



Power Sector Financial Recovery Program (P157571)

EUROPE AND CENTRAL ASIA | Armenia | Energy & Extractives Global Practice |
IBRD/IDA | Program-for-Results | FY 2016 | Seq No: 1 | ARCHIVED on 28-Sep-2016 | ISR25194 |

Implementing Agencies: Ministry of Energy and Natural Resources

Program Development Objectives

Program Development Objective (from Program-for-Results Appraisal Document)

The proposed Program Development Objective is to support the Borrower's efforts to ensure adequate and reliable electricity supply through improvement of the financial standing of the state-owned power generation companies and the private power distribution company.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Substantial

Implementation Status and Key Decisions

The project became effective on July 19, 2016. Implementation of all activities of the government's financial recovery plan for the power sector is underway. All of the targets under Disbursement Linked Indicators (DLIs) for the first semester of 2016 were achieved.

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P157571	IBRD-86150	Effective	USD	30.00	30.00	0.00	23.67	6.33	<div style="width: 79%; background-color: #28a745;"></div> 79%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P157571	IBRD-86150	Effective	27-Apr-2016	12-May-2016	19-Jul-2016	30-Jul-2021	--

Risks

Systematic Operations Risk-rating Tool



Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	--	● Moderate
Macroeconomic	● Substantial	--	● Substantial
Sector Strategies and Policies	● Substantial	--	● Moderate
Technical Design of Project or Program	● Moderate	--	● Moderate
Institutional Capacity for Implementation and Sustainability	● Moderate	--	● Moderate
Fiduciary	● Substantial	--	● Moderate
Environment and Social	● Low	--	● Low
Stakeholders	● Substantial	--	● Substantial
Other	● Moderate	--	● Moderate
Overall	● Substantial	--	● Substantial

Disbursement Linked Indicators (DLI)

► DLI 1: Decision at the shareholder meetings of ANPP and YTPC, prohibiting the non-core business related expenditures, lending and borrowing by the above companies. (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	No decision	--	Decision was made
Date	01-Feb-2016	--	30-Jun-2016

► DLI 2: Liquidation of Haigasard (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	Exists as legal entity	--	Exists as legal entity
Date	01-Mar-2016	--	30-Jun-2016

Comments

There was no target for this DLI for the first semester of 2016. The target for the second semester of 2016 is the following: the Shareholder's Meeting makes the decision on liquidation and approves the liquidation plan.

► DLI 3: No new non-core business related expenditures, borrowing and lending incurred by ANPP (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	ANPP incurs non-core business related expenditures	--	No information yet



Date	01-Feb-2016	--	30-Jun-2016
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Comments

The verification will be done by IVA/independent auditor of the annual financial statements of ANPP. The information whether ANPP incurred any new non-core business related expenditure during the period from the date of the Loan Agreement (May 12, 2016) and December 31, 2016 will be available by June 30, 2017 together with the audit report.

► DLI 4: No new non-core business related expenditures, borrowing and lending incurred by YTPC (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	YTPC incurs non-core business related expenditures	--	No information yet
Date	01-Feb-2016	--	30-Jun-2016

Comments

The verification will be done by IVA/independent auditor of the annual financial statements of YTPC. The information whether YTPC incurred any new non-core business related expenditure during the period from the date of the Loan Agreement (May 12, 2016) and December 31, 2016 will be available by June 30, 2017 together with the audit report.

► DLI 5: Reduction of principal amount of outstanding commercial loans of ANPP (in million US\$) (Amount(USD))

	Baseline	Actual (Previous)	Actual (Current)
Value	0.00	--	8.52
Date	01-Feb-2016	--	30-Jun-2016

► DLI 6: Reduction of principal amount of outstanding commercial loans of YTPC (in million US\$) (Amount(USD))

	Baseline	Actual (Previous)	Actual (Current)
Value	0.00	--	4.60
Date	01-Feb-2016	--	30-Jun-2017

► DLI 7: Reduction of YTPC's gas payable under Contract referred to in Supplemental Letter No. 3 (in AMD) (Number (Thousand))

	Baseline	Actual (Previous)	Actual (Current)
Value	12160000.00	--	0.00



Date	01-Feb-2016	--	30-Jun-2016
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Comments

The Borrower exceeded the target. Specifically, the outstanding balance of the payable under this particular contract reference in the Supplemental Letter No. 3 was reduced to 0. The final year target was AMD3.86 billion.

