



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
ELECTRICITY SUPPLY RELIABILITY PROJECT
APPROVED ON MAY 26, 2011
TO
REPUBLIC OF ARMENIA

ENERGY & EXTRACTIVES

EUROPE AND CENTRAL ASIA

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**I. BASIC DATA****Product Information**

Project ID P116748	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 26-May-2011	Current Closing Date 31-Dec-2020

Organizations

Borrower Republic of Armenia	Responsible Agency High Voltage Electric Networks
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Project Development Objective (PDO)

Original PDO

The project development objective is to increase the reliability and capacity of the transmission network.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-83880	02-Jul-2014	06-Aug-2014	03-Feb-2015	31-Dec-2020	36.00	19.61	16.39
IBRD-80550	26-May-2011	01-Jun-2011	28-Nov-2011	31-Dec-2020	35.50	34.15	1.35

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Status. The Project Development Objective (PDO) remains achievable and the progress towards achievement of the PDO is Moderately Satisfactory due to slower-than-expected improvement of reliability of electricity supply in the Project areas. The performance of the Borrower and the project implementing entity - High Voltage Electricity Networks (HVEN) - is Moderately Satisfactory due to delays with completion of rehabilitation of Vanadzor-1 and Charentsavan-3 substations and launch of the tender for rehabilitation of Zovuny substation. The following is the summary of the status of key activities and justification for additional time needed to complete all works under the Project.

- a. Replacement of Hrazdan TPP - Shinuhayr OHL. The replacement was completed, and the line is operational ensuring reliable interconnection between the southern and central parts of the country.
- b. Replacement of Lalvar-Noyemberyan OHL. The replacement was completed, and the line is operational ensuring reliable electricity supply in the northern part of the country.
- c. Rehabilitation and extension of Haghtanak substation, and rehabilitation of Charentsavan-3, Vanadzor-1 and Zovuny substations. Rehabilitation and extension of Haghtanak substation was completed in May 2019 and the substation is operational. Rehabilitation of Vanadzor-1 substation is in progress and expected to be completed by April 30, 2021. Rehabilitation of Charentsavan-3 substation was delayed due to technical reasons and change in the Government and HVEN management. The rehabilitation works are expected to resume in February 2021 and the substation is expected to be commissioned by March 2022. The bidding documents for rehabilitation of Zovuny substation have been finalized and HVEN plans to complete the procurement of the contractor by June 15, 2021.

Financial Management (FM). The FM arrangements under the Project are adequate and acceptable to the Bank. Currently, the FM performance is rated as Moderately Satisfactory. There are no overdue audit reports under the Project.

Rationale for closing date extension. The extension of the closing date until December 31, 2023 is required to allow for completion of the rehabilitation of Zovuny substation. The current management of HVEN and the Government are committed to implementing the remaining activities. Rehabilitation of Vanadzor-1, Charentsavan-3, and Zovuny substations is essential for ensuring reliable power supply to consumers and electricity distribution substations across the country. The project objective remains relevant to the development priorities of the energy sector of the Republic of Armenia. It is aligned with CPF Objective 3 “Enhance connectivity and access to reliable infrastructure (transport, energy, digital)” of Focus Area 1 of the Armenia Country Partnership Framework FY19-FY23.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
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The World Bank

Electricity Supply Reliability Project (P116748)

IBRD-80550	Effective	30-Jun-2016	30-Jun-2018, 31-Dec-2019, 31-Dec-2020	31-Dec-2020	30-Apr-2021
IBRD-83880	Effective	31-Dec-2018	31-Dec-2019, 31-Dec-2020	31-Dec-2023	30-Apr-2024