

OFFICIAL DOCUMENTS

Annex 1

LOAN NUMBER 8390-AM

Loan Agreement

(Trade Promotion and Quality Infrastructure Project)

between

REPUBLIC OF ARMENIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated: August 6, 2014

Restated on January 10, 2020

LOAN AGREEMENT

Agreement dated January 10, 2020, between the REPUBLIC OF ARMENIA (“Borrower”) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, a loan in an amount equivalent to fifty million United States Dollars (\$50,000,000) as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread ; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion”, as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Prime Minister’s Office, all in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

- 4.01. The Additional Event of Suspension consists of the following, namely that the Borrower’s legislation on trade promotion and quality systems has been amended, suspended, abrogated, repealed or waived, so as to affect materially and adversely the ability of the Borrower to carry out the Project or to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is the Minister of Finance of the Borrower.

6.02. The Borrower's Address is:

Ministry of Finance
1 Melik-Adamyán Street
Yerevan 0010
Republic of Armenia

Facsimile:

374 60700358

6.03. The Bank's Address is:

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

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

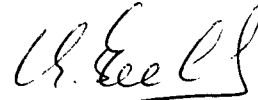
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1-202-477-6391

AGREED at Yerevan, Armenia, as of the day and year first above written.

REPUBLIC OF ARMENIA

By



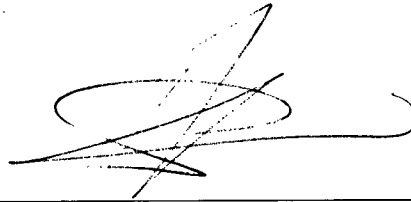
Authorized Representative

Name: Atom Janyughazyan

Title: Minister of Finance

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Sebastian Molineus

Title: Country Director for South Caucasus

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the Borrower's capacity to provide export promotion, investment attraction and quality management services to firms.

The Project consists of the following parts:

Part A: Improving the Effectiveness of Trade Promotion and Quality Systems

Provision of financing of payments under the Eligible Expenditure Programs (EEPs) in support of reforms aimed at improving the trade promotion and quality system through disbursement on achievement of agreed-upon actions, outputs and outcomes (“Disbursement-Linked Indicators (DLIs), including, inter-alia:

1. Establishment of the new IEPI, strengthening its operations, and creating the enabling environment for investment and exports, through *inter-alia*: (i) development and implementation of an Investment Reform Map to attract investment to the country; (ii) merging the Armenian Development Agency (ADA) and the Industrial Development Foundation (IDF) to create IEPI; (iii) establishment of the new National Tourism Organization (NTO); (iv) staffing IEPI with an organizational structure in line with international best practices; (v) improving IEPI’s monitoring and evaluation process; and (vi) ensuring allocation of adequate State budgets to conduct the activities outlined in IEPI’s action plans.
2. Strengthening the NIM by: (i) staffing the organization with individuals with the required skill set; (ii) providing the necessary state budget for the staff and activities required to run internationally accredited metrology laboratories; (iii) improving NIM’s monitoring and evaluation process; and (iv) support for achieving international accreditation for the laboratories by an accreditation entity which is a signatory to an MLA/MRA from ILAC or IAF.
3. Strengthening the NAB by: (i) staffing the organization with individuals with the required skill set; (ii) providing the necessary state budget for the staff and approved activities; (iii) improving NAB’s monitoring and evaluation process; and (iv) support for achieving international recognition by an international accreditation organization through global accreditation entities such as ILAC or IAF.

Part B: Promoting Investment and Exports

Strengthening the Borrower’s capacity to actively provide services to improve the capacity of local exporters to compete in foreign markets, facilitate cluster development, and attract efficiency seeking foreign direct investment (FDI), through a set of activities, including:

1. Services to Investors and Exporters

Carrying out key support services to investors and exporters , such as: (i) financing costs for the establishment of Armenian representatives in key foreign export and investment markets to conduct marketing and promotion activities; (ii) financing costs for the development of a set of export programs and market research services, including the development of an “Exporter’s Manual”, an “Export Readiness Assessments”, and “Export Training Programs”; (iii) carrying out image building and investment outreach services; (iv) building the information technology infrastructure for IEPI, including the procurement of IT equipment and the development of a Customer Relationship Management (CRM) system to improve the efficiency of operations; (v) carrying out training and capacity building activities; and (vi) hiring international experts.

