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Armenia Country Office

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Հայաստանի գրասենյակ

9 Grigor Lousavorich Street
Yerevan 0015
Republic of Armenia
Tel: (374 10) 52 09 92
Fax: (374 10) 52 17 87

Գ.Լուսավորչի 9
Երևան 0015
Հայաստանի
Հանրապետություն
Ֆեռ.՝ (374 10) 52 09 92
Ֆաքս՝ (374 10) 52 17 87

October 29, 2020

Mr. Atom Janjughazyan
Minister of Finance
Ministry of Finance
1 Melik-Adamyan Street
Yerevan 0010
Republic of Armenia

**Republic of Armenia: Loan No. 8390-AM
(Trade Promotion and Quality Infrastructure Project)
Third Amendment to the Loan Agreement and
Second Amendment to the Supplemental Letter No. 2**

Dear Mr. Janjughazyan,

We refer to: (a) the Loan Agreement (“Loan Agreement”) between the Republic of Armenia (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) dated August 6, 2014, as amended to-date, for the Trade Promotion and Quality Infrastructure Project (the Project); and (b) your letters dated July 17, 2020 and dated October 14, 2020, respectively, requesting the Bank to cancel an amount of USD 2,000,000 from the Loan proceeds.

Please note that unless the context otherwise requires, the capitalized terms used in this Loan Agreement has the meanings ascribed to them in the General Conditions or in the Loan Agreement.

In light of the above, we propose to amend the Loan Agreement as follows:

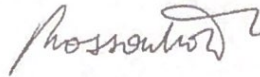
1. Pursuant to Section 7.01 of the General Conditions, the Bank hereby cancels as of July 21, 2020, an amount of two million United States Dollars (US\$ 2,000,000) from the Loan proceeds.
2. As a result of above-mentioned cancelation, the table in paragraph 2 under Section IV.A of Schedule 2 to the Loan Agreement is revised to show the new amounts allocated to each disbursement category as set forth in Attachment 1 to this Amendment Letter (Amendment Letter).
3. The Performance Monitoring Indicators set out in the supplemental letter related to the Loan Agreement dated August 6, 2014, are amended as reflected in the Attachment 2 to this Amendment Letter.

4. All other terms of the Loan Agreement, except amended herein, shall remain the same.

Please confirm your agreement on behalf of the Borrower with the above amendments by signing, dating and returning to us one of the original copies of this Amendment Letter. This Amendment Letter shall become effective as of the date of countersignature.

Very truly yours,

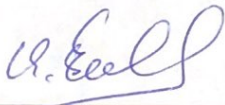
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Sylvie Bossoutrot
Country Manager for Armenia
Europe and Central Asia Region

CONFIRMED AND AGREED:

REPUBLIC OF ARMENIA

By: 
Authorized Representative

Name: Atom Yanjughazyan

Title: Minister of Finance

Date: 07.12.2020

Attachment 1

| Category | Amount of the Loan Allocated (expressed in USD) | Percentage of Expenditures to be financed |
|---|--|---|
| (1) Payments made for EEP under Part A of the Project | 10,000,000 | Amount up to withdrawal ceiling set forth in the table in Schedule 4 |
| (2) Goods, works, non-consulting services, and consultants' services (including audits), Training, and Incremental Operating Costs under Parts B, C, and D of the Project | 5,975,000 | 100% exclusive of taxes |
| (3) Grants under Part B.2 of the Project | 3,600,000 | 100% of Grant amounts, exclusive of taxes |
| (4) Financing for PPP Initiatives under Part B.3 of the Project | 19,300,000 | 100% of PPP Initiative amounts, exclusive of taxes |
| (5) Front-end Fee | 125,000 | Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions |
| (6) Goods, works, consulting services, non-consulting services for NVF Investments and NVF Subprojects under Part B.4 of the Project | 9,000,000 | 100% exclusive of Taxes |
| Amount canceled as of July 21, 2020 | 2,000,000 | |
| TOTAL AMOUNT | <u>\$50,000,000</u> | |

REVISED RESULTS FRAMEWORK

Results framework

COUNTRY: Armenia

Trade Promotion and Quality Infrastructure

Project Development Objectives(s)

The Project Development Objective (PDO) is to strengthen the government's capacity to provide export promotion, investment attraction and quality management services to firms.

