belgium	..	0.13	0.29	0.95	0.37	1.74
Canada	0.92	0.62	0.97	0.13	1.91	4.55
Denmark	0.41	0.06	0.16	0.94	2.14	3.71
France	3.03	4	3.81	14.11	8.5	33.45
Germany	13.92	18.72	29.98	16.65	22.53	101.8
Greece	2.86	2	1.98	1.47	5.4	13.71
Ireland	0.12	0.06	0.2	0.25	0.04	0.67
Italy	1.55	0.17	1.24	0.07	0.04	3.07
Japan	7.02	4.68	5.37	7.68	85.23	109.98
Netherlands	9.91	9.22	11.64	8.49	5.8	45.06
Norway	3.35	3.34	5.18	5.22	4.66	21.75
Spain	0.08	1.42	0.39	0.29	0.05	2.23
Sweden	1.61	2.32	1.57	2.32	3.61	11.43
Switzerland	2.2	3.07	2.23	2.59	2.18	12.27
United Kingdom	3.15	6.56	6.22	8.39	7.47	31.79
United States	74.19	73.14	53.26	64.88	79.92	345.39
EC	16.44	28.23	23.42	21.05	20.51	109.65
Czech Republic	0.13	0.16	0.5	0.43	0.43	1.65
Korea	0.11	0.09	0.06	0.13	0.05	0.44
Poland	0.07	0.1	0.1	0.17	0.21	0.65
Turkey	..	0.02	0.02	0.79	0.69	1.52
Other Donor Countries, Total	0.27	0.28	0.24	0.4	0.58	1.77
Arab Agencies	..	..	..	1.3	10.11	11.41
EBRD	0.76	1.37	0.16	0.58	0.34	3.21
GEF	0.19	0.37	0.82	1.3	1.55	4.23
Global Fund	1.34	0.51	2.58	2.47	2.65	9.55
IDA	77.39	77.75	31.39	57.69	85.79	330.01
IFAD	6.89	4.62	2.1	6.41	4.4	24.42
IMF (SAF,ESAF,PRGF)	11.46	1.94	-22.61	-21.51	-13.57	-44.29
UNDP	0.82	0.98	1.32	1.91	2.16	7.19
UNFPA	0.38	0.58	0.48	0.43	0.4	2.27
UNHCR	1.25	1.21	1.32	1.22	1.18	1239.19
UNICEF	0.68	0.72	0.79	0.8	0.73	752.67
UNTA	2.06	1.3	1.38	1.4	1.17	480.39
WFP	1.08	0.33	0.96	1.24	1.12	6.13

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid- Disbursements as of February 09, 2009.

Annex Table 7: Economic and Social Indicators									
Series Name	Armenia					Georgia	Azerbaijan	Ukraine	Lithuania
	2004	2005	2006	2007	Ave				
<b>Growth and Inflation</b>									
GDP growth (annual percent)	11	14	13	14	13	13	22.5	7.25	8
GDP per capita growth (annual percent)	11	14	14	14	13.3	13	21.25	8	8.5
GNI per capita, PPP (current international \$)	3,640	4,270	5,040	5,900	4,712.5	4,572	4,697.5	7,880	14,615
GNI per capita, Atlas method (current US\$)	1,160	1,500	1,960	2,640	1,815	...	1,665	1,827.5	7842.5
Agriculture, value added (percent of GDP)	25	21	20	18	21	21	8.75	9.5	5.5
Industry, value added (percent of GDP)	38	42	43	44	42	42	62.75	32.75	33.25
Services, etc., value added (percent of GDP)	37	37	37	38	37	37	28.5	57.5	61
<b>Macroeconomic Indicators</b>									
Gross fixed capital formation (percent of GDP)	24	30	33	31	29.5	20	14	14	24.25
Gross domestic savings (percent of GDP)	10	17	19	19	16.3	7	38	23	17.25
Official exchange rate (LCU per US\$, period average)	533	458	416	342	437	2	1	5	3
Gross national expenditure (percent of GDP)	115	113	114	113	114	121	90	99.5	109
<b>External Accounts</b>									
Exports of goods and services (percent of GDP)	27	27	22	19	24	33	58	50	56
Imports of goods and services (percent of GDP)	42	40	36	34	38	54	48	50	65
Current account balance (percent of GDP)	-1	-1	-2	-6	-2.5	-13	5	2	-9
Total debt service (percent of GNI)	5	3	3	..	3.7	3	2	8	11
External debt, total (percent of GNI)	52	38	32	..	40.7	24	17	45	57
Gross domestic savings (percent of GDP)	10	17	19	19	16.3	7	49	23	17
Gross fixed capital formation (percent of GDP)	24	30	33	31	29.5	27	38	23	24
Foreign Direct Investment (percent of GDP)	6	5	5	..	5.3	8	17	0	4
<b>Government Finance</b>									
Total revenue (percent of GDP)	..	..	..	..	..	..	..	..	..
