



**SEISMIC SAFETY IMPROVEMENT PROGRAM
RESULTS-BASED LENDING**

ADB LOAN NUMBER 3284-ARM(SF)

**IMPLEMENTED BY
ARMENIAN TERRITORIAL DEVELOPMENT FUND**

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

**YEREVAN
June 2026**

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STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The management of the Armenian Territorial Development Fund ("ATDF") is responsible for the preparation and fair presentation of the special purpose financial statements for the year ended 31 December 2025 of "Seismic Safety Improvement Program" ("Program") financed by Loan Agreement ADB Loan Number 3284-ARM(SF) dated 19 October 2015 ("Loan Agreement"), in compliance with the International Public Sector Accounting Standard "Financial Reporting under the Cash Basis of Accounting" (IPSAS-Cash Basis) issued by the International Public Sector Accounting Standards Board (IPSASB) and the ADB Program Financial Reporting and Auditing Guidelines ("ADB Guidelines").

In preparing the special purpose financial statements, ATDF's management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional required disclosures for the year ended 31 Dec 2025.

ATDF's Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal control, throughout the Project;
- Maintaining adequate accounting records that are sufficient to show and explain the Project's transactions, including those relating to DLIs achievements reports, and which enable to ensure that the special purpose financial statements of the Project comply with *IPSAS - Cash Basis* and the *ADB Guidelines*;
- Taking such steps that are reasonably available to safeguard the assets of the Project and to affirm that funds received have been used in accordance with the Loan Agreement, and ADB related guidelines, with due attention to economy and efficiency, transparency and accountability, and only for the purposes for which the financing was provided;
- Maintaining Deposit Account in accordance with the provision of the Loan Agreement, and ADB related guidelines;
- Not procuring works, goods and services from the countries that are not members of the ADB, and not making expenditures for any prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement; and
- Preventing and detecting fraud and other errors.

The special purpose financial statements for the year ended 31 Dec 2025 were signed on 30 June 2026 by the ATDF's Management.

Sargis Baghinyan
Executive Director



Karine Shahbazyan
Head of Financial Management and
Accounting Department

A blue ink signature of Karine Shahbazyan.

INDEPENDENT AUDITOR'S REPORT

To the Management of the Armenian Territorial Development Fund

Opinion

We have audited the special purpose financial statements of "Seismic Safety Improvement Program" ("Program") financed by Loan Agreement ADB Loan Number 3284-ARM(SF) dated 19 October 2015 ("Loan Agreement"), and implemented by the Armenian Territorial Development Fund ("ATDF"), which comprise the statement of cash receipts and payments, the statement of uses of funds by program activity for the year ended 31 December 2025, and notes to the special purpose financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the cash flows for the year ended 31 December 2025 in accordance with International Public Sector Accounting Standards: *Financial Reporting Under the Cash Basis of Accounting, (IPSAS-Cash Basis)* and ADB Program Financial Reporting and Auditing Guidelines ("ADB Guidelines").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Program and of the ATDF in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical requirements in accordance with IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Cash Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with cash basis framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Responsibilities of the Management for the Financial Statements

Management of the ATDF is responsible for the preparation and fair presentation of the special purpose financial statements in accordance with IPSAS-Cash Basis issued by the International Public Sector Accounting Standards Board (IPSASB) and ADB Guidelines, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

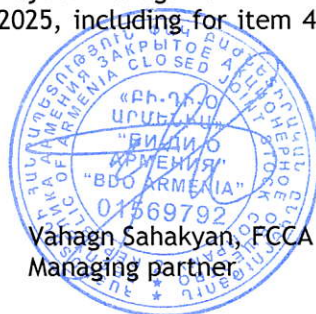
Report on Other Legal Requirements

To comply with the terms of the Loan Agreement, the ATDF management shall insure that:

1. funds have been used in accordance with the conditions of the Loan Agreement concluded between the Asian Development Bank (ADB) and the Republic of Armenia, and ADB Guidelines, with due attention to economy and efficiency, transparency and accountability, and only for the purposes for which the financing was provided;
2. supporting documents, records and accounts have been kept in respect of all Program ventures, including those relating to DLIs achievements reports. Respective reports issued during the period were in agreement with the underlying books of accounts;
3. the Deposit Account used has been maintained in accordance with the provision of the Loan Agreement, and ADB related guidelines;
4. not procuring works, goods and services from the countries that are not members of the ADB, and not making expenditures for any prohibited investment activities provided in Appendix 5 of ADB's Safeguard Policy Statement.

