

Operational Manual

Capital Grants to the Poor

1. Background

The Global Partnership for Output Based Aid (GPOBA), a multi-donor trust fund administered by the World Bank, has provided funding of US\$ 3.1 million to provide capital grants to approximately 8,000 of the poorest households living in urban multi-apartment buildings to enable them to gain access to improved gas and heating services. The goal of the GPOBA is to provide increased access to reliable basic infrastructure and social services to the poor in developing countries through the wider use of Output-Based Aid (OBA) approaches.

In addition, component B2 of the Urban Heating Project (UHP) in the amount of US\$ 3 million together with the government co-financing of US \$530,000 will provide funding for the connection of additional 9,000 poorest households. Both GPOBA and UHP funds will use the scheme detailed below, which has been elaborated in close consultation with the relevant ministries, HaiRusGasArd CJSC (HRGA) and the civil society.

2. Nature of the Scheme

The proposed OBA scheme will provide a subsidy in the form of capital grants for the eligible poor households in Armenia for gas supply/heating for:

- i. **Individual gas-heater based solutions** involving connection of the apartments to the gas network and/or a safe gas heater.
- ii. **Local heating solutions** including the connection of the apartments to a building or block level boiler scheme.

The amount of the subsidy under both options will be determined based on the actual connection costs. The subsidy amount will be complemented with a fixed mandatory contribution. The grant mechanism will cover connection costs only necessary for a basic level of comfort and it will be based on a demand-driven approach whereby the poor households themselves or other eligible applicants on their behalf (see section 5) apply for the subsidy.

3. Eligibility Criteria and Targeting of Beneficiaries

The OBA scheme will be targeted using the main existing social protection program supporting low-income households in Armenia; the Poverty Family Benefit Program (PFBP). Households eligible for the grant will need to satisfy the following conditions:

- Reside in urban multi-apartment buildings

- Have the building connected to functioning gas network, which is allowed to use gas for heating purposes.
- Provide mandatory cash contribution of AMD 15,000 (US \$30). The mandatory contribution requirement for the households that apply only for a gas-heater (and not gas installation) under the individual gas-heater based solution is AMD 7,500 (US \$15). This contribution may be provided either by the poor households or by other co-financing partners, such as municipalities, heat suppliers and non-poor households in the case of local boiler solutions, charities, NGOs, etc. The R2E2 Fund will create and administer a bank account specifically for the mandatory co-financing. The subsidy will be provided only when the contribution has been received and secured in this account

For **individual gas-heater based solutions** the following additional eligibility criteria will apply:

- A priority system will be adopted based on the PFBP scoring system and aimed at providing grants to the poorest households first. The eligibility will be restricted to the households with a vulnerability score of 38.01 and above. If there are funds left over, a second tranche of grants will be publicized with applications invited from households in the 34-38 bracket

For **local heating solutions** the following eligibility criteria will also apply:

- Households will need to be enrolled in the PFBP
- Evidence indicating that the majority of the apartment owners (over 50%) in the building have agreed to the local heating solution

The list of poor enrolled in PFBP will be updated annually on January 1st based on the list of PFBP enrolled households provided by the Ministry of Labor and Social Protection.

Exclusions from the scheme

- Subsidy will not be available to apartments in central Yerevan, where property values are the highest in the country, whether the occupants are enrolled in PFBP or not
- Households living in rented accommodation will be excluded from the scheme
- Households that have a functioning district heating supply will not be eligible for the grant. However, there will not be restrictions on applications from households in areas that could be served by district heating (but that currently are not)
- Households with a functioning and safe gas heater that is compliant with Armenian standards will not be eligible for the grant. The R2E2 Fund will provide replacement gas heaters to poor households that have gas heaters that are not compliant with Armenian standards, provided that the contractor removes and destroys the non-compliant heater

4. Scheme Administration

The R2E2 Fund will administer the scheme. The Fund will make available the staff necessary to carry out this task. The R2E2 Fund may outsource some of the administrative tasks that do not relate to fiduciary aspects of scheme implementation. The budget for the scheme's administrative costs will be financed from the grant fund and IDA credit.

