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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 04-Feb-2025 | Report No: PIDIA00493



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Armenia	EUROPE AND CENTRAL ASIA	P504282	Armenia Tourism and Regional Infrastructure Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	03-Feb-2025	31-Mar-2025	Urban, Resilience and Land
Borrower(s)	Implementing Agency		
Republic of Armenia	Armenian Territorial Development Fund (ATDF), Ministry of Economy		

Proposed Development Objective(s)

To improve access to climate-resilient infrastructure and increase tourism contribution to the local economy of project-supported clusters in Armenia.

Components

Fostering Integrated and Sustainable Cluster Development
Supporting climate-resilient infrastructure and promoting private sector participation
Program Management and Operational Support
Contingent Emergency Response Component (CERC)

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

SUMMARY

Total Operation Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00



Financing Gap	0.00
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DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00
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Environmental And Social Risk Classification

Substantial

Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. Armenia has made significant strides in economic growth and poverty reduction over the past two decades.** Between 2000 and 2023, the country experienced robust economic growth, averaging 6.3 percent, which is higher than the average for Europe and Central Asia (excluding high-income countries). Since 2019, Armenia has been classified as an upper middle-income country (UMIC), with its Gross National Income per capita currently standing at US\$7,3301. Despite these achievements, the incidence of poverty is still high relative to Armenia's income level, particularly in rural areas and secondary cities. Unemployment rates have averaged around 11.28 percent since 2010¹ with the female labor force participation rate (48.2 percent) significantly lower compared to that among men (71.2 percent).² This is a critical development challenge for Armenia, as job creation is essential for further reducing poverty.
- 2. In the last decade, Armenia's economy has experienced a gradual shift from low-productivity agriculture towards more dynamic sectors like industry and services, particularly in tourism and information and communication technology (ICT).** By 2023, the services sector accounted for 54.8 percent of GDP and 46.7 percent of employment, a notable increase from 36.3 percent and 17 percent respectively in 2010. Armenia's share of services trade as a percentage of GDP has averaged 30 percent since 2015, which is considerably higher than that of other landlocked countries. The ICT sector has experienced dynamic growth, largely due to substantial investments from and links to Armenia's global diaspora. Meanwhile, the tourism sector has also been on a steady growth trajectory, despite the setbacks caused by the COVID-19 pandemic and the conflict with Azerbaijan in 2020 and 2021. International tourism arrivals more than doubled over the last decade, reaching a peak of 1.9 million tourists in 2019. In 2023, this sector

¹ <https://tradingeconomics.com/armenia/unemployment-rate>

² Armenia Country Gender Assessment (2024):

<https://documents1.worldbank.org/curated/en/099100824162527996/pdf/P179877190d0c006a1a6831a1a576083a16.pdf>



contributed 13.2 percent to the total GDP and accounted for 14.8 percent of total employment.

3. **Developing the tourism sector in Armenia holds significant promise for job creation - especially for the low skilled - and for enhancing the economic potential of regions outside of the capital.** Armenia's rich cultural heritage, spread across the country, along with its potential for nature and gastro tourism, offers a unique opportunity for growth. The travel and tourism market in Armenia is expected to reach an estimated US\$266.6 million by 2025³. The country is popular among tourists from Russia, Georgia, and Iran, with cultural tourism being a major attraction. Armenia ranked 72nd among 119 countries on the World Economic Forum's (WEF) 2024 travel and tourism competitiveness index, with particularly low rankings in ground infrastructure, natural resources, non-leisure resources, environmental sustainability, and openness to travel and tourism.
4. **The proposed Tourism and Regional Infrastructure Project (TRIP) aims to enhance Armenia's tourism potential through targeted infrastructure and soft investments across several regions of the country.** The proposed Project will support the Government of Armenia's vision of tourism development through clusters. Specifically, the Project will support seven out of twenty identified tourism clusters. Three clusters are in Vayots Dzor region (Areni, Jermuk and Yeghegis) focusing on wine, wellness, and adventure tourism; one cluster in Shirak region (Gyumri) on cultural and educational tourism; one cluster in Tavush region (Dilijan) on adventure and ecotourism; and one cluster in Syunik region (Goris) on cultural heritage. The Project will focus on investments in connecting tourists to these clusters and improving tourism site infrastructure. Additionally, the project will aim to raise the tourism value of Armenia's natural assets and human resources to strengthen the business and professional skills of adjacent communities for maximizing job creation. The Project is also aligned with the World Bank Maximizing Finance for Development approach and will seek to invest in measures to attract private capital into the identified tourism clusters.
5. **The proposed Project will promote climate-resilient infrastructure investments and as such will be consistent with Armenia's updated Nationally Determined Contributions (NDC) (2021) to the Paris Agreement and the country's Long-Term Low-Emissions Strategy (LTS) and National Adaptation Plan (NAP), which identified tourism as one of the seven priority areas for adaptation⁴.** The Project will contribute to Armenia's mitigation efforts, which aim to reduce greenhouse gas (GHG) emissions by 2030 (vs 1990 levels) by 40 percent through promoting low carbon investments included in the Universally Aligned List: urban cooling (developing parks and green spaces), renewable energy use, solar equipment installation, and enhancing building energy efficiency to reduce overall energy costs and GHG emissions. Altogether, these activities are expected to contribute to Armenia's transition to a low GHG emissions development pathway and support green growth. The Project will also implement investments in climate change adaptation and resilience to reduce the impacts of climate hazards on vulnerable urban infrastructure, public buildings, cultural heritage sites, and public spaces.