Project Development Objective Indicators by Objectives/ Outcomes

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|--|-----|----------|----------------------|------|-------|-------|-------|-------|-------|------------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Strengthen the government's capacity to provide export promotion, investment attraction and quality | | | | | | | | | | |
| 1. Number of exporters accessing new markets and/or introducing new products (Number) | | 0.00 | 0.00 | 6.00 | 12.00 | 18.00 | 18.00 | 20.00 | 50.00 | 50.00 |
| 2. Cluster development and research and skills development PPPs established (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 4.00 | 6.00 | 6.00 |
| 3. Successful investments facilitated by IEPI (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 2.00 | 4.00 | 10.00 | 10.00 |
| 4 (DLI 10). Industrial Laboratories of the National Institute of Metrology (NIM) accredited by an accreditation organization that is a signatory to an | | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|---|-----|--------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| MLA/MRA from ILAC or IAF. (Number) | | | | | | | | | | |
| 5 (DLI 14). National Accreditation Body (NAB) becomes a signatory to a Multilateral agreement (MLA) or Mutual Recognition agreement (MRA) with an international accreditation organization (Text) | | Not a member | Not a member | Not a member | Not a member | Not a member | Not a member | Not a member | Not a member | NAB becomes an affiliate member of an international organization (ILAC, IAF) NAB achieves MLA or MRA |