Revenue, excluding grants (percent of GDP)	..	..	..	..	..	..	..	..	..
Public Expenditures (percent of GDP)	..	..	..	..	..	..	..	..	..
Stock of external public debt, total (percent of GDP)	..	..	..	..	..	..	..	..	..
Wage bill (percent of GDP) and related expenditures	..	..	..	..	..	..	..	..	..
..... Education Expenditures (percent of GDP)	..	..	..	..	..	..	..	..	..
Health Expenditures (percent of GDP)	..	..	..	..	..	..	..	..	..
Transfers (percent of GDP)	..	..	..	..	..	..	..	..	..
<b>Social Indicators</b>									
<b>Health</b>									
Life expectancy at birth, total (years)	..	71	72	..	71.5	71	72	68	71
Immunization, DPT (percent of children ages 12-23 months)	91	90	87	..	89.3	83	97	98	94
Improved sanitation facilities (percent of population with access)	..	..	91	..	91	93	80	93	..
Improved water source (percent of population with access)	..	..	96	..	96	99	78	97	..
Mortality rate, infant (per 1,000 live births)	..	23	21	..	22	28.5	73.5	20	7
<b>Population</b>									
Population growth (annual percent)	0	0	0	..	0	-1	1	-1	-1
Population, total (Million)	3.0	3.0	3.0	..	3.0	4.5	8.4	46.9	3.4
Urban population (percent of total)	..	37.0	..	..	37.0	53	52	..	..
<b>Education</b>									
School enrollment, preprimary (percent gross)	31	33	36	..	33.3	52	30	86	65
School enrollment, primary (percent gross)	101	94	98	..	97.7	95	96	102	95
School enrollment, secondary (percent gross)	85	88	90	..	87.7	83	83	94	100
School enrollment, tertiary (percent gross)	26	28	32	..	28.7	42	15	69	75

<b>Annex Table 8: Millennium Development Goals</b>				
	<b>1990</b>	<b>1995</b>	<b>2000</b>	<b>2007</b>
<b>Goal 1: Eradicate extreme poverty and hunger</b>				
Employment to population ratio, 15+, total (%)	68	57	51	49
Employment to population ratio, ages 15-24, total (%)	51	30	22	19
Income share held by lowest 20%	..	5.4	7.6	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	2.6	4.2
<b>Goal 2: Achieve universal primary education</b>				
Literacy rate, youth female (% of females ages 15-24)	100	..	100	..
Literacy rate, youth male (% of males ages 15-24)	100	..	100	..