Sectoral and Institutional Context

6. **The Government of Armenia (GoA) has identified the tourism sector as a key catalyst for economic growth at national and sub-national levels, with tourism development priorities well embedded in the Government Program (2021-2026⁵) as key reform areas, along with regional and urban development.** The Ministry of Economy (MoE), responsible for driving economic policy to foster development in sectors as agriculture, industries, investment climate, and free economic zones, is also in charge of implementing several initiatives aimed at boosting economic growth and development in the tourism sector. Through its Tourism Committee (TC), the MoE's initiatives for broader tourism sector development are currently aimed at enhancing Armenia's global appeal as a tourist destination, including targeted marketing campaigns and promotional activities. The MoE is also allocating more than US\$1.6 million annually for overall tourism value chain support through several initiatives, including: (i) Enterprise Armenia, which

³ <https://www.statista.com/outlook/mmo/travel-tourism/armenia>

⁴ Further details on Paris Alignment are presented in Section IV: Project Appraisal Summary of the PAD.

⁵ <https://www.gov.am/files/docs/4737.pdf>



operates as a "one-stop-shop" for providing support to foreign and local investors and investment aftercare services for foreign investors, in addition support to Small and Medium-sized Enterprises (SME) offering access to finance, financial and investment support, business training, information services, and consultancy services to both established and emerging SMEs in order to foster growth and sustainability in the tourism sector; and (ii) Vine and Wine Foundation that aims to advance state policies and development initiatives in the viticulture and winemaking sectors.