► DLI 8: ENA's margin for each new tariff period fully reflects the loss (revenue) accrued due to difference between the forecast and actual cost of electricity purchased by ENA during the preceding tar (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	No	--	Yes
Date	01-Feb-2016	--	30-Jun-2016

► DLI 9: Tariffs for YTPC and Hrazdan TPP for each new tariff period fully reflect the loss (revenue) resulting from difference between forecast and actual cost of purchased natural gas due to fluctuati (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	No	--	Yes
Date	01-Feb-2016	--	30-Jun-2016

► DLI 10: Electricity supplied by YTPC (Text)

	Baseline	Actual (Previous)	Actual (Current)
Value	1400 GWh	--	Too early to measure
Date	01-Feb-2016	--	30-Jun-2016

Comments

Too early to measure because this is an annual indicator. The data will become available in January 2017.

Results

Results Area

Intermediate Results Area



Project Development Objective Indicators

► Total annual electricity supply by ANPP is maintained (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	2300 GWh	--	Too early to measure	2300 GWh
Date	01-Feb-2016	--	30-Jun-2016	30-Jun-2021

► Total annual electricity supply by YTPC is maintained (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1400 GWh	--	Too early to measure	1400 GWh
Date	01-Feb-2016	--	30-Jun-2016	30-Jun-2021

► Average interruption frequency per year in the project area is maintained (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.1	--	1.11	at least 1.1
Date	01-Feb-2016	--	30-Jun-2016	30-Jun-2021

▲ Customers served in the project area (Number, Custom Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1040000.00	--	1040000.00	1040000.00

► Direct project beneficiaries (Number, Core)

	Baseline	Actual (Previous)	Actual (Current)	End Target
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Value	3018000.00	--	3018000.00	3038000.00
Date	01-Feb-2016	--	30-Jun-2016	30-Jun-2021

Female beneficiaries (Percentage, Core Supplement)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1618000.00	--	1618000.00	1628368.00

Overall Comments

The annual 2016 generation numbers for ANPP and YTPC will be available in January 2017.

Intermediate Results Indicators

► No new non-core business related expenditures, borrowing and lending incurred by ANPP (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Not known yet	Yes
Date	01-Mar-2016	--	30-Jun-2016	31-Dec-2020

► No new non-core business related expenditures, borrowing and lending incurred by YTPC (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Not known yet	Yes
Date	01-Mar-2016	--	30-Jun-2016	31-Dec-2020

► Liquidation of Haigasard (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Liquidation i



Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2020
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► Reduction of cash deficit of ANPP due to the Program (million US\$) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	18.5	--	10.5	No deficit
Date	01-Mar-2016	--	30-Jun-2016	31-Dec-2017

► Reduction of cash deficit of YTPC due to the Program (million US\$) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	85.4	--	60.0	44.8
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2020

► Reduction of the principal amount of outstanding commercial loans of ANPP to be refinanced under the Program (million US\$) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	8.50	1.90
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2017

► Reduction of the principal amount of outstanding commercial loans of YTPC to be refinanced under the Program (million US\$) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	4.60	1.30
Date	01-Feb-2016	--	30-Jun-2017	31-Dec-2017

► Recovery of ANPP's receivables from ENA (million US\$) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	--	12	15
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2016



► Recovery of YTPC's receivables from ENA (million US\$) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0	--	18	25
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2016

► Reduction of YTPC's gas payable under Contract referred to in Supplemental Letter No. 3 (in billion AMD) (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	12.16	--	12.16	3.86
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2020

► Loss (profit) at the private power distribution company due to difference between actual and forecast cost of electricity purchased. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Yes	--	No	No
Date	01-Feb-2016	--	30-Jun-2016	30-Jun-2021

► Loss (profit) at YTPC due to US\$/AMD exchange rate fluctuation driven changes to AMD denominated payments for natural gas. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Yes	--	No	No
Date	01-Mar-2016	--	30-Jun-2016	31-Dec-2020

► Percent of tariff-setting related questions and inquiries (gender-disaggregated) responded to by PSRC within stipulated service standards for response time (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100%	--	100%	100%



Date	01-Mar-2016	--	30-Jun-2016	31-Dec-2020
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► Overhaul of the gas turbine at YTPC's CCGT plant (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	n/a	--	too early to measure	Overhaul is c
Date	01-Feb-2016	--	30-Jun-2016	31-Dec-2018

Overall Comments

Several of the Intermediate Result Indicator targets for the Year 2016 have already been met as of June 30, 2016. The Borrower is on track to meet all of the Intermediate Result Indicator targets by the end of 2016.