In our opinion, the Project management has complied with the above requirements for the year ended 31 December 2025, including for item 4 above since the commencement of the Project till reporting date.

"BDO Armenia" CJSC
30 June 2026



Vahagn Sahakyan, FCCA
Managing partner

STATEMENT OF CASH RECEIPTS AND PAYMENTS

Seismic Safety Improvement Program-Results-Based Lending

ADB Loan Number 3284-ARM(SF)

For the year ended 31 December 2025

In USD

Description	Note	Actual			Planned		Variance		Planned Initially Year ended 31 Dec 2024
		Year ended 31 Dec 2024	Cumulative as at 31 Dec 2024	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025	Year ended 31 Dec 2025	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2024	
Opening Cash Balance		2,372,346	-	142,515	-				
Sources of Funds	6								
ADB Loan Number 3284-ARM(SF)		5,283,090	78,944,240	7,358,978	86,303,219				
RA Government		(4,248,713)	16,738,779	1,260,366	17,999,145				
UNDP		-	372,285	-15,680	356,605				
Total		1,034,377	96,055,304	8,603,665	104,658,970				
Uses of Funds									
(1) Works		2,129,067	84,706,430	4,845,096	89,555,823	6,304,845	1,459,749	1,459,749	4,287,230
(2) Goods		-	44,404	-	44,404	0	0	0	0
(3) Consultants' services		480,651	4,256,069	60,075	4,311,846	84,986	24,911	24,911	191,296
(4) Operating costs		655,466	2,174,417	569,724	2,744,141	737,906	168,182	168,182	660,421
(5) Interest during implementation		-	4,871,921	-	4,871,921	0	0	0	0
Total		3,265,184	96,053,239	5,474,895	101,528,134	7,127,737	1,652,842	1,652,842	5,138,947
Foreign currency gain/(loss)		977	140,451	6,214	146,665				
Closing Cash Balance	5	142,515	142,515	3,277,499.4	3,277,499				

The Program special purpose financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2026. The accompanying notes form an integral part of these Program special purpose financial statements.



Sargis Baghmyan
Executive Director

Karine Shahbazyan
Head of Financial Management and Accounting Department

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STATEMENT OF USES OF FUNDS BY PROGRAM ACTIVITY

Seismic Safety Improvement Program - Results-Based Lending

ADB Loan Number 3284-ARM(SF)

For the year ended 31 December 2025

In USD

	Actual				Planned		Variance		Planned Initially
	Year ended 31 Dec 2024	Cumulative as at 31 Dec 2024	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025	
Program Activities									Year ended 31 Dec 2025
(a) Increasing seismic resilience of school buildings;	2,609,718	89,006,903	4,905,171	93,912,074	6,389,831	95,396,734	1,484,660	1,484,660	4,478,526
(b) Strengthening seismic disaster preparedness and response capacity;	-	-	-	-	-	-	-	-	-
(c) Improving supportive policies and systems for seismic disaster risk management and reduction;	-	-	-	-	-	-	-	-	-
(d) Enhancing capacity in Program execution and implementation.	655,466	2,174,417	569,724	2,744,141	737,906	2,912,323	168,182	168,162	660,421
(e) Interest during implementation	-	4,871,921	-	4,871,921	-	4,871,921	-	-	-
Total	3,265,184	96,053,241	5,474,895	101,528,136	7,127,737	103,180,978	1,652,842	1,652,842	5,138,947

The Program special purpose financial statements were signed by the management of the Armenian Territorial Development Fund on 30 June 2026. The accompanying notes form an integral part of these Program special purpose financial statements.



