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Annex 2

Supplemental Letter No. 2

REPUBLIC OF ARMENIA

January 10, 2020

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Loan No.8390-AM
(Trade Promotion and Quality Infrastructure Project)
Amendment No. 1 to Performance Monitoring Indicators


Dear Sirs and Mesdames:

This refers to the provisions of paragraph 1 of Section II.A of Schedule 2 to the Loan Agreement of this date between the Republic of Armenia (the Borrower) and the International Bank for Reconstruction and Development (the Bank) for the above-captioned Project.

The Borrower hereby confirms to the Bank that the indicators set forth in the attachment to this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF ARMENIA

By 
Authorized Representative

Attachment

Country: Armenia
Project Name: Armenia: Trade Promotion and Quality Infrastructure Project (P146994)
Performance Monitoring Indicators
Results Framework

Project Development Objectives

PDO Statement

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

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values							End Target
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	
1. Number of exporters accessing new markets and/or introducing new products (annual) (Number)	0	0	6	12	18	18	20	50	50
2. Cluster development and research and skills development PPPs established (annual) (Number)	0	0	0	0	0	2	4	6	6
3. Successful investments facilitated by IEPI (annual) (Number)	0	0	0	0	0	2	4	10	10
4. Industrial Laboratories of the National Institute of Metrology accredited by an accreditation organization that is a signatory to an MLA/MRA from ILAC or IAF (annual) (Number)	0	0	0	0	1	1	1	2	2
5. National Accreditation Body becomes a signatory to a Multilateral agreement (MLA)	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	NAB achieves MLA or MRA

or Mutual Recognition agreement (MRA) with an international accreditation organization such as ILAC or IAF (Text)									member of an international organization (ILAC, IAF)
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Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values							End Target
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	
Component 1: Improving the Effectiveness of the Trade Promotion and Quality system									
1. Strengthening investment and export promotion services (Text) i. Government Decree on adoption of Investment Reform Map issued ii. Merger of ADA and IDF into IEPI completed iii. Government decree issued to establish the NTO iv. IEPI staffed with organizational structure in line with international best practice v. Adequate budget for IEPI included in State budget vi. Monitoring and Evaluation conducted for IEPI	ADA and IDF with duplicative functions	i. ii. iii. iv. v. vi.	iv. v. vi.	iv. v. vi.	iv. v. vi.	iv. v. vi.			i. ii. iii. iv. v. vi.
2. Strengthening national metrology services (Text) i. NIM staffed with organizational structure in line with international best practice	NIM not in accordance with international standards	i. ii. iii.	i. ii. iii.	i. ii. iii.	i. ii. iii.	i. ii. iii.		iv.	i. ii. iii iv

ii. Adequate budget for NIM included in State budget									
iii. Monitoring and Evaluation of NIM conducted									
iv. International Accreditation attained for at least 2 metrology laboratories									
3. Strengthening accreditation services (Text)	NAB not in accordance with international standards	i. ii. iii.	i. ii. iii.	i. ii. iii.	i. ii. iii.	i. ii. iii.		iv.	i. ii. iii iv
i. NAB staffed with organizational structure in line with international best practice									
ii. Adequate budget for NAB included in State budget									
iii. Monitoring and Evaluation of NAB conducted									
iv. NAB attains MLA or MRA in testing laboratories									

Component 2 – Promoting Investment and Exports

1. Investment inquiries that lead to site visits generated by foreign representatives (annual) (Number)	0	0	20	60	104	107	116	128	128
2. Export related leads generated by foreign representative (annual) (Number)	0	0	30	80	259	262	292	342	342
3. Number of beneficiaries of the Exporter Development Grants (Number) - (Core)	0	0	0	0	0	25	30	50	50
4. Female beneficiaries of the Exporter Development Grants (Percent) - (Supplemental)	0	0	0	0	0	30	30	30	30

5. Number of PPP concepts approved (annual) (Number)	0	0	0	0	1	2	4	6	6
6. Establishment of the National Venture Fund (Yes/No)	Not in existence	No	No	No	No	No	Yes	Yes	Yes
7. Investments made by the National Venture Fund (Amount (USD))	0	0	0	0	0	0	5,000,000	10,000,000	10,000,000
8. The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion (Percent)	0	0	0	0	0	0	60	75	75

Component 3 – Modernizing the National Quality Infrastructure

1. Industrial metrology laboratories built (annual) (Number)	0	0	0	0	0	0	1	2	2
2. Accreditations conducted in line with international practice issued by NAB (annual) (Number)	0	0	0	0	0	0	5	10	10
3. Share of NIM technical staff trained in internationally recognized calibration methods (Percent)	0	0	0	0	0	0	60	70	70
4. Share of NAB technical staff trained in international methodology for Accreditation (Percent)	0	0	0	0	0	0	10	40	40
5. The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion (Percent)	0	0	0	0	0	0	60	75	75