The R2E2 Fund's administrative role will include:

- Publicising the grant scheme with households, home owner associations (HOA), municipalities and potential contractors;
- Receiving applications
- Creating and administering the bank account for co-financing
- Receiving co-financing
- Issuing acceptance notifications
- Carrying out tenders and selecting winning contractors
- Signing and holding contracts with the HRGA, and selected heat suppliers
- Verification of connections
- Making payment to HRGA, and selected heat suppliers
- Monitoring of results, outcomes, and impact of the scheme and their dissemination

The Fund will administer all financial aspects of the scheme. Payment for all services will be made by the Fund to the contractors either through HRGA or through the heat suppliers and at no time will the eligible households receive money from the Fund.

Gas Supply and Usage Rules assign inspection and certification roles to HRGA. In addition, the scheme allocates performance risks to the service provider (HRGA in the case of individual gas-heater based solution). As a result, HRGA will play an important role in the implementation arrangements of the individual gas-heater based solutions:

- Certification of gas installation contractors selected according to the guidelines set in the Rules of Gas Supply and Usage
- Prior to gas connection, initial inspection of apartments, verification that the technical conditions allow gas connection and identification of appropriate technical solutions (ventilation, type of heater, etc.). This information will be included in the bidding documents
- Participation in the preparation of bidding documents and evaluation of bids for the procurements of gas heaters and design and installation services
- Signing and holding contracts with the contractors for gas heaters and for design and installation works
- Inspection and certification of design and installation works carried out by contractors within the apartment
- Making payment to the contractors for gas heaters and for design and installation works
- Providing periodic reports to the R2E2 Fund (see Section 5)

5. Sequence for the Operation of the Scheme

5.1 Individual gas-heater based solutions

1. The R2E2 Fund signs an Implementation Agreement with HRGA, which specifies the respective roles and responsibilities of HRGA and the R2E2 Fund in the administration of the scheme (see section 4).
2. The R2E2 Fund presents the list of households enrolled in the PFBP obtained from the Ministry of Social Protection to HRGA to identify and exclude those households that are already connected to the gas network.
3. The R2E2 Fund widely publicizes the scheme among the public, HOA, and municipalities inviting them to apply.
4. The households, or HOAs or municipalities acting on the households' behalf, make the application to the R2E2 Fund. Where applications are made on behalf of the household, the HOAs or municipalities organize a number of application forms, obtain signed consent from households, and submit the applications to the R2E2 Fund.
5. Where applications are found to have been made for apartments that are confirmed as meeting the eligibility criteria (see section 3) applicants are requested to make a mandatory co-financing to the R2E2 Fund account.
6. Following confirmation of receipt of eligible households' mandatory contributions, the R2E2 Fund at the end of each quarter accepts the applications and sends acceptance notification to the households.
7. The R2E2 Fund enters into a single source contract with HRGA for the provision of technical conditions of the accepted apartments. The price of the contract is determined based on the regulated tariff (comprising AMD 300 or US \$0.75 per apartment).
8. At the end of each quarter or semi-annually, the R2E2 Fund jointly with HRGA organize tenders for the design and installation of pipework inside apartments and for the supply and installation of the gas heater for the accepted households. The technical conditions provided by HRGA are included in the specifications of the bidding documents (see section 7).
9. Based on the list of accepted households, the selected design and installation contractor carries out the work in the apartments. Upon completion of the installation work, the contractor notifies HRGA to verify and accept the works.
10. Upon acceptance of the works, HRGA notifies the selected heater supplier of the apartments that are ready for heater delivery and installation.
11. Once the supplier has installed the heater, the R2E2 Fund does an independent verification of pipework installation and heater installation.

5.2 Local heating solutions

The OBA scheme for the local boiler solution will differ depending on whether the majority of the apartment owners have selected heat service provider, which can be an energy service company (ESCO) or the building HOA, or they have agreed to the local heating solution but heat supplier has not been selected.

