

Briefly on
ARMENIAN TERRITORIAL DEVELOPMENT FUND

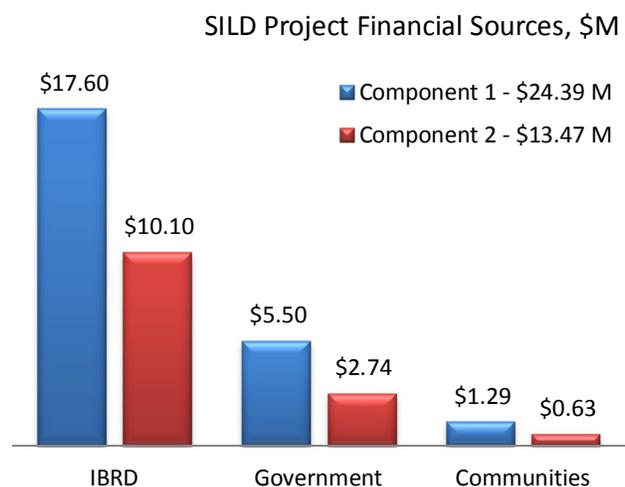
Dec 15, 2015

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❖ **On ATDF:** Armenian Territorial Development Fund was established on the basis of ASIF's restructuring in frames of its Regional development policy considered in the framework of "2014-2025 - Armenia perspective Development Program". In this regard SDC South Caucasus office awarded grant to the ASIF in the amount of 287,850 Swiss francs for preparatory activities of the ASIF at the transition phase aimed to support number of basic studies necessary for transformation of the ASIF into the Territorial Development Fund and strengthening of ASIF capacities, including study on the Fund's institutional capacities and institutional development plan.

According to Decree No 1521 adopted by Government of Armenia on December 25, 2014 the authority of implementation of the **Social Investments and Local Development (SILD)** Project was transferred to the ATDF. The total cost of the SILD Project is 42.93 million USD, of which 30 million USD is provided as an IBRD loan, 11.01 million USD is Government's co-financing, and 1.92 million USD will be provided by communities (see diagram with financial sources).

❖ **On SILD Project:** The Social Investments and Local Development Project was designed with improved procedures and targeting to reach the poorest communities and implement sustainable priority community infrastructure projects; and to support inter-community cooperation aimed at local social and economic development. The Project will maintain



the ASIF demand driven approach and direct community involvement in the definition, identification and implementation of its projects. The short description of the SILD Project components is presented below.

❖ **On Component 1 of the SILD Project: Support to Socio-Economic Development and Capacity Building at the Local Level.** Under this component, SILD Project follows the model of previous ASIF projects to implement small-sized investment projects (microprojects) targeting vulnerable communities to address priority basic needs. The selection methodology for microprojects under this component will be based on the amount distributed among marzes, and vulnerability ranking of the community. This component will fund approximately 120 microprojects. The menu of microprojects to be financed under this component includes: construction, renovation and rehabilitation of key social public owned infrastructure covering education and health; multipurpose community centres; social service centres for vulnerable groups; water supply systems; sanitation systems; minor irrigation systems. This Component also finances procurement of goods for microproject s, primarily in the form of furniture and equipment for the rehabilitated schools, kindergartens, healthcare facilities and community centres. In order to further build local institutional and financial capacity, the key stakeholders (i.e. municipal officials, community council members, community leaders and activists, staff of public service providing organizations, etc.) will be trained in areas such as financial management, budgeting and asset management.

❖ **Results as of Dec 15, 2015:** a total of 36 applications of microprojects were received from rural and urban communities of 10 marzes, and passed the 1st phase of appraisal. AT present 3 applications are in the 2nd appraisal stage, tenders are announced in 4 MPs and civil works started in frames of 5 micro-projects. A total of 9 preliminary agreements with total cost of 1.2 billion AMD (or about 2.54 million USD) were signed with PICs. Also, 6 contracts with total cost of 77.64 million AMD (or about 164.1 thousand USD) were signed with experienced and authorized companies on Design & Author Supervision for Construction, Rehabilitation, Renovation & Reconstruction of Buildings. A contract with cost of 5.75 million AMD (or about 12.1 thousand USD) was signed on Expertise of buildings stability, ventilation, power and water supplies and drainage systems.