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
1. Number of exporters accessing new markets and/or introducing new products	Number of Project beneficiaries/firms that access new markets and/or introduce new products through IEPI and Export Development Grants	Annual	Project progress report	PMU Project Manager
2. Cluster development and research and skills development PPPs established	Number of PPP projects put into operation under Component 2.3	Annual	Project progress report	PMU Project Manager
3. Successful investments facilitated by IEPI	Number of new investments by new or existing FDI in Armenia initiated and supported by Investment and Export Promotion Agency	Annual	Project progress report	PMU Project Manager
4. Industrial Laboratories of the National Institute of Metrology accredited by an accreditation organization that is a signatory to an MLA/MRA from ILAC or IAF.	Number of industrial laboratories which will be established under the component 3, to be accredited by an accreditation organization that is a signatory to an MLA/MRA from ILAC or IAF.	Annual	Project progress report	PMU Project Manager
5. National Accreditation Body becomes a signatory to a Multilateral agreement (MLA) or Mutual Recognition agreement (MRA) with an international accreditation organization such as ILAC or IAF	NAB obtains international recognition by formally signing an MLA or MRA which indicates that its accreditations will be accepted internationally	Annual	Project progress report	PMU Project Manager

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Component 2 – Promoting Investment and Exports				
1. Investment inquiries that lead to site visits generated by foreign representatives	Number of investment inquiries that lead to site visits generated by IEPI foreign representatives	Annual	Project progress report	PMU Project Manager
2. Export related leads generated by foreign representative	Number of new customer relationships initiated and developed by IEPI foreign representatives and transferred to exporters	Annual	Project progress report	PMU Project Manager
3. Number of beneficiaries of the Exporter Development Grants (Number) - (Core)	Beneficiaries of the Exporter Development Grant Program provided under Subcomponent 2.2	Annual	Project progress report	PMU Project Manager
4. Female beneficiaries of the Exporter Development Grants (Percent) - (Supplemental)	Female beneficiaries of the Exporter Development Grant Program divided by the total number of beneficiaries of the Exporter Development Grant Program	Annual	Project progress report	PMU Project Manager
5. Number of PPP concepts approved	This indicator counts the number of public-private partnership concepts approved in the framework of Subcomponent 2.3.	Annual	Project progress report	PMU Project Manager

6. Establishment of the National Venture Fund	This indicator is achieved when a venture fund will be created together with a private partner.	Annual	Project progress report	PMU Project Manager
7. Investments made by the National Venture Fund	This indicator measures the amount of NVF Investments into technology startups.	Annual	Project progress report	PMU Project Manager
8. The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion.	This indicator identifies the proportion of beneficiaries (representatives of project partners / subcomponents, SMEs, large companies, government agencies and other stakeholders, including business / industry associations, universities, etc.) who participated in the dialogue between the public and private sectors during organized discussions (seminars, meetings, focus group discussions, etc.) and confirmed as a result of the survey that the issues discussed reflect their opinion.	Annual	Project progress report	PMU Project Manager
Component 3 – Modernizing the National Quality Infrastructure				
1. Industrial metrology laboratories built (annual) (Number)	Number of industrial metrology laboratories built under the project	Annual	Project progress report	PMU Project Manager
2. Accreditations conducted in line with international practice issued by NAB (annual) (Number)	Number of accreditations issued by NAB conducted in line with international practice	Annual	Project progress report	PMU Project Manager
3. Share of NIM technical staff trained in internationally recognized calibration methods (Percent)	NIM Technical staff trained in internationally recognized calibration methods divided by the total number of NIM technical staff	Annual	Project progress report	PMU Project Manager
4. Share of NAB technical staff trained in international methodology for Accreditation (Percent)	NAB Technical staff trained in international methodology for Accreditation divided by the total number of NAB technical staff	Annual	Project progress report	PMU Project Manager
5. The beneficiaries who reported that the approaches discussed in the framework of the discussions held during the Project reflect their opinion.	This indicator identifies the proportion of beneficiaries (representatives of project partners / subcomponents, SMEs, large companies, government agencies and other stakeholders, including business / industry associations, universities, etc.) who participated in the dialogue between the public and private sectors during organized discussions (seminars, meetings, focus group discussions, etc.) and confirmed as a result of the survey that the issues discussed reflect their opinion.	Annual	Project progress report	PMU Project Manager