

**Armenia Support to Conflict Affected Families Project
State and Peace Building Fund (SPF) Grant No. TF0B5651**

**World Bank Implementation Support Mission
February 2 – 10 and March 2-9, 2022**

Aide-Memoire

1. Introduction

- 1.1. A World Bank team ([Annex 1](#)) carried out a virtual implementation support mission from February 2 to March 11, 2022 for the Armenia Support to Conflict Affected Families Project (henceforth “SPF Project”). The objectives of the SPF mission were to (i) review the progress towards achievement of the project development objectives and the implementation progress after the project restructuring in December 2021; (ii) discuss the data needs and Government inputs for the preparation of the Implementation Completion Report; (iii) start activities for the Subsidized Employment Study as part of the Bank-executed technical assistance (TA); and (iv) discuss the World Bank’s potential assistance through a new round of SPF financing, as requested by the Ministry of Labor and Social Affairs (MLSA).
- 1.2. The team had a series of virtual meetings (via videoconferencing) with the MLSA and the Unified Social Service (USS), including Mr. Narek Mkrtchyan (Minister), Mr. Ruben Sargsyan (Deputy Minister), Ms. Anna Zhamakochyan (Deputy Minister), and Ms. Ani Chilingaryan (Deputy Head of the USS); the SPF Project Coordination Unit (PCU) staff; and with UNICEF representatives ([Annex 1](#)).
- 1.3. The team would like to express its gratitude to the Government of Armenia officials and all other counterparts met during the virtual mission for their cooperation. This Aide Memoire summarizes key findings and agreements reached during the mission and the immediate next steps in implementation. Its final version was endorsed by the World Bank management.

2. Project Data and Ratings

Table 1: Key Project Data and Ratings

Project Data	USD (millions)
Original Project Amount	3.72
Current Project Amount	3.72
Total Disbursement	3.33
Disbursement in FY	3.33
Closing Date	May 31, 2022

Project Ratings:	Previous (as of December 1,2021)	Current (based on mission findings)
Progress towards achievement of the Project Development Objective	Moderately Satisfactory	Satisfactory
Overall Implementation Progress	Moderately Satisfactory	Satisfactory
Component 1: <i>Cash Assistance for Conflict-Affected Families</i>	Moderately Satisfactory	Satisfactory
Component 2: <i>Project Management</i>	Moderately Satisfactory	Satisfactory
Financial Management	Moderately Satisfactory	Satisfactory
Environmental and Social Standards	Moderately Satisfactory	Satisfactory

3. Implementation Status, Key Issues, and Agreements

- 3.1. ***Effectiveness and Legal Covenants.*** The Project became effective on June 3, 2021. The PCU staff, including financial management (FM), environmental & social (E&S), and monitoring & evaluation (M&E) specialists, was in place at the end of May 2021, and the Project Operations Manual (POM) was approved by the Bank on June 11, 2021.
- 3.2. ***Status of agreed Key Actions during the previous mission (September 15-30, 2021).*** All agreed actions were completed.
- 3.3. ***Project Restructuring.*** As agreed during the previous mission, a restructuring request letter was submitted to the Bank on November 26, 2021, to revise the project results framework. The restructuring package was approved by the Bank on December 13, 2021 and countersigned by the Republic of Armenia Ministry of Finance representative on January 5, 2022. The restructuring did not affect the project development objective (PDO), nor the expenditure categories.
- 3.4. ***The Government continued to make significant progress with the implementation of the Project and achievement of the PDO.*** All activities under Component 1 (Cash Assistance for Conflict-Affected Families)¹ are now completed, and targets are achieved overall. The government support to displaced people contributed to an increase of their food consumption score by 20 percent, and protected host families against significant food consumption shocks. The food consumption score of displaced families supported by Government’s social protection measures reached a value of 73 (against a baseline of 61 and a target of 75), and in the case of host families, it decreased by less than 3 percent, from 76 to 74 (against a target of 76).²
- 3.5. ***Project Management.*** The PCU team remains fully and adequately staffed. Progress reports were delivered in time and all necessary actions related to FM, E&S, and M&E requirements were performed satisfactorily. The only pending action is the preparation of the project audit

¹ This component includes the following sub-components: (i) One-time cash benefits for displaced people; (ii) Monthly cash benefits for hosting families; (iii) Employment subsidies for unemployed displaced people; (iv) Public works for displaced people.