Sargis Baghinyan
Executive Director

Karine Shahbazyan
Head of Financial Management and Accounting Department

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NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

Seismic Safety Improvement Program - Results- Based Lending
ADB Loan Number 3284-ARM(SF)
For the year ended 31 December 2025

1. General information

1.1. The Program financing

According to the Loan Agreement between the Republic of Armenia and the Asian Development Bank ("ADB") concluded on 19 October 2015, ADB provided a Loan Number 3284-ARM(SF) in the amount of 63,259,000 Special Drawing Rights ("SDR") to the Republic of Armenia.

The payment currency of the loan is United States dollars (USD).

The loan was provided for implementation of "Seismic Safety Improvement Program -Results-Based Lending" ("Program", "SSIP").

The Loan Agreement became effective on 22 December 2015.

The Program was expected to be completed by 30 November 2020, and Closing date for the ADB Loan Number 3284-ARM(SF) financing was set on 31 May 2021. In 2018 the Closing date for the Program was extended to 31 May 2024. In April 2022 the Closing date for the Program was extended to 31 September 2027.

On October 19, 2021, a Statement of intent was signed between the Asian Development bank and UNDP on the co-financing in the amount of 215 mln AMD of energy-efficient retrofitting of 6 schools included in SSIP project. The total financing budget has been amended to 251 mln AMD according to the Responsible Party Agreement between UNDP and ATDF dated March 17, 2022, and Amendment No. 1 signed on October 13, 2023.

On February 18, 2025, Amendment to the Loan Agreement was signed. Under the Loan No. 4351-ARM (Additional Financing to Loan No. 3284-ARM [COL]) ADB approved several changes in the Program, including the schedule of disbursement-linked indicators. ADB also approved changes in the withdrawal of loan proceeds table under Loan No. 3284-ARM(COL). The Withdrawal of Loan Proceeds (DLI Schedule) in Note 1.3 to shall be deleted and replaced with the ones presented in Note 9.

1.2. The Program's objective

The objective of the Program is to support SSIP implementation in improving coverage of seismically safe school buildings.

The Program shall support SSIP in the following areas:

- a) Increasing seismic resilience of school buildings;
- b) Strengthening seismic disaster preparedness and response capacity;
- c) Improving supportive policies and systems for seismic disaster risk management and reduction;
- d) Enhancing capacity in Program execution and implementation.

1.3. Disbursement Linked Indicator ("DLI")

The Loan amounts are available for withdrawal upon satisfaction of the corresponding DLI targets. The satisfactory evidence of DLIs achievement shall be submitted to ADB to support withdrawal applications.

The DLIs schedule is presented below:

**Withdrawal of Loan Proceeds
(Seismic Safety Improvement Program - Results-Based Lending)
(Special Drawing Rights)**

DLI #	DLI description	Total	Prior Results	Y 2016		Y 2017		Y 2018		Y 2019		Y 2020		Y 2021		Y 2022		Y 2023		Y 2024		Y 2025		Y 2026	
		SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR	SDR
DLI1	Coverage of seismically safe school buildings increased	18,514,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7,363,000	4,646,000	2,144,000	2,001,000	2,360,000					
DLI2	Seismic resilience of school buildings increased	34,382,000	2,144,000	-	-	-	-	-	-	-	-	9,221,000	6,790,000	-	-	6,790,000	3,050,000	10,746,000	1,645,000	786,000					
DLI3	Seismic disaster preparedness and response capacity strengthened	3,073,000	-	1,072,000	-	-	-	-	-	-	-	786,500	-	-	-	-	-	643,000	1,143,000	215,000					
DLI4	Supportive policies, systems, and structures for seismic disaster risk management and reduction improved	1,929,000	643,000	-	643,000	643,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
DLI5	National capacity in executing and implementing the seismic safety investment program enhanced	1,858,000	357,000	643,000	-	-	858,000	-	-	-	-	-	-	-	-	-	-	-	-	-					
Subtotal		59,756,000	3,144,000	1,715,000	643,000	643,000	1,501,000	-	10,007,500	-	14,153,000	7,696,000	13,533,000	4,789,000	3,361,000										
Interest during implementation		3,503,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Total		63,259,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

1.4. Budget

The Program is financed by:

- ADB Loan Number 3284-ARM(SF),
- Government of the Republic of Armenia (Government of RA), covering the taxes.