7. **However, Armenia’s tourism sector faces several challenges that will require a strategic and multifaceted approach.** Despite the thriving aviation sector, with about 40 airlines operating within the country, there remains a need to expand international flight connections to fully unlock Armenia’s tourism potential, making it essential for Armenia to offer truly unique and compelling on-the-ground experiences to attract and retain tourists. In addition, challenges such as inadequate connectivity between key sites and limited visitor engagement with regional attractions often result in relatively short stays. Developing niche tourism products, such as wine routes, adventure tours, and wellness retreats, alongside the creation of multi-destination itineraries and thematic routes, can encourage longer stays and deeper exploration of Armenia’s diverse regions. In addition, elevating hospitality service standards through targeted vocational education and training programs will also help ensure Armenia is able to evolve into a destination capable of meeting the expectations of a diverse range of travelers.
8. **Since Armenia’s tourism has been traditionally concentrated in Yerevan, with limited regional growth due to poor connectivity and infrastructure outside the capital city, one of the essential requirements for boosting local and regional economic activity will be to improve the infrastructure and services for the benefit of visitors as well as the local communities.** The provision of basic infrastructure and services, that are climate resilient and enabling economic clustering (i.e. by bringing together firms and workers while providing quality services and amenities), will be crucial for Armenia’s future tourism sector development. The rehabilitation of basic infrastructure for climate resilience and livability will help achieve a harmonious balance between tourism and territorial development, natural capital conservation, as well as climate change mitigation and adaptation. In turn, local property values are expected to increase as local communities become more attractive and livable. As residents see improvements and rising property values, they accumulate wealth that can be reinvested into the community, driving economic and social development. Heritage preservation revitalizes local areas, attracting capital investments and talent, enhancing competitiveness, and fostering a sense of pride among residents. This reduces migration pressures and allows cities to leverage cultural and creative capital, spurring economic activity, transforming urban fabric, and improving the quality of life for all residents, including the poor and marginalized.
9. **Considering the challenges, the GoA has been making strides towards enhancing the regulatory and policy framework governing the tourism sector to ensure better offerings to visitors through a newly adopted Tourism Law.** The Law, which was adopted in December 2023 and became effective since September of 2024⁶, aims to better regulate the sector to improve the tourism experience and offering, clearly defines key actors and stakeholders, and introduces several regulations to enable the provision of high-quality offerings to visitors. To support the implementation of the law, underlying sub-legal acts, such as for “Defining the Cluster Approach” and “Destination Management Organizations” are under development. Moreover, one of the key sub-legal acts on “Order on Minimum Criteria for Tourism Clusters or Tourism Villages—including Urban, Social, and Environmental Standards, Development Goals, Objectives, and Event Approval” was adopted in September 2024 and outlines the GoA’s Cluster Development Approach, which defines the attributes of a touristic cluster (or destination) as a settlement, administrative area or unit, or combination of those, that possesses significant touristic resources and assets.
10. **In 2024, through the MoE Decision, the GoA further identified and prioritized 20 clusters that will serve as the**

⁶ Tourism Law in Armenian: <https://www.arlis.am/DocumentView.aspx?DocID=188696>, and English: <https://www.mineconomy.am/media/28221/Law%20on%20Tourism.pdf>. According to the Tourism Law, a “cluster” is defined as a settlement, administrative area or unit, or combination of those, that possesses significant touristic resources and assets.



anchors to drive and catalyze overall regional development through tourism nationwide⁷. The prioritization of the clusters was undertaken using the Tourism Cluster Regional Competitiveness Framework Model (Ferreira et al., 2009) that defines tourism as an interactive system propelled by the harmony of three key components: the tourism product (resources and attractions), the tourism destination, and the tourism cluster. Accordingly, the TC conducted an evaluation of all regions, identified the endowments/assets (such as historical landmarks, natural attractions, and existing infrastructure), and aligned potential clusters with regional development strategies in close collaboration with the Ministry of Territorial Administration and Infrastructure (MoTAI) to maximize synergies with ongoing development programs and local development programs with regional authorities. In addition, key criteria for prioritizing the clusters included the presence of current local development investments, significant private sector engagement in tourism, demonstrated stakeholder interest, resource availability, municipal and community capacities, and the potential for integrating clusters into interconnected tourism routes.

11. **The GoA is also committed to adopting a new National Tourism Strategy in 2025 to define priority actions for addressing existing challenges.** The Strategy, still under development, will be a high-level document which provides an overarching vision and direction for the sector's development and operationalization of the Cluster Development approach, including a robust Action Plan covering 2025 – 2030. It is expected to identify and address several key challenges, such as the low awareness of Armenia as a destination on the global tourism map, the poor quality of basic infrastructure and services, the seasonality of tourists, and insufficiently qualified human resources and capacities in the sector. In addition, through the cluster program, the GoA has set an ambitious goal to sustain the 2.3 million international arrivals and further increase up to 2.5 million per annum by 2026. To do so, the GoA intends to inter alia (a) increase awareness of Armenia at the target markets, (b) diversify and improve service delivery in the hospitality sector, (c) boost the number of hotel brands and food outlets, (d) upsurge the number of internationally reputable airlines operating in Armenia, including the low-cost carriers - resulting in at least 25 new tourism destinations by 2025, (e) offer new concepts of gastro and cultural events and festivals to be held in the regions of Armenia; and (f) promote digitalization for better product development.
12. **Over the past decade, the WB has also been supporting the GoA to implement the first generation of priority tourism-related investments,** through the above-mentioned LEIDP (US\$42.8 million)⁸ that was approved by the WB Board of Executive Directors on December 22, 2015, with the objective to improve infrastructure services and institutional capacity to support the increased contribution of tourism in selected regions. LEIDP closed on December 31, 2024, and, has contributed to improved public services and facilities benefitting more than 1 million beneficiaries, including through enhanced accessibility from rehabilitation of more than 45km of roads and street lighting, 167 piped water connections, restoration of 36 historical houses, more than 350 jobs, rehabilitation of 2 public parks, more than 2,800 lighting posts with energy efficient bulbs installed, and construction of 16 tourism facilities, among other investments.
13. **Globally, integrated approaches for local economic development demonstrate that targeting infrastructure, touristic assets, and tourism products simultaneously can significantly boost local economic development.** For example, the WB's Jordan Second Tourism Development Project improved eight towns through enhancements in infrastructure (such as drainage systems and riding trails, as well as upgraded tourism facilities) to enhance the visitor experience and local services and contributed to the overall economic vitality of the selected areas. Additionally, the Jordan Cultural Heritage, Tourism, and Urban Development Project revitalized medinas by enhancing street networks, public spaces, and heritage buildings, while also developing Petra as a leading tourism destination. In Lebanon, the Cultural Heritage and Urban Development Project rehabilitated five towns, focusing on preserving heritage