² Current values are calculated as of May 2021, reflecting the first 5 months of implementation (when most of the cash assistance to displaced people was delivered).

Terms of Reference (TOR) and the launch of the procurement process for the audit firm. The Bank team advised the government counterparts to start the procurement process by mid-April 2022.

- 3.6. ***The cash transfers post-distribution verification procedures for all programs are completed.***
It is expected that as soon as the project budget for 2022 is approved by the Cabinet, the project will reimburse the government for the activities carried out and not yet reimbursed. According to the PCU projections, the project funds will be fully disbursed before the project closing date.
- 3.7. ***Monitoring and evaluation.*** The project monitoring is functional. All intermediate outcome indicators were collected and are up to date. The PDO indicators were updated as of May 2021, using the second round of the Multi Sector Needs Assessment in Armenia implemented by REACH – the only available survey collecting data on both displaced people and host families that could provide information at baseline. However, no subsequent survey of displaced people using a comparable methodology was implemented after May 2021. A survey using qualitative methods (Focus Group Discussions) was implemented by REACH in August 2021, confirming the importance of income support, housing, and employment measures as priority areas of support.
- 3.8. ***Financial Management and Disbursement.*** The FM arrangements under the project are overall satisfactory and acceptable to the Bank. The first Interim Un-audited Financial Report (IFR) covering the period from October 1, 2021 to December 31, 2021 was submitted to the Bank by the due date, reviewed and found to be acceptable. There are no pending audits under the project at this point. The project audit covering the entire project period will be conducted by an external independent auditor and due to the World Bank six months after the project closure. It is expected that the audit report will be submitted to the Bank by the due date.
- 3.9. ***Project ESF management.*** The overall project E&S rating is Satisfactory. Based on progress reports received and discussions held, it can be concluded that the PCU ensured compliance of the project activities with the World Bank Environmental and Social Standards (ESS) and implementation of the actions and requirements specified in the ESCP. All activities under the Project have been completed, and the PCU has conducted their E&S due diligence, as required by the project ESCP.
- 3.10. ***Public Works Subprojects' E&S Assessment.*** The Government public works (PW) program for displaced people included 12 sub-projects for which pre-screening and preparation of site-specific E&S Management Plan (ESMP) checklists have been completed. Due to the post-conflict emergency nature of the project, several of the PW subprojects were ongoing or completed before finalization of ESMPs. These subprojects have supported only small-scale civil works which have not generated significant environmental and social impacts. Covid-19 related restrictions created inability for the PCU staff to travel to several project sites to properly oversee their E&S compliance, and thus the summary of the E&S compliance was prepared based on the inputs received from the subproject beneficiaries' reports. It was agreed with the Government that only two PW subprojects, for which the ESMPs were finalized before the start of activities, will be financed from the SPF Grant.
- 3.11. ***Compliance with the ESMP Checklists and Occupational Health and Safety (OHS) issues.***
Overall, the project environmental management is satisfactory and there are no outstanding environmental issues. The supported subprojects have fulfilled the requirements specified in site-specific ESMP checklists. Prescribed environmental mitigation measures regarding dust, air pollution, noise, and solid wastes management have been adequately implemented.. The PCU reported that no OHS incidents or accidents have been reported. Also, there was no reported outbreak of COVID 19 infections among involved workers.