Category	ADB Loan Number 3284-ARM(SF)		Government of RA	Total
	SDR	USD equivalent (a)	USD equivalent (b)	USD
(1) Works	47,208,000	64,372,110	14,271,138	78,643,248
(2) Goods	4,183,000	5,703,875	1,264,535	6,968,410
(3) Consultants' services	6,680,000	9,108,746	2,019,387	11,128,133
(4) Operating costs	1,685,000	2,297,640	509,381	2,807,022
(5) Interest during implementation	3,503,000	4,871,921	-	4,871,921
Total	63,259,000	86,354,293	18,064,441	104,418,734

(a) Budget USD equivalent of SDR underlined loan is calculated based on cumulative funds received in USD, plus USD equivalent of undisbursed funds in SDR as at reporting date. As at 31.12.2025 the SDR/USD rate is set 1 SDR=1.37121 USD (31.12.2024: 1.30413 USD).

(b) The Government of RA co-financing budget is adjusted based on updated budget of Loan financing.

1.5. Program Implementation

The Program is implemented by the Armenian Territorial Development Fund (ATDF).

The ATDF implements Programs related to:

- welfare development of population through improving quality and accessibility of social and economic infrastructure and public services, employment, investment activity,
- Institutional and financial strengthening of regions of the Republic of Armenia.

The Board of Trustees is a supreme governing body of the ATDF.

The ATDF registered address is: 31 K. Ulnetsi Street, Yerevan, 0037, Republic of Armenia.

2. Summary of significant accounting policies

2.1 Preparation and presentation of financial statements

The special purpose financial statements are prepared in accordance with the International Public Sector Accounting Standards: *Financial Reporting Under the Cash Basis of Accounting* (IPSAS-Cash Basis), issued by the International Public Sector Accounting Standards Board (IPSASB), and presented in accordance with ADB Program Financial Reporting and Auditing Guidelines (March 2015) ("ADB Guidelines").

The principal accounting policies applied in the preparation of these special purpose financial statements are set out below. These policies have been consistently applied to all the periods presented.

2.2 Cash basis of accounting

Cash basis means a basis of accounting under which transactions and other events are recognized only when cash or its equivalent is received or paid.

Financial statements prepared under the cash basis provide information about the sources of cash raised during the period, the purpose for which cash was used and the cash balances at the end of reporting date.

2.3 Reporting currency

The Program financial statements are presented in United States Dollars (USD).

2.4 Foreign currency transactions

Foreign currency is a currency other than the reporting currency of the Program.

Program accounts are maintained in USD and Armenian Drams (AMD).

Transactions in foreign currencies are translated to presentation currency at exchange rates at the dates of these transactions. The exchange rate:

- For the inflows is used the foreign exchange purchase rate as of the transaction date set by the Central Bank of the RA.
- For outflows is used the foreign exchange selling rate as of the transaction date set by the Central Bank of the RA.

2.5 Taxes

All applicable taxes are paid in accordance with tax regulations of the Republic of Armenia.