Persistence to last grade of primary, total (% of cohort)	..	..	79	99
Primary completion rate, total (% of relevant age group)	..	90	77	91
<b>Goal 3: Promote gender equality and empower women</b>				
Proportion of seats held by women in national parliament (%)	36	6	3	9
Ratio of female to male enrollments in tertiary education	..	..	109	118
Ratio of female to male primary enrollment	..	..	101	104
Ratio of female to male secondary enrollment	..	..	106	104
<b>Goal 4: Reduce child mortality</b>				
Immunization, measles (% of children ages 12-23 months)	93	96	92	92
Mortality rate, infant (per 1,000 live births)	47	41	32	21
Mortality rate, under-5 (per 1,000)	56	48	36	24
<b>Goal 5: Improve maternal health</b>				
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	53	40	30
Births attended by skilled health staff (% of total)	..	96	97	98
Pregnant women receiving prenatal care (%)	..	82	92	93
Unmet need for contraception (% of married women ages 15-49)	..	..	12	13
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>				
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	7	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	32	..
Incidence of tuberculosis (per 100,000 people)	33	47	71	72
<b>Goal 7: Ensure environmental sustainability</b>				
CO2 emissions (metric tons per capita)	1.1	1.1	1.1	..
Forest area (% of land area)	12	..	11	10
Improved sanitation facilities (% of population with access)	..	89	89	91
Improved water source (% of population with access)	..	91	93	98
<b>Goal 8: Develop a global partnership for development</b>				
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	3.2	7.9	2.7
Internet users (per 100 people)	0.0	0.1	1.3	5.7
Mobile phone subscribers (per 100 people)	0.0	0.0	0.6	10.5
Telephone mainlines (per 100 people)	15.8	18.1	17.3	19.7
<b>Other</b>				
Fertility rate, total (births per woman)	2.5	2.0	1.5	1.3
GNI per capita, Atlas method (current US\$)	310	450	660	2,640
Life expectancy at birth, total (years)	68	70	71	72
Literacy rate, adult total (% of people ages 15 and above)	99	..	99	..
Population, total (millions)	3.5	3.2	3.1	3.0
Trade (% of GDP)	81.3	86.1	73.9	52.9
<i>Source: World Development Indicators database</i>				

<b>Annex Table 9- Armenia: Summary of Achievements of CAS Objectives (2005-08)</b>			
<b>Pillar I: Promote Private Sector-Led Growth</b>			
<b>Objectives</b>	<b>Actual results</b>		<b>Comments</b>
(i) Government agencies provide better services	<ul style="list-style-type: none"> <li>Some Progress</li> </ul>		<ul style="list-style-type: none"> <li>Independent assessment is lacking</li> </ul>
(ii) Financial system intermediates an increasing share of investment	<ul style="list-style-type: none"> <li>Good progress</li> </ul>		<ul style="list-style-type: none"> <li>Follow up needed for the financial sector to be strengthened.</li> </ul>
(iii) Communications and transport infrastructure less a constraint to growth	<ul style="list-style-type: none"> <li>Some Progress</li> </ul>		<ul style="list-style-type: none"> <li>Some progress has taken place, but Bank contribution to achieve results was modest.</li> </ul>
(iv) More sustainable use of natural resources	<ul style="list-style-type: none"> <li>Some progress</li> </ul>		<ul style="list-style-type: none"> <li></li> </ul>
<b>Objectives</b>	<b>Target outcomes</b>	<b>Actual results</b>	<b>Comments</b>
(i) Government agencies provide better services	<i>Improved performance of Government services</i>	<i>Evidence is mixed, capacity of Government services improved, but reforms to enhance public sector management and governance and to fight corruption lagged behind</i>	<ul style="list-style-type: none"> <li>Some progress has taken place, but PFM, judicial system, and corruption remain an issue.