2. Export Development Grants and Innovation Matching Grants

(a) Provision of Export Development Grants and Innovation Matching Grants for innovative startups and to improve SMEs with export potential and increase the awareness of their products and services in foreign markets;

(b) financing the support of the administrative costs for the management of Export Development Grants and Innovation Matching Grants as specified in the POM; and

(c) carrying out of marketing, communication activities, and workshops to raise awareness and facilitate participation of Beneficiaries.

3. PPP Initiatives

(a) Supporting public private partnerships (PPPs) initiatives to encourage “cluster development” and “research and skills development” activities;

(b) financing research and skills development joint projects proposed by multinationals or industry associations partnered with academia to develop enabling infrastructure business such as joint laboratories and innovation centers; and

(c) supporting of the administrative costs of the PPP management, including the hiring of PPP managers (based in EIF), services from a PPP expert as needed, and the compensation of an Independent Investment Committee responsible for evaluation of applications and financing decisions, and PPP-related communication and outreach activities, and provision of technical assistance for beneficiaries.

4. National Venture Fund

Promoting the development of start-up companies through establishment of the National Venture Fund (“NV Fund”) for purposes of providing NV Fund Investments to finance NV Fund Subprojects, including provision of management support.

Part C: Modernizing the National Quality Infrastructure

1. Provision of support to the NIM for the development of industrial metrology laboratories in line with international standards, through *inter-alia*: (i) the renovation of an industrial metrology building as well as the design and construction of two key industrial metrology laboratories in said building; (ii) the provision of adequate equipment and furniture for the laboratories; (iii) the hiring of an expert with acceptable qualifications and experience as NIM's "resident advisor"; (iv) the hiring of a firm to support the implementation of a Quality Management System (QMS); and (v) the carrying out of capacity building activities for NIM staff and development of guidelines and manuals for NIM operations.
2. Provision of support to NAB, including through: (i) the development of guidelines and manuals for NAB operations, (ii) the carrying out of capacity building activities for NAB staff on selected topics related to accreditation processes, and (iii) the development of NAB's information technology management system including on-line application system and database.

Part D: Project Management and Monitoring and Evaluation

Supporting the Borrower's Project management and monitoring evaluation including provision of financing for: (i) Incremental Operating Costs for the PMU, and; (ii) staff costs (such as consultants employed as part of the PMU, including a Project manager, a translator, a safeguards specialist, a monitoring and evaluation specialist, financial management specialist, and a procurement specialist, as well as other staff as agreed with the Bank,); (iii) office equipment; and (iv) Project audits (such as audit for verification of DLIs and any other audits, as required).

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Borrower shall:

- (a) maintain until the completion of the Project, a Project Steering Committee (PSC), headed by the Borrower's Deputy Prime Minister, and consisting of the representatives from all entities, including MoE, MoHTI, and other stakeholders involved in Project implementation, with structure, functions, and responsibilities set forth in the Operational Manual, to provide oversight of the Project.
- (b) (i) establish and thereafter maintain, the PMU, within the Prime Minister's Office under coordination of the Deputy Prime Minister with the responsibility to manage overall Project implementation, including safeguard compliance, and monitoring and evaluation; (ii) vest in Prime Minister's Office the responsibilities of financial management and procurement; (iii) carry out Part B.4 of the Project through MoHTI; and (iv) ensure that PMU has adequate number of staff, including the hiring of independent auditors for the verification of appropriate disbursement against EEPs and DLIs (in addition to general Project audits), on the terms of reference and qualifications satisfactory to the Bank to fulfill its responsibilities with respect to Project implementation.
- (c) carry out a mid-term review jointly with the Bank at the end of the second year of Project implementation to review DLIs and EEPs compliance and revise them if deemed necessary.