3. SUMMARY OF FUNDS RECEIVED UNDER EACH DLI

ADB Loan Number 3284-ARM(SF)

For the year ended 31 December 2025

In USD

Application number	Value date	DLI Advance/ (Advance recovery)	Disbursement category documented					Interest during implementation	Total documented	Total paid
			DLI1. Coverage of seismically safe school buildings increased	DLI2. Seismic resilience of school buildings increased	DLI3. Seismic disaster preparedness and response capacity strengthened	DLI4. Supportive policies, and systems, and structures for seismic disaster risk management and reduction improved	DLI5. National capacity in executing and implementing the seismic safety investment program enhanced			
Cumulative as at Jan 2021		21,949,766	-	-	1,457,674	874,332	1,359,770	3,551,924	7,243,700	29,193,466
Interest	15-May-21	-	-	-	-	-	-	409,364	409,364	409,364
Application N#3	01-Jun-21	-	-	3,097,372	-	1,393,384	1,239,527	-	5,730,283	5,730,283
Interest	15-Nov-21	-	-	-	-	-	-	447,687	447,687	447,687
Application N#4	29-Nov-21	-	-	9,639,858	-	448,139	-	-	10,087,997	10,087,997
Total for 2021		-	-	12,737,230	-	1,841,523	1,239,527	857,051	16,675,331	16,675,331
Cumulative as at 31 Dec 2021		21,949,766	-	12,737,230	1,457,674	2,715,855	2,599,297	4,408,975	23,919,031	45,868,797
Interest	15-May-22	-	-	-	-	-	-	462,946	462,946	462,946
Application N#5	11-Aug-22	-	8,681,695	1,520,623	-	-	-	-	10,202,318	10,202,318
Total for 2022		-	8,681,695	1,520,623	-	-	-	462,946	10,665,264	10,665,264
Cumulative as at 31 Dec 2022		21,949,766	8,681,695	14,257,853	1,457,674	2,715,855	2,599,297	4,871,921	34,584,295	56,534,061
Application N#6	13-Apr-23		2,288,033	4,168,301	-	-	-	-	6,456,334	6,456,334
Application N#7	05-Sep-23		-	6,450,206	-	-	-	-	6,450,206	6,450,206
Application N#8	13-Nov-23		4,220,550	-	-	-	-	-	4,220,550	4,220,550
Total for 2023			6,508,583	10,618,507	-	-	-	-	17,127,090	17,127,090
Cumulative as at 31 Dec 2023		21,949,766	15,190,278	24,876,360	1,457,674	2,715,855	2,599,297	4,871,921	51,711,385	73,661,151
Application N#9	20-Mar-24			1,353,814					1,353,814	1,353,814
Application N#10	29-Oct-24		1,224,170	2,705,106					3,929,276	3,929,276
Total for 2024			1,224,170	4,058,919					5,283,090	5,283,090
Cumulative as at 31 Dec 2024		21,949,766	16,414,448	28,935,279	1,457,674	2,715,855	2,599,297	4,871,921	56,994,474	78,944,240
Application N#11	11-Mar-25			2,706,751					2,706,751	2,706,751

Application N#12 Application N#13	25-Jul-25 24-Jul-25	(14,190,062)	5,243,918	13,598,371						18,842,289	4,652,227
Application N#14	30-Sep-25	(2,204,229.36)								2,204,229	
Application N#15	21-Nov-25	(449,479.43)		449,479						449,479	
Application N#16	5-Dec-25	(2,278,359.01)	2,278,359							2,278,359	
Total for 2025		(19,122,130)	7,522,277	16,754,602	2,204,229	-	-	-	-	26,481,108	7,358,978
Cumulative as at 31 Dec 2025		2,827,636.23	23,936,725	45,689,881	3,661,903	2,715,855	2,599,297	4,871,921	83,475,582	86,303,218	

4. STATEMENT OF DEPOSIT ACCOUNT (DA)

Bank account number	900000901281	
Bank	Central Treasury	
Bank location	Melik Adamyany Street 1, Yerevan, Republic of Armenia, 0010	
Account currency	USD	
	ADB Loan Number 3284-ARM(SF)	
	Year ended 31 Dec 2024	Year ended 31 Dec 2025
1. Opening balance	2,357,014	126,866
2. Add: opening discrepancy		
3. ADB advance/replenishment	5,283,090	7,358,978
4. Less: Refund to ADB from DA	-	-
5. Present outstanding amount advanced to DA	7,640,104	7,485,844
6. DA closing balance	126,866	3,025,906
7. Add: Amount of eligible expenditures paid	7,513,238	4,459,939
8. Less: interest earned (if credited to DA)	-	-
9. Total advance accounted for	7,640,104	7,485,844
10. Closing discrepancy (5)-(9)	-	-