Where heat supplier has not been selected the procedure will be as follows:

1. The R2E2 Fund widely publicizes the scheme among the public, and HOA inviting them to apply.
2. The HOAs or, in their absence, any other group representing the apartment complex collect signatures from households who agree to participate in the local heating scheme. If sufficient commitment (at least 50%) is gathered from the households, the HOAs or, in their absence, any other group representing the apartment complex, submits an application to the R2E2 Fund for subsidy support to connect the apartments of the poor.
3. Where applications are found to have been made for apartments that are confirmed as meeting the eligibility criteria (see section 3), applicants are requested to make a mandatory contribution to the R2E2 Fund account for the households eligible for the subsidy.
4. Following confirmation of receipt of eligible households' mandatory contributions, the R2E2 Fund sends acceptance notification to the households.
5. The R2E2 Fund organizes tenders for ESCOs (see section 7).
6. Upon completion of the installation of the local heating system and delivery of heat supply, the selected ESCO notifies the R2E2 Fund
7. The R2E2 Fund does an independent verification of the delivery of heat supply and reviews the service contract signed between the eligible households and the ESCO to ensure that connection costs are not included in the tariff.

Where heat supplier has been selected the procedure will be as follows:

1. The R2E2 Fund widely publicizes the scheme among the public, and HOA inviting them to apply
2. The HOAs or, in their absence, any other group representing the apartment complex who have been able to gather sufficient (at least 50%) commitment from the households of the apartment complex submits an application to the R2E2 Fund for subsidy support to connect the apartments of the poor.
3. Where applications are found to have been made for apartments that are confirmed as meeting the eligibility criteria (see section 3), applicants are requested to make a mandatory co-financing to the R2E2 Fund account.
4. Following confirmation of receipt of eligible households' mandatory contributions, the R2E2 Fund sends acceptance notification to the households and to the heat supplier.
5. The heat supplier selects the contractors for the connection of the apartments of the eligible poor to the local heating system, or in the absence of the local heating system, for the installation of the local heating system based on the established commercial practices.
6. Upon completion of the installation of the local heating system and delivery of heat supply, the heat supplier notifies the R2E2 Fund.
7. The R2E2 Fund does an independent verification of the delivery of heat supply and reviews the service contract signed between the eligible households and the heat supplier to ensure that connection costs are not included in the tariff.

6. Financial Management and Disbursement Arrangements

Funds flow: The GPOBA grant funds will flow from the World Bank, either (a) via a Designated Account, which will be replenished by withdrawal applications or (b) via direct payment by withdrawal application. The further flow of funds from the R2E2 Fund will be through: (i) HRGA for the connection of the poor to the gas network under the individual gas heater-based solution; (ii) local heat suppliers for the connection of the poor under the local heating solution. HRGA will make payments to the contractors that will connect the apartments of the eligible poor to the gas network and install a gas heater while heat suppliers will make payments to the contractors that will connect the apartments to the local boiler scheme. HRGA and heat suppliers can authorize the R2E2 Fund to make payments directly to the contractors. Please see section 7 for information on disbursement triggers.

Accounting policies and procedures: The accounting books and records of the R2E2 Fund will be maintained on an accrual basis and project financial statements, including quarterly Financial Monitoring Reports, will be presented in US dollars.

External Audit: The audit of the project will be conducted by independent auditors acceptable to the Bank and under terms of reference (TORs) acceptable to the Bank. A list of audit firms eligible to perform audits of World Bank financed projects in CIS countries is available and updated regularly. The annual audited project financial statements will be provided to the Bank within six months of the end of each fiscal year and also at the closing of the project. The project financial statements will be based on the quarterly Financial Monitoring Reports (FMRs) and will include: (i) Balance Sheet, (ii) Summary of sources and uses of funds; (iii) Summary of uses of funds by project components; (iv) SOE summary schedule, (v) Statement of the Designated Account, and (vi) notes to the financial statements.

Reporting and Monitoring: Project management-oriented FMRs will be used for project monitoring and supervision. HRGA will be reporting to the R2E2 Fund on a quarterly basis with the description of the connections made during the quarter by cities.

Disbursement Arrangements: The grant funds will be disbursed over a period of three years. Disbursements will be in accordance with the Disbursement Letter and based on the new Country Financing Parameters for the Republic of Armenia, and disbursed under the World Bank's disbursements methods (reimbursements with full documentation, statements of expenditure (SOEs), direct payments to third parties and special commitments.)

Designated Account: The R2E2 Fund will maintain a Designated Account and if necessary one sub-account to the Designated Accounts (Transit Account) in a commercial bank acceptable to the Bank to finance project expenditures from the GPOBA grant. The authorized allocation of the Designated Accounts will be set at US\$200,000 which will be used primarily for the operating costs of the R2E2 Fund and for

local heating solution subsidy payments. Minimum value of applications for reimbursement and direct payment is US\$40,000.