❖ **On Component 2 of the SILD Project: Support to Inter-Community Social and Economic Development Initiatives.** This component directly supports the Republic of Armenia 2014-2025 Strategic Program of Prospective Development objectives of reducing regional socio-economic disparities and promoting harmonic territorial development by financing innovative inter-community socioeconomic development initiatives. The component supports projects of “agglomerated communities” and inter-community projects (sub-projects), and shared capacity-building and planning. Overall SILD Project will fund the design, selection and implementation of approximately 30 inter-community sub-projects that will be able to improve socio-economic infrastructures and public service provision, promote social capital and institutional capacity, and expand income generation opportunities for the population. Subprojects should also strengthen the environment for further economic investment.

Under this Component 2, training will be provided to community executive officials, councils, sub-project initiative groups’ members, community public leaders and activists,

representatives of inter-community structures and organizations. They will be aimed at planning, implementation and effective maintenance of investments, as well as at sub-projects identification, design and implementation. Below Sobprojects cycle is provided:

❖ **Phases of Component 2:** It will be implemented in three phases: (i) **preparatory**, (ii) **pilot**, and (iii) **main phase**.

The design of this component will be finalized during **preparatory phase** based of the findings of the preparatory studies and the pilot phase activities. In particular, the typology of the subprojects will be refined, preparation and implementation cycle, evaluation and selection criteria, funding and monitoring processes will be adjusted, detailed and approved during this phase.

During the **pilot phase** about 7 to 10 sub-projects (both SILD Project and Donor funded) will be prepared and implemented in order to generate the necessary experience, test the component design and make refinements. This phase will begin in the second half of 2015 and will last for about one year. Basic approaches, types and models of sub-projects will be tested that later can be widely applied throughout the country. Also intercommunity collaboration and community agglomeration mechanisms will be tested.

The main phase of the Component 2 implementation will start in 2016, upon receiving and assessment of the pilot sub-projects initial results, and after making the appropriate refinements to the Project component design. The first subproject competition cycle of the main stage will start in about 6 months after the beginning of the pilot phase. During this phase the component will be scaled up, with more complex subprojects becoming eligible for support. It is expected to fund under SILD Project Component 2 the implementation of approximately 25–30 intercommunity subprojects during this main phase.

❖ **Collaboration with other international organizations:** As a result of negotiations held with international organizations on implementation of intercommunity sub-projects under the 2nd Component of the SILD on financing of provided grants:

- **Swiss International Cooperation Office** plans to allocate CHF 2,885 million as a grant for implementation of inter-community projects in 7 consolidated communities of Syounik and Vayots Dzor Marzes.
- **USAID** allocated 8.6 million US dollar grant to fund inter-community projects in 14 pilot clusters of ATDF in Kotayq, Syounik, Vayots Dzor, Shirak, Lory, Tavoush and Ararat Marzes.

Other international organisations also are intended to implement projects through ATDF.

In addition to these grants, some other international organizations have the intention to implement loan projects through the Territorial Development Fund. Thus:

- **The Asian Development Bank** (ADB) and European Investment Bank (EIB) are also expected to implement their Projects through the Territorial Development Fund. These projects are aimed at upgrading the seismic safety of public schools in Armenia. To this end, ADB has provided US \$ 107 million, which will be complemented by the European Investment Bank for 125 million US dollars.

- **The Local Economy and Infrastructure Development Project** supported by the World Bank's loan and worth US \$ 66 million, also plans to cooperate with the ATDF during the implementation.

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