5. Cash

Account	Account held at	Underlying Currency	31.12.2024 USD	31.12.2025 USD
Deposit account (ADB Loan 3284-USD)	Treasury	USD	126,866	3,025,906
GOA cofinancing	Treasury	AMD	-	12,007
GOA cofinancing	Treasury	AMD	-	239,588
UNDP cofinancing	Araratbank	AMD	15,649	
			142,515	3,277,501

6. Financing

6.1. ADB Loan Number 3284-ARM(SF)

	Year ended 31 Dec 2024	Cumulative as at 31 Dec 2024	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025
	USD	USD	USD	USD
DLI advance		21,949,766		21,949,766
DLI payment	5,283,090	52,122,554	7,358,978	59,481,532
Interest payment		4,871,921		4,871,921
Total	5,283,090	78,944,241	7,358,978	86,303,219
Total financing budget		86,081,851		86,354,293
Percentage of finance provided		92%		99.9%

6.2. Government of the Republic of Armenia co-financing

	Year ended 31 Dec 2024	Cumulative as at 31 Dec 2024	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025
	USD	USD	USD	USD
Contributions in cash*	(4,248,713)	16,738,779	1,260,366	17,999,145
Total	(4,248,713)	16,738,779	1,260,366	17,999,145
Total financing budget		18,007,449		18,064,441
Percentage of finance provided		93%		100%

*

The necessary funds for payments under the current and upcoming construction contracts significantly exceed the program's financial capacity during year 2023 to meet performance indicators and obtain corresponding credit funds. To address this issue, the Government of the Republic of Armenia allocated AMD 2,500,000,000 (approximately USD 6.4 million) from the state budget through Decision No. 1138-N on July 6, 2023. These funds are to be reimbursed to the state budget following the receipt of credit funds, which will be disbursed based on performance reports of schools scheduled for completion in 2024. As of now, AMD 1,900,000,000 (equivalent to USD 4,933,527) of the allocated amount has already been reimbursed.

6.3. UNDP Grant

	Year ended 31 Dec 2024	Cumulative as at 31 Dec 2024	Year ended 31 Dec 2025	Cumulative as at 31 Dec 2025
	USD	USD	USD	USD
Contributions in cash	-	372,285	-15,680	356,605
Total	-	372,285	-15,680	356,605
Total financing budget		560,037		560,037
Percentage of finance provided		66%		64%

7. Litigations

There are no pending litigations against the Program as at reporting date and as at approval date of these financial statements.

8. DLI achievement progress

DLI#	DLI description	Year	DLI target	Progress of implementation as at 31-Dec-2023	Corresponding verification process	Amount of Loan Allocated (SDR)	Amount of Loan Proceed Cumulative as at 31-Dec-25 (SDR)	Proceed %
DLI1	Coverage of seismically safe school buildings increased	2022	At least 1.6% over baseline points	Implemented and submitted to ADB on 4 July 2022	Approved by ADB on 6 July 2022	18,514,000	6,580,681	97.18%
		2022	At least 2.6% over baseline points	Implemented and submitted to ADB on 01 March 2023	Approved by ADB on 7 March 2023		782,319	
		2023	At least 2.6% over baseline points	Implemented and submitted to ADB on 01 March 2023	Approved by ADB on 7 March 2023		915,262	
		2023	At least 2.6% over baseline points	Implemented and submitted to ADB on 16 October 2023	Approved by ADB on 26 October 2023		3,205,740	
		2024	At least 2.6% over baseline points	Implemented and submitted to ADB on 14 October 2024	Approved by ADB on 18 October 2024		524,998	
		2024	At least 4.5% over baseline points	Implemented and submitted to ADB on 14 October 2024	Approved by ADB on 18 October 2024		395,168	
		2024-2025	At least 2.6% over baseline points	Implemented and submitted to ADB on 06 June 2025	Approved by ADB on 12 June 2025		2,001,000	
		2023-2024	At least 2% over baseline points	Implemented and submitted to ADB on 06 June 2025	Approved by ADB on 12 June 2025		1,748,832	
		2025-2026	At least 4.5% over baseline points	Implemented and submitted to ADB on 06 June and on 24 November 2025	Approved by ADB on 12 June and on 28 November 2025		1,838,315	