Other Supporting Documentation: The required supporting documentation will include the invoices presented by the HRGA and heat suppliers based on the number of connections made, the independent inspections certificates evidencing installation of works by the service providers and billing records evidencing the satisfactory gas or heat delivery to households by the service providers. The supporting documents will be retained by the R2E2 Fund, until at least one year after the World Bank has received the audit report for the fiscal year in which the last withdrawal from the Grant Account was made. The documentation will be made available for review by the auditors and by visiting World Bank staff upon request.

Taxation: In accordance with the Country Financing Parameters of Armenia the World Bank can finance all reasonable taxes and duties required by the Armenian legislation. The contractors will include the VAT arising in relation to the connection costs in the contract price and will subsequently pay it to the tax authorities on behalf of the eligible households.

Foreign exchange risk: The foreign exchange risk associated with the contracts will be borne by the R2E2 Fund.

7. Procurement Arrangements

Procurements under the proposed scheme will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, and the provisions stipulated in the Grant Agreement and the Development Credit Agreement. The R2E2 Fund and HRGA will jointly do the procurements under the scheme. The R2E2 Fund will prepare a Procurement Plan agreed with the World Bank and approved by the Board of Trustees of the R2E2 Fund that will include the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame for each contract. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Works and equipment will be procured using the Bank's Standard Bidding Documents (ICB, NCB, minor works, shopping), or through "rate" contracts, allowing flexibility in providing services to multiple individual beneficiaries.

Individual gas-heater based solutions: The R2E2 Fund jointly with HRGA will conduct competitive tenders for two distinct services:

- i. Design and installation services of the internal gas pipework (from the meter to the heater). Contracts for the design and installation services will be tendered on a

regional/municipality basis. However there will be no restriction for one company submitting bids for more than one contract. The bidding documents will include specifications for construction works as defined by the Armenian legislation and regulations as well as technical description of works (based on the technical specifications provided by HRGA). The specifications, among others, will include requirements for the compliance of the installations services with the environmental norms specified under Armenian legislation as well as requirements stipulated in the Environmental Management Plan for the Urban Heating Project. The bidders will be asked to quote connection costs per apartment.

ii. Supply and installation of gas heaters. The bidding will be a request for companies to supply gas heaters that meet the technical specifications provided by HRGA, and comply with Armenian gas and safety standards and specified international standards or their equivalent.

The R2E2 Fund will release payments to HRGA for gas heaters and for design and installation services according to the following schedule: (i) 20% advance payment upon gas company's signing of contract with the service contractors; (ii) 70% after the gas is delivered to the apartments of the eligible households. The R2E2 Fund or an independent entity hired by it will certify this; (iii) 10% after 12 months of satisfactory service delivery as certified by the R2E2 Fund or an independent entity hired by it. The service will be considered satisfactory (and hence last 10% of payment released) if, at the absence of non-payment by the gas subscriber, gas supply is available and there are no leakages. The service will also be considered satisfactory if the gas network inside the apartment allows delivery of gas however the service has been cut-off due to non-payment. The last 10% payment may be released earlier (during the second installment) if HRGA secures a bank guarantee for an equivalent amount from a commercial bank acceptable to the R2E2 Fund.

HRGA will be free to determine the payment schedule for the contractors, which however, may not be stricter (i.e. withhold more than 10% of funds for 12 months or withhold last 10% payment for more than 12 months) than the schedule according to which the R2E2 Fund releases payments to it.

Local heating solutions: Where the heat supplier has not been selected, the R2E2 Fund will organize bidding for the supply of heating services at a building or building block level. The bidding documents will include requirements for the installation works to be in compliance with the environmental norms specified under Armenian legislation as well as requirements stipulated in the Environmental Management Plan for the Urban Heating Project. The bidders for heat supply services will be asked to quote connection costs per apartment. The bidding documents will further specify that the heat tariff will be capped at the level of tariff set by the Public Services Regulatory Commission for larger heating schemes (district heating). Least connection cost per apartment will be the selection criteria for the tender. The heat supplier may include the connection costs in the heat tariff for the non-poor households.