⁷ According to Ministerial Decision No. 13-A dated January 8, 2024, the 20 prioritized clusters are Alaverdi, Aparan, Aragats, Areni, Armavir, Ashotsk, Ashtarak, Bjni, Debed Canyon, Dilijan, Dvin, Gagarin, Garni, Goris, Gyumri, Jermuk, (Lake) Sevan, Meghri, Tsaghkadzor, Yeghegis, and Yerevan.

⁸ LEIDP was originally approved for US\$55 million and has undergone US\$12.2million in partial cancellations to free up additional fiscal space and support immediate country needs during the COVID-19 pandemic.



monuments, upgrading public spaces, and supporting cultural activities, all of which helped improve tourism and revitalized the local economy. These projects clearly demonstrate that a comprehensive and integrated approach to upgrading infrastructure, enhancing cultural assets, and developing tourism products in a concentrated and clustered approach can effectively drive local economic growth.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve access to climate-resilient infrastructure and increase tourism contribution to the local economy of project-supported clusters in Armenia.

Key Results

14. The Project will measure the progress toward the PDO through the following proposed indicators:

- People benefiting from climate resilient infrastructure (Number of people, gender and youth disaggregated, CRI).
- Average tourism spending in Project-supported clusters (amount (USD equivalent)).
- Number of beneficiaries employed (Number, gender disaggregated, CRI).

D. Project Description

15. **The project would support interventions for sustainable, inclusive, and climate-resilient regional development in seven prioritized clusters of (i) Areni; (ii) Gyumri; (iii) Goris; (iv) Dilijan; (v) Dvin; (vi) Jermuk and (vii) Yeghegis.** The main project interventions will address the key constraints to fostering balanced regional development in each of the clusters, including addressing a lack of adequate basic infrastructure and services, and diversification of tourism-related offerings.

16. **TRIP consists of four integrated components** that will collectively contribute to improving the access to climate-resilient infrastructure for the benefit of local communities and visitors, enhancing the attractiveness of selected sites, enabling job creation, and increasing the contributions to the local economy from the tourism sector.

17. **Component 1: Fostering Integrated and Sustainable Cluster Development (US\$8 million)** will finance technical assistance (TA), consultancy services, goods and equipment, for, inter alia, the preparation of Cluster Development Plans (CDPs) and the associated analytical and technical studies to develop and implement the CDPs. The CDPs will help facilitate integrated and sustainable development and comprise the overall vision for the cluster over a 10-year planning horizon, including the detailed development plans covering the short, medium, and long term for capitalizing on each cluster's potential for tourism development and job creation. The CDPs will be approved by the Project Steering Committee (PSC)⁹ and will serve as the guiding document for prioritizing interventions under the respective clusters, including their overall management, and operations and maintenance provisions.

18. **Component 2: Supporting climate-resilient infrastructure and promoting private sector participation in local economies (US\$87.5 million)** aims at closing the identified gaps across all seven clusters and tackling no-regret improvements to basic infrastructure, tourism and service delivery from the regional and tourism development perspectives across the seven project-supported priority clusters. Selection of the activities under this component will be informed by the CDPs developed and completed under component 1. The component will finance feasibility studies, engineering and technical site surveys, management and supervision consultant services, and other technical assessments, architectural and detailed engineering designs, and civil works.

