

Data Sheet

USAID Mission:	Armenia
Program Title:	Energy and Water Sectors Reform
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	111-0150
Status:	Continuing
Planned FY 2006 Obligation:	\$7,000,000 FSA
Prior Year Unobligated:	\$3,674,000 FSA
Proposed FY 2007 Obligation:	\$5,103,000 FSA
Year of Initial Obligation:	2004
Estimated Year of Final Obligation:	2008

Summary: USAID's water and energy program focuses on: improving the performance of water management and energy institutions; improving the delivery of heat and water supplies; and increasing energy security. The goal is to provide Armenia consumers with reliable supplies of water and energy at a reasonable cost and to help complete the transition of these key infrastructure sectors to private sector management.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$1,177,838 FSA, \$319,819 FSA carryover). USAID will support the energy service company industry to implement energy efficiency projects through direct technical assistance as well as through training and technical assistance for its member association. USAID will also finance the installation of 12 new energy efficiency systems at selected institutions. USAID will help private condominium associations to heat their buildings, in part by providing technical assistance to the association and also through promotion of private-sector financing of boilers and other energy solutions. USAID will rehabilitate heating systems in approximately 20 additional Armenian schools throughout the country. Prime contractor: Advanced Engineering Associates, Construction Engineering Services Company, LTD (CESCO), Energy and Industry Infrastructure Construction Group (EIICG), Haygoughshinnakhagits, a local construction firm.

Improve Access to Clean Water and Sanitation (\$2,077,838 FSA, \$517,500 FSA carryover). USAID will launch a water supply and wastewater treatment project to increase the number of Armenians with 24 hour access to potable water and to improve wastewater treatment. This will be achieved by financing selected water infrastructure in three mid-sized municipalities (25,000-55,000 in population). The project will partner with other donors such as the World Bank. Meanwhile, training and technical assistance will concentrate on improving the transparency and accountability of water service providers and help bring tariff rates into line with service costs. Prime contractor: PA Consulting and to be determined (TBD).

Improve Economic Policy and the Business Environment (\$1,527,838 FSA, \$1,817,500 FSA carryover). In order to improve the management and regulatory environment in energy and water, USAID will provide more than 20 training sessions and technical assistance to key water and energy regulatory institutions. USAID will support the Public Services Regulatory Commission (PSRC) to regulate the water and energy sectors through technical assistance. USAID will help the Government of Armenia (GOAM) to prepare for the 2016 closing of the outdated Metzamor nuclear plant by supporting the development of a least cost alternatives plan. Technical assistance will also be provided to the government on energy policies and standards. Prime contractor: PA Consulting Group.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,216,486 FSA, \$1,018,852 FSA carryover). USAID will improve the stewardship of water resources through the provision of training, technical assistance, and limited commodity support to water management institutions, public outreach advocacy groups, non-governmental organizations (NGOs), and other civic actors. This assistance will enable these groups to provide constructive input to policy makers. To support decentralization in water management and development of participatory basin planning, USAID will provide technical assistance

and training to Basin Management Organizations and Basin Councils. Assistance will also be provided to develop water resources governance by improving water use permitting and fees. USAID's regional project with Georgia and Azerbaijan will raise scientific and analytical capacity to support proper monitoring of water resources, exchange information on water use, and assist with basin planning and permitting processes. Prime contractor: PA Consulting

FY 2007 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$1,000,000 FSA). USAID plans to continue its new residential heating program, with the objective of rapidly increasing the installation of gas heating systems on a commercial basis. We anticipate large scale implementation of heating systems in 2007. The school heating program will finance the rehabilitation of the heating systems of 20 additional schools. Prime contractors: PA Consulting and Chemonics International Inc.

Improve Access to Clean Water and Sanitation (\$1,390,000 FSA). USAID plans to expand its effort to improve and extend water services by rehabilitating water supply systems, with the objective of providing 50,000 people with access to clean water. Contractor: TBD.

Improve Economic Policy and the Business Environment (\$1,153,000 FSA). USAID plans to continue assistance to the Public Service Regulatory Commission to improve its ability to regulate the water, energy, and telecom sectors. Prime contractor: PA Consulting Group, and TBD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,560,000 FSA). USAID's water resources management program will focus on implementation of the action plan for Armenia's National Water Program. The transboundary water management program will be continued. Contractor: PA Consulting, and TBD.

Performance and Results: The program is strengthening the key institutions in Armenia's water and energy sectors which are demonstrating improved capacity to function effectively. On the other hand, the program is not meeting certain of USAID's benchmark indicators, such as the number of people having access to water on a 24-hour basis or in terms of increased energy availability.

The shortfall in new electric power capacity was due to delays in the adoption of simplified regulatory procedures for the development of Micro hydro projects (under 100 kW). New hydro units are now ready to be installed. More broadly, USAID achieved notable results at both the policy level and at the individual level. At the policy level, USAID advisors provided input to the drafting and adoption of the National Energy Strategy and National Water Policy. USAID also assisted in the drafting of the First National Water Program. These strategies represent a milestone in USAID's effort to improve the regulatory environment for the energy and water sectors, and support Armenia's goals and objectives in these sectors. In 2005, USAID financed significant levels of training and technical assistance to key energy and water regulatory and management institutions. This contributed to improvement in the technical expertise of these institution's staff, as well as increased public awareness of their functions and activities. USAID was instrumental in helping the PSRC force energy companies to use internationally acceptable accounting standards. This makes it possible to assess the business performance of energy companies. USAID also helped establish tariff principles in the energy sector. USAID helped lay the groundwork for the decommissioning of the Metzamor plant by organizing a major conference in June 2005 on nuclear plant decommissioning and nuclear replacement options. At the individual level, USAID rehabilitated the heating systems of 20 schools. USAID also financed the construction of a small-scale wastewater treatment facility at the country's biggest tannery factory which will have a significant impact on the water quality of the Hrazdan River which runs through Yerevan. Upon completion of this objective, energy and water management institutions will be strengthened, the sector will be effectively and independently regulated, key utilities will be operated on a commercial basis, people outside of Yerevan will have increased access to affordable water and energy supplies, and the main water management institutions will be able to manage water resources in a sustainable manner.

US Financing in Thousands of Dollars

Armenia

	ESF	FSA
111-0150 Energy and Water Sectors Reform		
Through September 30, 2004		
Obligations	339	103,681
Expenditures	339	92,396
Unliquidated	0	11,285
Fiscal Year 2005		
Obligations	0	9,367
Expenditures	0	5,955
Through September 30, 2005		
Obligations	339	113,048
Expenditures	339	98,351
Unliquidated	0	14,697
Prior Year Unobligated Funds		
Obligations	0	3,674
Planned Fiscal Year 2006 NOA		
Obligations	0	7,000
Total Planned Fiscal Year 2006		
Obligations	0	10,674
Proposed Fiscal Year 2007 NOA		
Obligations	0	5,103
Future Obligations	0	0
Est. Total Cost	339	128,825