- 3.12. **ESF training.** Trainings for the beneficiaries of the paid public works activities and individuals involved in employment subsidy program were held in September 2021. The trainings covered topics on labor management procedures, introduction and application of Grievance Mechanism (GM), OHS measures, COVID-19 infection safety awareness, community health and safety, including HIV and sexual exploitation and abuse and sexual harassment (SEA/SH) awareness, and application of the Code of Conduct.
- 3.13. **Grievance Mechanism.** The project GM has been established in line with the Stakeholder Engagement Plan (SEP) and ESS 10 requirements. It was advertised through *Ssa.am* website and the project team continuously provided necessary information to beneficiaries about application of the GM, including reporting and accountability procedures. The PCU team has confirmed that all complaints and inquiries have been addressed and there are no open logs at this time. A full report on the GM process including information on received complaints and inquiries was provided to the World Bank by the PCU team.
- 3.14. **Code of Conduct.** All 10 beneficiaries of the two PW subprojects to be financed from the SPF Grant signed the Code of Conduct. While some beneficiaries of employment subsidy program did not sign the Code of Conduct due to procedural slip, additional verification process with those beneficiaries confirmed that the Code of Conduct requirements were followed as part of the Labor Code of the Republic of Armenia, which covers all aspects of ESS 2, except for the requirement to establish a GM for workers. The latest progress report was finalized and submitted by the PCU to the World Bank and cleared on March 17, 2022.
- 3.15. **Potential assistance through a new round of SPF financing.** The MLSA leadership informed the mission about the Ministry's vision and plans for a second round of support from the SPF. The Bank team briefly presented the updated eligibility criteria and requirements for SPF grants. It was agreed that the MLSA team will share a two-pager draft proposal with the Bank team.
- 3.16. **Bank-Executed Technical Assistance.** As agreed during the previous mission, the Bank- is conducting a study to inform the design and implementation of future employment programs for displaced people, based on the results and lessons learned from the subsidized employment interventions financed under this project. The study includes a survey of employment subsidy beneficiaries and a survey of employers. The World Bank team prepared the TOR in collaboration with the MLSA and PCU, and the Bank hired a survey agency for data collection. The survey design and instruments were developed, and the survey agency is expected to prepare the sample with support from the MLSA and PCU, who committed to facilitate access to an adequate sampling frame.
- 3.17. **Implementation Completion and results (ICR) Report.** The Bank introduced the ICR consultant (lead author) to the PCU team. During April 2022, the Consultant will work closely with relevant Government counterparts and will (i) review relevant documents related to Project preparation, supervision and implementation; (ii) collect data as needed; and (iii) organize interviews with the Government and other stakeholders. A first draft of the ICR is expected in the first half of May 2022.

4. **Next steps.** A list of agreed key actions and timelines is included below. The next mission is planned for May 2022.

	Key Actions	Deadline	Responsibility
1	Cabinet approval of the 2022 Project Budget	April 4, 2022	MLSA
2	Share a two pager with proposed activities for a potential second round of SPF financing	April 4, 2022	MLSA
3	Prepare TOR and start the procurement of project audit firm	April 15, 2022	MLSA/ PCU
4	Facilitate access to sampling frame for the subsidized employment study	March 30, 2022	MLSA/ USS/ PCU
5	Share draft ICR	May 5, 2022	World Bank

Annex 1

World Bank Team

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- 4.3. Lusine Grigoryan (Financial Management Specialist),
- 4.4. Daniel Garrote Sanchez (Economist),
- 4.5. Arcadie Capcelea (Environmental Specialist),
- 4.6. Gohar Grigorian (E&S Program Analyst),
- 4.7. Oksana Rakovych (Environmental Specialist).
- 4.8. Vahan Danielyan (Operations Consultant),
- 4.9. Arpine Azaryan (Program Assistant).

Government of Armenia (MLSA, USS, PCU):

1. Narek Mkrтчhyan, Minister, MLSA
2. Ruben Sargsyan, Deputy Minister, MLSA
3. Anna Zhamakochyan, Deputy Minister,
4. Ani Chilingaryan, Deputy Head, Unified Social Service,
5. Edgar Zakaryan, PCU Coordinator, SPF,
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