19. **Component 3: Program Management and Operational Support (US\$4.5 million)** will finance overall project

⁹ The PSC is chaired by the Deputy Prime Minister and further described in "Section III. Project implementation."



management costs, including operational costs, consulting services, non-consulting services, vehicles, goods, communications, outreach, audits, and training. It will finance the costs of the project implementing agency to carry out project management functions and ensure all project activities meet the Bank requirements related to environmental, social, fiduciary, and technical standards, as well as a monitoring and evaluation consulting firm to support and augment the capacities of the implementing agency’s existing internal M&E systems. The component will also seek to enhance capacities of the project implementing agency, the Armenian Territorial Development Fund (ATDF), through training and knowledge sharing activities.

- 20. **Component 4: Contingent Emergency Response Component, CERC (zero allocation).** This zero-dollar, ex-ante mechanism will allow for the rapid reallocation of uncommitted project funds towards urgent needs in the event of a disaster (geophysical, climate-related, or man-made), or public health emergency. Such events may include floods, earthquakes, droughts, wildfires, and disease outbreaks. An agreed trigger for the CERC would enable reallocation of the uncommitted project funds to support immediate response and recovery needs from other project components. The positive list of eligible activities will be specified in the CERC Manual, and disbursements would be made against a positive list of critical goods, civil works, and consulting services required to support the immediate response and recovery needs.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

- 21. **The overall E&S risk is classified as "Substantial". ESS1, ESS2, ESS3, ESS4, ESS5, ESS6, ESS8, and ESS10 have been screened as relevant.**
- 22. **The environmental risk of the Project is rated substantial,** with several key activities under Subcomponent 2.1 presenting varying degrees of risk: (i) substantial risks are associated with civil works involving small to medium-scale infrastructure development within designated cultural heritage sites and the rehabilitation or construction of historical buildings and cultural assets, potentially causing physical damage or aesthetic deterioration; (ii) moderate to substantial risks are associated with pollution control and flood risk prevention measures, including building pedestrian bridges on selected sites of the Aghstev River that may not be expected to alter the river’s current use and morphology but may lead to accidental spills, improper waste disposal, sedimentation, and visual disturbances; (iii) moderate risks relate to the rehabilitation and upgrading of roads, transport-related infrastructure, and municipal systems and services (e.g., water supply connections, wastewater collection and discharge, stormwater management, street lighting, rehabilitation and/or expansion of green spaces, public park upgrades, streetscaping, and potable water provision), generating non-hazardous and hazardous construction waste, as well as dust, risk of exposure to ACMs, noise and vibration; (iv) moderate risks are linked to the construction of a ropeway connecting the town center to the Takhta district, excluding Dilijan NP, with potential impacts including noise, vibration, and visual disturbances; (v) low risks pertain to ecotourism development, including hiking trails and camping sites; (vi) OHS risks are associated with the rehabilitation of historical buildings with low seismic resistance and during the construction of ropeways and other cultural assets/buildings. Moreover, risks associated with the operational stage of the Project include increased solid waste, excessive foot traffic, and off-road vehicle use associated with eco-tourism, all of which can contribute to



habitat destruction. Additionally, inadequate maintenance of rehabilitated sites, facilities and infrastructure that may lead to sites degradation and environmental contamination. The ATDF has demonstrated adequate E&S capacity and experience, gained from LEID project, to effectively assess and manage E&S risks and impacts of WB-financed operations. Considering the scope of activities and the potential magnitude of associated risks and impacts, particularly, in the context of infrastructure development, cultural heritage rehabilitation, and nature-based tourism, the overall environmental risk is assessed as substantial. Additionally, the TA provided under Component 1 for developing CDPs, including studies to inform the CDPs, will be aligned with the requirements of the ESSs to ensure compliance and effective risk management for cluster development, implementation, and preservation, supporting long-term sustainable operations.