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase in Tax revenue/GDP ratio</li> </ul>	<ul style="list-style-type: none"> <li>Tax revenue increased from 14.0 % of GDP in 2003 to 16.4% at end-2008</li> <li>Tax and custom administrations remain areas of concern</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Gradual improvement in business perceptions of Government policies and corruption</li> </ul>	<ul style="list-style-type: none"> <li>Progress achieved by state departments (health, education, telecoms, etc) in delivering public services</li> <li>Improvement in aligning budgetary allocations with national priorities,</li> <li>Budget execution, reporting and auditing systems still weak</li> <li>July 2008 Fitch raised Armenia rating to BB</li> <li>World Competitiveness Survey (2008) ranks corruption as a major constraint to business.</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Judicial system made fairer and more efficient, notably through court house rehabilitation, automated case system, and public awareness system</li> </ul>	<ul style="list-style-type: none"> <li>JRI index of judicial oversight and administrative practices unchanged from 2004 to 2008.</li> <li>Performance of courts and legal support is slightly over 4 on a ten-point scale.</li> <li>Public satisfaction with courts improved under JRP survey</li> <li>Recent reports for BEEPS not available.</li> <li>Court performance still low, despite progress in judicial infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>

	<ul style="list-style-type: none"> <li>Civil service strengthened, notably through publication and application of criteria for evaluating the performance of civil servants.</li> </ul>	<ul style="list-style-type: none"> <li>Progress made toward a performance management system for civil servants, with merit pay and increased salaries</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Local communities strengthened notably by transferring land registration to local Governments, and the passing of a law on municipal services.</li> </ul>	<ul style="list-style-type: none"> <li>Surveys to measure capacity of local governments and inquire perception of local service quality discontinued</li> <li>Decentralization and giving responsibilities to local government are under way</li> </ul>	<ul style="list-style-type: none"> <li>Little progress</li> </ul>
	<ul style="list-style-type: none"> <li>Introduction of improved corporate governance procedures</li> </ul>	<ul style="list-style-type: none"> <li>WBI governance indicators show a worsening of public perception in this area</li> <li>Governance of the corporate sector remains weak</li> </ul>	<ul style="list-style-type: none"> <li>Little progress</li> </ul>
<b>(ii) Financial system intermediates an increasing share of investment</b>	<ul style="list-style-type: none"> <li>Strengthened regulation in the financial sector (capital requirements, credit rights, and payment systems)</li> </ul>	<ul style="list-style-type: none"> <li>New Bank regulatory agency in place, unified supervision, and tighter enforcement of Basle principles</li> <li>IFC invested in three banks and provided advisory services for mortgage lending and corporate governance for banks.</li> <li>Bank consolidation and entry of new banks took place, and stock market improved through foreign ownership.</li> </ul>	<ul style="list-style-type: none"> <li>Good progress</li> </ul>
	<ul style="list-style-type: none"> <li>Countrywide private credit bureau established and beginning to operate</li> </ul>	<ul style="list-style-type: none"> <li>Information not available</li> </ul>	<ul style="list-style-type: none"> <li>Progress unknown</li> </ul>
	<ul style="list-style-type: none"> <li>Legislation for payment system and for insurance and other non-bank finance institutions passed</li> </ul>	<ul style="list-style-type: none"> <li>Information not available</li> </ul>	<ul style="list-style-type: none"> <li>Progress unknown</li> </ul>
	<ul style="list-style-type: none"> <li>Loans/GDP ratio increases, number of accounts increases, and interests spread decline</li> </ul>	<ul style="list-style-type: none"> <li>The loan/GDP ratio reached 13.8 percent in 2007</li> <li>The number of accounts exceeded over 1 million accounts.</li> <li>Interest spread still large</li> </ul>	<ul style="list-style-type: none"> <li>Good progress</li> </ul>