Where the building apartment owners have already selected a heat supplier, the capital grants for the connection of the eligible household to the local heating system in the buildings will be based on the actual cost of connection to the heating system and construction/ rehabilitation within-the-apartment infrastructure but shall not exceed US \$500 per apartment. The contractors for implementing these works will be selected by the heat supplier based on the established commercial practices. The contractor may be requested to provide the breakdown of connection costs.

In both cases, the R2E2 Fund will release payments to the heat suppliers for the connection of the eligible households in two installments: (i) 90% upon verification by the R2E2 Fund or an independent entity hired by it that the apartments of the eligible households have been connected to the local heating scheme and that heat supply is being delivered; (ii) 10% after 12 months of satisfactory service delivery as certified by the R2E2 Fund or an independent entity hired by it. The service will be considered satisfactory (and hence last 10% of payment released) if, at the absence of non-payment by the household, adequate heat supply is available. The service will also be considered satisfactory if the heat supply can be made available however the service has been cut-off due to non-payment.

7.1. Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding.

B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$300,000 equivalent per contract and works estimated to cost less than \$2,000,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the following additional provisions:

(a) no preference of any kind shall be given based on nationality of the bidder and/or origin of goods. Any regulations issued by a sectoral ministry, provincial regulations and local regulations, which restrict national competitive bidding procedures to a class of contractors or a class of suppliers and/or origin of goods shall not be applicable to procurement procedures under the scheme;

(b) entities in which the Republic of Armenia owns a majority shareholding shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and operate under commercial law;

(c) post-qualification shall be conducted;

(d) post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders;

(e) joint venture partners shall be jointly and severally liable for their obligations;

(f) estimated contract prices shall not be advertised; and

(g) in handling the bids:

- (i) bid prices shall be announced at bid opening. If a two envelop system is used, both envelopes shall be opened at bid opening and bid prices announced;
 - (ii) no bids can be rejected at bid opening;
 - (iii) bids shall not be rejected solely because they exceed the estimated price;
 - (iv) bids can be cancelled and new bids invited, only if the conditions of clause 2.61 of the Guidelines are met; and
 - (v) any bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria.
2. Shopping. Goods and works estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.
3. Direct Contracting. Goods and works which the World Bank agrees meet the requirements of clauses 3.6-3.7 of Procurement Guidelines for Direct Contracting may be procured in accordance with the provisions of said procurement method.
4. Commercial Practices. Items estimated to cost less than \$300,000 equivalent per contract and to be financed by the heat suppliers may be procured in accordance with commercial practices acceptable to the World Bank as specified in Annex 13 of Operational Manual.

7.2. Procurement of Consultants' Services

- A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$100,000 equivalent per contract may comprise entirely national consultants.
- B. Other Procedures
1. Selection Under a Fixed Budget. Services for assignments, which the World Bank agrees meet the requirements of paragraph 3.5 of the Consultant Guidelines may be procured under contracts awarded on the basis of a Fixed Budget in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.
 2. Least-cost Selection. Services for assignments, which the World Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.
 3. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

4. Single Source Selection. Services for tasks in circumstances, which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.
5. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis.

8. Scheme Monitoring and Evaluation

The R2E2 Fund will have the overall responsibility for the scheme administration and for the monitoring of outcomes.

Two types of monitoring are required:

- Monitoring of installation and operation to ensure, among other things, that the heaters and boilers are installed properly in apartments of eligible households. This will be carried out by the R2E2 Fund based on the progress reports presented by HRGA.
- Results, outcomes and impact of the scheme, particularly the GPOBA monitoring and tracking indicators on output, access, targeting, affordability and sustainability, service quality and aid efficiency as detailed below.

Questionnaires will be sent to a representative sample of beneficiaries to measure, inter-alia results, outcomes and impacts, as described below.

Results (twice a year) such as:

- number of applicants for capital grants for heaters/boilers (for individual heating and local boilers separately)
- number of approved applications for capital grants for heaters/boilers (for individual heating and local boilers separately)
- number of connections to poor households (for individual heating and local boilers separately)
- number of poor households that have received service for 12 months.
- adequacy of the heater size, location, design
- subsidy per connection for individual heating (range of subsidies awarded, and average subsidy for all connections)
- subsidy per connection for local boilers (range of subsidies awarded, and average subsidy)
- average project cost on a per connection basis for those households that have received 12 months service
- the number of complaints received from targeted beneficiaries

- the number of complaints about unfairness or other concerns received from those who are not beneficiaries
- compliance level with the expected time-frames for connection

This information will also be collected by the R2E2 Fund in conjunction with the RSSCs (ultimately through MLSI).