23. **The social risk for the project is rated as substantial.** Social risks and impacts are associated with (i) temporary or permanent need for private land during infrastructure development activities and/or disruptions of economic activities due to restricted access to marketplaces, disruption of transportation routes, or the halting of small-scale businesses; (ii) labour related risks for workers involved in construction or other activities, including OHS, unfair labor practices, discrimination, etc.; (iii) community health and safety (H&S) risks due to increased traffic accidents, pollution, noise and poor management of construction sites.; (iv) exclusion of vulnerable and marginalized groups from Project implementation, including planning of project activities in clusters, development of CDPs and tourism value chain, training, capacity building and professional skills development, economic opportunities and management of E&S risks. Investments in the Gyumri cluster may significantly impact one of Armenia's largest and most active outdoor markets. The redevelopment of this market, which currently includes irregular infrastructure with both formal and informal vendors trading along the pavements, could lead to the temporary or permanent displacement of anywhere from a dozen to several dozen street vendors, depending on the chosen rehabilitation concept. Resettlement impacts across other clusters are expected to be small-scale and temporary. The other social impacts for the activities will be resulted from the rehabilitation of basic infrastructure and services such as rehabilitating access roads, parking and streetlights, upgrading of water systems, etc. For those activities, physical and economic displacement risks could be avoided under the project through alternative engineering measures, such as siting and alignments. Labor influx is not anticipated, as the project does not involve large-scale civil works or require a significant workforce. Labor can be sourced locally or, if specific skills are needed, from other regions within the country. Civil works may also involve low-skilled migrant workers, who could be exposed to risks such as exploitation, discrimination and lack of legal protection. Community health and safety risks are associated with increased traffic accidents, air and noise pollution, and poorly managed construction sites. Risks are also associated with the exclusion of vulnerable and marginalized groups from Project preparation and implementation, such as in sub-project planning, CDP development, and capacity building. SEA/SH rating is assessed as low. For all project components, the Project will utilize ATDF's Feedback and Grievance Redress Mechanism (FGRM), which will be further enhanced to ensure accessibility for project stakeholders and affected parties, enabling them to gather information and resolve issues related to project activities. The existing FGRM will also be strengthened to effectively manage SEA/SH grievances.

E. Implementation

Institutional and Implementation Arrangements

24. **ATDF will serve as the Project Implementing entity of TRIP, while the MoE will be responsible for overall coordination and policy support of the Project.** The ATDF was established - based on the restructuring of the Social Investment Fund - following the adoption of the territorial development policy of the 2014-25 Strategic Program on Prospective Development of the Republic of Armenia. ATDF's main function is to operate as the GoA's main arm for implementing strategic projects in the areas of regional and local economy development, and infrastructure improvement. Additionally, the MoE is overall in charge of developing and implementing the government's economic policies, including tourism development and promotion through its Tourism Committee.



25. **ATDF will be responsible for the execution of all project activities and fiduciary responsibilities**, including procurement and financial management, environment and social (E&S) supervision and monitoring, and all related responsibilities regarding technical assessment, design, and civil works, including works supervision, M&E, and reporting.
26. **A Project Working Group (PWG) will be established to facilitate working-level coordination and project implementation between the MoE and ATDF.** The MoE will be responsible for chairing the PWG which will be comprised of representatives from the MOE and its TC, and ATDF. The main purpose of the PWG will be to review subprojects and their status, monitor implementation progress, address complex implementation challenges as they arise, and facilitate communication and decision-making at the working level, in support of ATDF's function.
27. **Local Working Groups (LWG) will also be established at the community level by the municipality heads and will comprise local representatives**, including heads of communities, representatives from the municipality, representatives of local NGOs, nominated active residents and the private sector. The LWG will also serve as the focal point for local communities to provide feedback or voice concerns regarding the preparation, technical design, and implementation of civil works under Component 2, as well as issues related to work quality in collaboration with ATDF, contractors, and other stakeholders. Additionally, the LWG will be responsible for regularly informing the community about the progress of activities within the clusters and managing grievances at the local level.
28. **A High-level Project Steering Committee (PSC) will also be established to provide overall oversight and inter-agency coordination of project implementation.** The PSC will be chaired by the Deputy Prime Minister (DPM) and will comprise representation from all the relevant stakeholders and institutions, including the Ministry of Economy, Ministry of Territorial Administration and Infrastructure, Ministry of Education, Science, Culture and Sports, and other relevant line ministries, government agencies, and local and regional bodies, as may be needed.

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APPROVAL

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