<b>(iii) Communications and transport infrastructure less a constraint to growth</b>	<ul style="list-style-type: none"> <li>Increased number of telecom licenses issued</li> </ul>	<ul style="list-style-type: none"> <li>Mobile service operators increased from 1 in 2004 to 3 in 2008.</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Improvement of road transport infrastructure, including rehabilitation of roads in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Tangible results were achieved with the support of the previous CAS (roads, bridges and railway tracks rehabilitated)</li> <li>Updated information not available</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Information society strategy designed, particularly with emphasis on rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Progress under way to move up Armenia to the technology ladder</li> <li>Updated information not available</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Modern regulatory framework for utility operator in place</li> </ul>	<ul style="list-style-type: none"> <li>Framework for railway concession completed in 2008</li> <li>Enterprise incubators and innovation systems developed.</li> <li>Framework for regulation of utilities in place, and adoption of a new telecommunication law.</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>

<b>(iv) More sustainable use of natural resources</b>	<ul style="list-style-type: none"> <li>• Sustainable forest management practices adopted (covering at least 70 ha). Watershed management practices adopted in target areas. Illegal logging reduced</li> </ul>	<ul style="list-style-type: none"> <li>• New forest code adopted, but not enforced</li> <li>• Institutions in place to monitor illegal logging</li> <li>• Risk for half a million people from dams removed</li> <li>• Forest Management plans established for 128,000 hectares</li> </ul>	<ul style="list-style-type: none"> <li>• Some progress</li> </ul>
<b>Pre CAS Lending</b>	<ul style="list-style-type: none"> <li>• Public Sector Modernization Project, P060786</li> <li>• Foreign Investment Export Facility, P076543</li> <li>• Enterprise Incubator LIL, P044852</li> <li>• Judicial Project, P057838</li> </ul>		
<b>New Lending</b>	<ul style="list-style-type: none"> <li>• PRSC, P078673</li> <li>• PRSC II, P093459</li> <li>• PRSC III, P093460</li> <li>• PRSC IV, P101486</li> </ul>		
<b>Non-planned IDA lending</b>	<ul style="list-style-type: none"> <li>• Judicial reform Project II, P099630</li> <li>• Second Foreign Investment &amp; Export Facilitation Project, P108294</li> </ul>		
<b>New Non-lending</b>	<p><b>Planned</b></p> <ul style="list-style-type: none"> <li>• Programmatic PER, P096939</li> <li>• Programmatic PER, P107267</li> <li>• FSAP Update, P093326</li> </ul> <p><b>Non-planned</b></p> <ul style="list-style-type: none"> <li>• Building Government Capacity to implement reforms</li> <li>• Government Financial Management Information System (GFMS), IDF - P105867</li> <li>• Competition Policy (IDF)</li> <li>• ROSC, P104011</li> <li>• Public Sector Accounting Standards (IDF)</li> <li>• PEFA, P112609</li> <li>• Public Debt Management, P108357</li> <li>• Railways Restructuring, P104433</li> <li>• Statistical Master Plan Development and technical assistance in strengthening of statistical capacity, P109305</li> </ul>		





**Pillar II: Make Growth More Pro-Poor**

<b>Objectives</b>		<b>Actual results</b>	<b>Comments</b>
<b>(i) More people benefit from economic growth</b>		Good progress	<ul style="list-style-type: none"> <li>Bank contribution in reaching target outcomes was modest</li> </ul>
<b>(ii) Rural economy is more productive</b>		Some progress	<ul style="list-style-type: none"> <li>Idem</li> </ul>
<b>(iii) Social transfers are more effective</b>		Good progress	<ul style="list-style-type: none"> <li>Bank contribution in reaching target outcomes was modest or unknown</li> <li>Idem</li> </ul>
<b>Objectives</b>	<b>Target outcomes</b>	<b>Actual results</b>	<b>Comments</b>
<b>(i) More people benefit from economic growth</b>	→ <i>Reducing poverty rates</i>	<i>Poverty rates fell sharply, but Bank contribution is difficult to isolate</i>	<i>Good progress</i>