	2024-2025	# of schools increase by 24 from baseline	Implemented and submitted to ADB on 06 June and on 07 October 2025	Approved by ADB on 12 June and on 13 October 2025		731,111	
	2024	# of schools increase by 40 from baseline	Implemented and submitted to ADB on 07 October 2025	Approved by ADB on 13 October 2025		147,375	
	2025	# of schools increase by 46 from baseline					
DLI3	2016	At least 8 communities received public awareness campaign	Implemented and submitted to ADB on 11 November 2016	Approved by ADB on 29 November 2016	3,073,000	1,072,000	88.9%
	2023-2024	At least 15 communities received public awareness campaign	Implemented and submitted to ADB on 19 August 2025	Approved by ADB on 03 September 2025		643,000	
	2024-2025	At least 24 communities received public awareness campaign	Implemented and submitted to ADB on 19 August 2025	Approved by ADB on 03 September 2025		1,016,000	
	2025-2026	At least 40 communities received public awareness campaign					
	2026-2027	At least 46 communities received public awareness campaign					
DLI4	Prior 2015	SSRP approved	Implemented and submitted to ADB on 11 November 2016	Approved by ADB on 29 November 2016	1,929,000	643,000	100%
	2017	Guidelines in line with international best practices for school seismic strengthening and retrofitting approved		Approved by ADB on 11 September 2019		643,000	
	2018	National seismic hazard probabilistic map updated. The updated building codes for school buildings, harmonized with	National seismic hazard probabilistic map is updated and approved	Approved by ADB on 11 September 2019		321,500	

			international standard, approved	Update of the building codes for school buildings, harmonized with international standard, approved	Approved by ADB on 13 October 2021		321,500	
DLI5	National capacity in executing and implementing the seismic safety investment program enhanced	Prior 2015	At least 11 additional staff for program implementation is recruited at ATDF	Implemented and submitted to ADB on 11 November 2016	Approved by ADB on 29 November 2016	1,858,000	357,000	100%
		2016	Template bidding documents prepared; ATDF operational manual expanded and updated; Program monitoring and evaluation system established	Prepared by ATDF and submitted to ADB on November 2016	Approved by ADB on 29 November 2016		643,000	
		2018	At least 30 staff working for program implementation, with at least 40% women are trained	At least 30 staff are trained in the areas of program implementation and management, financial management and reporting, procurement, E&S safeguards, and evaluation. submitted to ADB on 21 May 2019	Approved by ADB on 11 September 2019		858,000	
Total						59,756,000	58,253,690	97%

9. Withdrawal of Loan Proceeds in SDR, L3284 (amendment of 18 February 2025)

DLI	Years Indicator	Prior Result	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total Amount for DLIs
1	Coverage of seismically safe school buildings increased								7,363,000	4,646,000	2,144,000	2,001,000	2,360,000	18,514,000
2	Seismic resilience of school buildings increased	2,144,000					9,221,000		6,790,000	3,050,000	10,746,000	1,645,000	786,000	34,382,000
3	Seismic disaster preparedness and response capacity strengthened		1,072,000								643,000	1,143,000	215,000	3,073,000
4	Supportive policies, systems, and structures for seismic disaster risk management and reduction improved	643,000	643,000		643,000									1,929,000
5	National capacity in executing and implementing the seismic safety investment program enhanced	357,000	643,000	858,000										1,858,000
		3,144,000	2,358,000	858,000	643,000		9,221,000		14,153,000	7,695,999.97	13,533,000	4,789,000	3,361,000	59,756,000