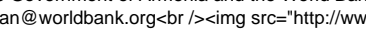




Statement by the World Bank Yerevan Office

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Armenias future economic growth highly depends on the development of a vibrant modern knowledge-based economy, foreign direct investments, and several other factors, including addressing adequately the legacy of economic activities in the previous era. We understand that in this regard critical discussions are underway within the Government of Armenia regarding the best options available to resolve long-standing challenges in the energy and industrial sectors. To support the Government in this process, the World Bank has agreed to identify and bring on board a highly respectable and globally-experienced consulting firm to assess the technical and financial viability of Nairit chemical plant operation. The anticipated technical and financial analyses, as well as a basic environmental assessment, will be provided to the Government in order to make important choices about the future of the plant. We have agreed with the Government to mobilize grant resources of more than \$110,000 from within the World Bank for the proposed expertise that will ensure the quality of analyses the counterpart needs from internationally recognized experts," clarified Laura E. Bailey, World Bank Country Manager for Armenia. "We had hoped to have the work begin in early February, but it took some time to ensure that we selected the best possible experts". Throughout the first phase, which is scheduled to begin on 25 February and take two and a half months, the consulting firm will specifically review four elements: - An overview of the global market for the main products that could be produced by the plant; - An assessment of the technical feasibility of production based on the existing plant; - An assessment of the financial viability of production given current cost structures; and - A strengths-weaknesses-opportunities-threats (SWOT) analysis. In the second phase, a basic environmental review of Nairit operations will be undertaken. The World Bank will provide close monitoring and quality review for this analysis of Nairit, however we would like to clarify that this analytical work will be conducted under the leadership of the Minister for Energy and Natural Resources as part of the cooperation between the Government of Armenia and the World Bank. Media Contacts
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