	<ul style="list-style-type: none"> <li>Extreme poverty declines</li> </ul>	<ul style="list-style-type: none"> <li>Extreme poverty declined from 17% in 2002 to under 4% in 2007</li> </ul>	<ul style="list-style-type: none"> <li>Good progress</li> </ul>
	<ul style="list-style-type: none"> <li>Share of informal economy declines from 45%. Number of registered employers and employees increases. Employment services improve. Key recommendation of labor market study followed up.</li> </ul>	<ul style="list-style-type: none"> <li>Share of informal economy shrunk from 45 % to 35 % in 2008.</li> <li>Other information not available</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
<b>(ii) Rural economy is more productive</b>	<ul style="list-style-type: none"> <li>Increased number of producer groups established</li> </ul>	<ul style="list-style-type: none"> <li>Updated information not available</li> </ul>	<ul style="list-style-type: none"> <li>Little progress</li> </ul>
	<ul style="list-style-type: none"> <li>Share of agricultural production processed in Armenia increases. Value added per hectare increases</li> </ul>	<ul style="list-style-type: none"> <li>Updated information not available.</li> </ul>	<ul style="list-style-type: none"> <li>Little progress</li> </ul>
	<ul style="list-style-type: none"> <li>Irrigation users more satisfied with services they receive</li> </ul>	<ul style="list-style-type: none"> <li>Participatory irrigation management introduced through Water User Associations (WUA)</li> <li>80 percent of farmers satisfied with WUA arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
<b>(iii) Social transfers are more effective</b>	<ul style="list-style-type: none"> <li>Increase in public spending on family poverty benefit and percent of social transfer payments distributed to the poor (Social Snapshot)</li> </ul>	<ul style="list-style-type: none"> <li>Pension, family benefits, and other social assistance received amounted to 4.8 percent of GDP in 2007, against 3.2 percent in 2005.</li> <li>Without social transfers, poverty would have risen from 26.5 percent to 32.8 in 2006. (2008 PER)</li> </ul>	<ul style="list-style-type: none"> <li>Some progress</li> </ul>
	<ul style="list-style-type: none"> <li>Strengthening the social protection system including reduction in complaints with social protection system from 1.48% in 2004</li> </ul>	<ul style="list-style-type: none"> <li>Updated information not available.</li> </ul>	<ul style="list-style-type: none"> <li>Progress unknown</li> </ul>
<b>Pre-CAS lending</b>	<ul style="list-style-type: none"> <li>Agricultural Reform Support Project, P035806</li> <li>Electrical Transmission/Distribution Project,</li> </ul>		

	<p>P008276</p> <ul style="list-style-type: none"> <li>• Irrigation Development, P055022</li> <li>• Irrigation Dam Safety, P064879</li> <li>• Natural Resource development , P057847</li> <li>• Foreign Investment Export Facility, P076543</li> <li>• Natural Resource development , P057847</li> <li>• Public Sector Modernization Project, P060786</li> <li>• Social protection Administration, P087620</li> </ul>	
<b>Lending</b>	<ul style="list-style-type: none"> <li>• PRSC, P078673</li> <li>• PRSC II, P093459</li> <li>• PRSC III, P093460</li> <li>• PRSC IV, P101486</li> <li>• Rural Development, P087011</li> <li>• Yerevan Water II, P087641</li> <li>• Social investment Fund III, P094225</li> <li>• Additional Finance - Irrigation, P105171</li> <li>• Irrigation Development, (Additional), P105171</li> <li>• Urban Heating, P057880</li> <li>• Renewable energy, P083352</li> <li>• Urban Heating, P057880</li> </ul>	
<b>Non-planned IDA lending</b>	<ul style="list-style-type: none"> <li>• Access to Gas &amp; Heat Supply for Poor Urban Households, P103071</li> <li>• Second Foreign Investment &amp; Export Facilitation Project, P108294</li> </ul>	
<b>Non-lending</b>	<ul style="list-style-type: none"> <li>• CEM, Sources of growth P085587</li> <li>• Private/Financial Sector services</li> <li>• FIAS Follow –Up</li> <li>• Annual Business Survey</li> <li>• Competition Policy (IDF)</li> <li>• Programmatic Poverty Assessment, P090784</li> <li>• Programmatic Poverty Assessment, P101610</li> <li>• Programmatic PER, P096939</li> <li>• Programmatic PER, P107267</li> <li>• Labor Market Dynamics, P090919</li> <li>• Trade an Economic Management Capacity Building, P109305</li> <li>• Policy Options Note, P107277</li> </ul>	