Outcomes (annually):

- the satisfaction of the households with the work done
- changes in the heat source used
- changes in equipment used
- whether households actually use the installed heaters for heating
- before and after (change in) average temperature in apartments, in say January
- satisfaction with the heating the households receive given the design and heaters received
- Square meters heated
- Preference, post-grant, for another heat option
- Extent of compliance with ongoing payments

Impacts (after the end of the project), for example:

- improvements in health
- change in heating-related expenditures and affordability
- (change in) the number of deaths, injuries and damage to buildings caused by gas and CO poisoning, fires and explosions among the beneficiary group
- unintended consequences (positive and negative, this could be an open ended question)
- percent of total eligible households that are receiving access through the OBA capital grants ("access" defined as connections)
- percent of total population that is being covered through the capital grants program

Monitoring for outcomes and impact will be awarded to an independent NGO. On the basis of the collected information a mid term review will be conducted 18 months after the commencement of the scheme to assess its effectiveness and, if necessary, revisions will be made to it.

Annex 1

Estimated Disbursements

FY	2006	2007	2008	2009
Annual (US\$ m)	0.4	1.0	1.2	0.4
Cumulative (US\$ m)	0.4	1.4	2.6	3.0

Project implementation period: Start: April 1, 2006 End: December 31, 2008

Expected closing date: June 30, 2009

Annex 2

Investment Schedule

<i>Expenditure categories</i>	<i>GPOBA (US\$)</i>	<i>Co-financing</i>		<i>Total Cost (US\$)</i>
		<i>US\$</i>	<i>Details</i> (i.e. government cash or in-kind contributions, donor funds, status of approval, etc.)	
Projected subsidy expenditure	3,000,000	3,530,000	US\$3 million from World Bank credit under the Urban Heating Project and US\$0.53 million government cash contribution	6,530,000
Task Team Supervision Cost (e.g. fees, travel, <i>per diem</i> , etc.)	100,000	100,000		200,000
Other co-financing to investments		510,000	Co-financing from households, municipalities, diaspora donors and others	510,000
Administration costs (publicizing, workshops, monitoring, documentation of lessons learnt, etc.)	100,000	100,000	Monitoring by NGOs	200,000
Total Financing/Costs	3,200,000	4,240,000		7,440,000

Annex 3

Key Milestones

Key Activities	Indicative timeline
Public awareness campaign (announcements, workshops, meetings with the mayors, HOAs, NGOs, ESCOs, printing and dissemination of brochures among households)	April 2006- December 2007
Implementation Agreement signed with HRGA	April 2006
Applications are received	May 2006- December 2007
Contract with HRGA for initial inspection and provision of information about technical conditions of the apartments	July 2006-January 2008
Preparation of bidding documents for installation works, bid openings and signing of contracts	First tender: August 2006 with quarterly or semi-annual frequency till February 2008
Preparation of bidding documents for gas heaters, bid openings and signing of contract	First tender: August 2006 with semi-annual or annual frequency till February 2008
Preparation of bidding documents for the selection of heat suppliers, bid openings and signing of contracts	First tender: August 2006 till February 2008
Installation works are completed and accepted/verified	October 2006- November 2008
Gas heaters are delivered, installed and accepted/verified	November 2006- December 2008
Connections to the local heating system are completed and verified	November 2006- December 2008

Annex 4

Bank Staff Working on the Project

Name	Title	Unit
Ani Balabanyan	Operations Analyst	ECSIE
Gevorg Sargsyan	Sr. Infrastructure Specialist	ECSIE
Iain Menzies	Sr. Infrastructure Specialist	IEF
Bjorn Hamso	Sr. Energy Economist	ECSIE
Junko Funahashi	Sr. Counsel	LEGEC
Andrina Ambrose	Sr. Finance Officer	LOAG1
Inesis Kiskis	Sr. Environmental Specialist	ECSSD
Arman Vatyan	Financial Management Specialist	ECSPE
Alexander Astvatsatryan	Procurement Officer	ECSPE
Surekha Jaddoo	Operations Analyst	ECSIE
Josephine Kida	Program Assistant	ECSIE