Intermediate Results Indicators by Components

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|---|-----|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| Component 1: Improving the Effectiveness of the Trade promotion and Quality System | | | | | | | | | | |
| 1.1. Strengthening investment and export promotion services (Text) | | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub indicators |
| DLI 1. Decree on Investment Reform Map issued (Text) | | Not in existence | | | | | | | | Decree on Investment Reform Map issued |
| DLI 2. Merger of ADA and IDF into IEPI completed (Text) | | Not in existence | | | | | | | | Merger of ADA and IDF |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|---|-----|------------------|---|---|---|---|---|---|--------|---|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| DLI 3. Government decree issued to establish the NTO (Text) | | Not in existence | | | | | | | | Decree issued to establish the NTO |
| DLI 4. IEPI staffed with organizational structure in line with international best practice (monitored throughout the project period) (Text) | | Not in existence | IEPI staffed with organizational structure in line with international best practice | IEPI staffed with organizational structure in line with international best practice | IEPI staffed with organizational structure in line with international best practice | IEPI staffed with organizational structure in line with international best practice | IEPI staffed with organizational structure in line with international best practice | IEPI staffed with organizational structure in line with international best practice | | IEPI staffed with organizational structure in line with international best practice |
| DLI 5. Adequate budget for IEPI included in State budget (monitored throughout the project period) (Text) | | Not in existence | Adequate budget for IEPI included in State budget | Adequate budget for IEPI included in State budget | Adequate budget for IEPI included in State budget | Adequate budget for IEPI included in State budget | Adequate budget for IEPI included in State budget | Adequate budget for IEPI included in State budget | | IEPI budget for agency included in State budget |
| DLI 6. Monitoring and Evaluation of IEPI conducted (monitored throughout the project period) (Text) | | Not in existence | Monitoring and Evaluation of IEPI conducted | Monitoring and Evaluation of IEPI conducted | Monitoring and Evaluation of IEPI conducted | Monitoring and Evaluation of IEPI conducted | Monitoring and Evaluation of IEPI conducted | Monitoring and Evaluation of IEPI conducted | | Monitoring and Evaluation of IEPI conducted |
| Component 2: Promoting Investment and Exports | | | | | | | | | | |
| 2.1. Number of investment inquiries that lead to site visits generated by foreign representatives (Number) | | 0.00 | 0.00 | 20.00 | 60.00 | 104.00 | 107.00 | 116.00 | 128.00 | 128.00 |
| 2.2. Number of export related leads generated | | 0.00 | 0.00 | 30.00 | 80.00 | 259.00 | 262.00 | 292.00 | 342.00 | 342.00 |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|---|---|----------|----------------------|------|------|------|-------|--------------|--------------|--------------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| by foreign representative offices (Number) | | | | | | | | | | |
| 2.3. Number of beneficiaries of the Exporter Development Grants (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.00 | 30.00 | 50.00 | 50.00 |
| Female beneficiaries of the Exporter Development Grants (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 30.00 | 30.00 | 30.00 |
| Number of public-private partnership concepts approved (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 2.00 | 4.00 | 6.00 | 6.00 |
| Establishment of the National Venture Fund (Yes/No) | | No | No | No | No | No | No | Yes | Yes | Yes |
| Investments made by the National Venture Fund (Amount(USD)) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,000,000.00 | 9,000,000.00 | 9,000,000.00 |
| Action: This indicator has been Revised | Rationale: <i>The target figures of the intermediate indicator have been changed in line with the proposed partial cancellation of US\$1 million from Subcomponent 2.4. In particular, the target for Year 6 is reduced from US\$5 million to US\$4 million, the target for Year 7 and the End Target are reduced from US\$10 million to US\$9 million.</i> | | | | | | | | | |
| The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 75.00 | 75.00 |
| Component 3: Modernizing the National Quality Infrastructure | | | | | | | | | | |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|--|-----|--|--|--|--|--|--|--|---|--|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| 1.2. Strengthening national metrology services (Text) | | See Sub Indicators | See Sub indicators | See Sub indicators | See Sub indicators | See Sub indicators | See Sub indicators | See Sub indicators | See Sub Indicators | See Sub indicators |
| DLI 7. NIM staffed with organizational structure in line with international best practice (monitored throughout the project period) (Text) | | Not adequately staffed | NIM staffed with organizational structure in line with international best practice | NIM staffed with organizational structure in line with international best practice | NIM staffed with organizational structure in line with international best practice | NIM staffed with organizational structure in line with international best practice | NIM staffed with organizational structure in line with international best practice | NIM staffed with organizational structure in line with international best practice | | NIM staffed with organizational structure in line with international best practice |
| DLI 8. Adequate budget for NIM included in State budget (monitored throughout the project period) (Text) | | Not adequately budgeted | Adequate budget for NIM included in State budget | Adequate budget for NIM included in State budget | Adequate budget for NIM included in State budget | Adequate budget for NIM included in State budget | Adequate budget for NIM included in State budget | Adequate budget for NIM included in State budget | | Adequate budget for NIM included in State budget |
| DLI 9. Monitoring and Evaluation of NIM conducted (monitored throughout the project period) (Text) | | Not in existence | Monitoring and Evaluation of NIM conducted | Monitoring and Evaluation of NIM conducted | Monitoring and Evaluation of NIM conducted | Monitoring and Evaluation of NIM conducted | Monitoring and Evaluation of NIM conducted | Monitoring and Evaluation of NIM conducted | | Monitoring and Evaluation of NIM conducted |
| DLI 10. International Accreditation attained for at least 2 metrology laboratories (Please see Indicator 4 in the Project Development Objective Indicators) (Text) | | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories not attained | International Accreditation for at least 2 metrology laboratories | International Accreditation attained for at least 2 metrology laboratories |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target |
|---|-----|-------------------------|--|--|--|--|--|--|-------------------------|--|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| 1.3. Strengthening accreditation services (Text) | | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | See Sub Indicators | | See Sub indicators |
| DLI 11. NAB staffed with organizational structure in line with international best practice (monitored throughout the project period) (Text) | | Not adequately staffed | NAB staffed with organizational structure in line with international best practice | NAB staffed with organizational structure in line with international best practice | NAB staffed with organizational structure in line with international best practice | NAB staffed with organizational structure in line with international best practice | NAB staffed with organizational structure in line with international best practice | NAB staffed with organizational structure in line with international best practice | | NAB staffed with organizational structure in line with international best practice |
| DLI 12. Adequate budget for NAB included in State budget (monitored throughout the project period) (Text) | | Not adequately budgeted | Adequate budget for NAB included in State budget | Adequate budget for NAB included in State budget | Adequate budget for NAB included in State budget | Adequate budget for NAB included in State budget | Adequate budget for NAB included in State budget | Adequate budget for NAB included in State budget | | Adequate budget for NAB included in State budget |
| DLI 13. Monitoring and Evaluation of NAB conducted (monitored throughout the project period) (Text) | | Not in existence | Monitoring and Evaluation of NAB conducted | Monitoring and Evaluation of NAB conducted | Monitoring and Evaluation of NAB conducted | Monitoring and Evaluation of NAB conducted | Monitoring and Evaluation of NAB conducted | Monitoring and Evaluation of NAB conducted | | Monitoring and Evaluation of NAB conducted |
| DLI 14. NAB attains MLA or MRA in testing laboratories (Text) | | Not a member | Not a member | Not a member | Not a member | Not a member | Not a member | Not a member | NAB achieves MLA or MRA | NAB achieves MLA or MRA |
| 3.1. Number of Industrial metrology laboratories built (Number) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1.00 | 2.00 | 2.00 |
| 3.2. Number of accreditations | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 10.00 | 10.00 |

| Indicator Name | PBC | Baseline | Intermediate Targets | | | | | | | End Target | |
|---|-----|----------|----------------------|------|------|------|------|------|-------|------------|-------|
| | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | | |
| conducted in line with international practice issued by NAB (Number) | | | | | | | | | | | |
| 3.3. Share of NIM technical staff trained in internationally recognized calibration methods (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 70.00 | 70.00 |
| 3.4. Share of NAB technical staff trained in international methodology for Accreditation (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10.00 | 40.00 | 40.00 |
| The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion (Percentage) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 60.00 | 75.00 | 75.00 |