Objectives	Actual results	Comments	
(i) To increase the number of children staying in the education system	Some progress	Progress has occurred, but Bank contribution to achieve target outcomes was modest or unknown	
(ii) To increase the number of people using the health system	Some progress	Idem	
(iii) To increase population's access to basic infrastructures services	Some progress	Idem	
Objectives	Target outcomes	Actual results	Comments
(i) To increase the number of children staying in the education system		the education system needs to be strengthened	Some progress
	→ Net secondary enrollment rates increase from 0.61 in 2001, based on a survey data.	<ul style="list-style-type: none"> <li>The net enrollment rate for general secondary education (grade 1 to 8) is 89 percent while the gross rate is 114 percent. Furthermore, the enrollment for upper secondary is 70 percent.</li> </ul>	Good progress, but Bank contribution was modest
(ii) To increase the number of people using the health system	→ More of the population uses the healthcare system	Progress has occurred, but Bank contribution to achieve target outcomes is minimal	Progress has occurred, but Bank contribution to achieve target outcomes was modest
	<ul style="list-style-type: none"> <li>Use of healthcare by sick persons rises in bottom consumption quintile from 22% and of entire population in rural areas from 26 % in 2001.</li> </ul>	<ul style="list-style-type: none"> <li>27.7 percent of bottom quintile use health services</li> <li>Population covered by family doctors and community nurse increased from 19% in 2003 to 58 % in 2008</li> </ul>	Good progress
	<ul style="list-style-type: none"> <li>Public attitudes towards unhealthy behaviors begin to change in response to information</li> </ul>	<ul style="list-style-type: none"> <li>The CAS had no benchmark.</li> <li>Information not available</li> </ul>	Some progress
(iii) To increase people's access to basic infrastructures services	→ People's increased access to infrastructure services	Difficult to measure the scope of progress and the Bank contribution as well.	Progress has occurred, but Bank contribution was modest
	<ul style="list-style-type: none"> <li>Proportion of population connected to piped water 24 hours a day increases from 22% in 2003</li> </ul>	<ul style="list-style-type: none"> <li>Water availability from 6 hours in 2004 to 12 hours in 2008</li> </ul>	Some progress
	<ul style="list-style-type: none"> <li>Share of households heating with gas-based systems increases by 20 % from a 2003/2004 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>46 percent of households use safe and clean gas-based heating solutions in 2006-08 against 11 % in 2003-2004</li> <li>97 urban schools' heating systems rehabilitated in 2006-08</li> </ul>	Good progress
Pre CAS Lending	<ul style="list-style-type: none"> <li>Education Quality and relevance, P074503</li> <li>Municipal Development project, P035805</li> <li>Municipal Water and Water Waste, P63398</li> <li>Public Sector Modernization Project, P060786</li> <li>SIF II, P057952</li> <li>Health System Modernization project, P073974</li> </ul>		
Lending	<ul style="list-style-type: none"> <li>PRSC, P078673</li> <li>PRSC II, P093459</li> <li>PRSC III, P093460</li> <li>PRSC IV, P101486</li> <li>Yerevan Water II, P087641</li> <li>Health APL II, P104467</li> <li>Urban Heating Project, P057880</li> </ul>		

	<ul style="list-style-type: none"> <li>• Social investment Fund III, P094225</li> <li>• Rural Development, P105171</li> <li>• Additional Finance - Irrigation</li> </ul>	
<b>Non planned Lending</b>	<ul style="list-style-type: none"> <li>• Avian Influenza, P099 832</li> </ul>	
<b>Non-lending</b>	<ul style="list-style-type: none"> <li>• Policy Notes, P107277</li> <li>• Programmatic Poverty Assessment, P090784</li> <li>• Programmatic Poverty Assessment, P101610</li> <li>• Programmatic PER, P096939</li> <li>• Programmatic PER, P107267</li> <li>• CEM, P085587</li> </ul>	