B. Project Operational Manual, Grant Manuals, and PPP Implementation Manual:

- 1. The Borrower shall prepare and thereafter maintain, until completion of the Project, in accordance with terms of reference acceptable to the Bank:
 - (a) Project Operational Manual (POM), containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) monitoring, evaluation, reporting and communication; (iii) administration, financial management and accounting; and (iv) such other administrative, technical and organizational arrangements, and procedures as shall be required for purposes of implementation of the Project.
 - (b) Grant Manuals containing the requirements, criteria, and decision-making processes for the selection of Beneficiaries and processing of Exporter Development Grants (Exporter Development Grants Manual) and Innovation Matching Grants (Innovation Matching Grants Manual); and

- (c) PPP Implementation Manual which shall set forth a selection process, eligibility and procedures for PPP Initiatives.
- 3. The Borrower shall carry out the Project in accordance with the POM, the Respective Grant Manual and the PPP Implementation Manual; and shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned manuals, or any provision thereof, without the prior written agreement of the Bank.
- 4. Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM, the Respective Grant Manual and the PPP Implementation Manual and those of the Loan Agreement, the provisions of the Loan Agreement shall prevail.

C. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Exporter Development Grants and Innovation Matching Grants

- 1. The Borrower shall: (a) appraise, review, approve, and monitor the Exporter Development Grants and Innovation Matching Grants; and (b) make Exporter Development Grants or Innovation Matching Grants to selected Beneficiaries all in accordance with the provisions of this Section I.C and eligibility criteria and procedures set forth in the Respective Grant Manual and POM.
- 2. Except as the Bank may otherwise agree in writing, no proposed Exporter Development Grant or an Innovation Matching Grant shall be eligible for financing under Part B.2 of the Project unless the Borrower has determined that such Exporter Development Grant or an Innovation Matching Grant satisfies the following eligibility criteria and such additional criteria as may be specified in the Respective Grant Manual:
 - (a) the activities to be supported by the Exporter Development Grant or an Innovation Matching Grant is economically, financially and technically feasible, environmentally sound and relate to activities described in the Respective Grant Manual;
 - (b) the proposed Exporter Development Grant or an Innovation Matching Grant satisfies the eligibility criteria for safeguards specified in the Respective Grant Manual, the activities do not include any land acquisition or resettlement, and is in compliance with the provisions of the Project ESMF and RPF and Bank's safeguard policies; and
 - (d) if, on the basis of the environmental and social screening conducted for the Exporter Development Grant or an Innovation Matching Grant proposal, an EMP and/or RAP shall be required, such EMP and RAP shall have been prepared pursuant to the ESMF and RPF and shall have been approved by the Bank.

3. The Borrower shall make available the Exporter Development Grant or an Innovation Matching Grant to a selected Beneficiary from the proceeds of the Loan, under a tripartite Grant Agreement among the Prime Minister's Office, Enterprise Incubator Foundation (EIF) or Investment Support Center (ISC), and the respective Beneficiary on terms and conditions approved by the Bank and outlined in the Respective Grant Manual, which shall include the following:
- (a) The Exporter Development Grant and the Innovation Matching Grant shall be made on a non-reimbursable basis.
 - (b) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to: (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Exporter Development Grant or an Innovation Matching Grant, or (ii) obtain a refund of all or any part of the amount of the Exporter Development Grant or an Innovation Matching Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Grant Agreement.
 - (c) The Beneficiary shall be required to contribute to the activities related to the Exporter Development Grant or an Innovation Matching Grant in cash or in kind, in accordance with the Respective Grant Manual.
 - (d) The Borrower shall require each Beneficiary to:
 - (i) carry out its Exporter Development Grant or Innovation Matching Grant activities, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
 - (ii) provide, promptly as needed, the resources required for the purpose of implementing the Exporter Development Grant or Innovation Matching Grant activities;
 - (iii) procure the goods, works and services to be financed out of the Exporter Development Grant or Innovation Matching Grant in accordance with methods as described in the Respective Grant Manual;
 - (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Exporter Development Grant or Innovation Matching Grant activities and the achievement of its objectives;
 - (v) (A) maintain a financial management system and prepare financial statements in accordance with the Borrower's accounting standards, as acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Exporter Development Grant or

Innovation Matching Grant; and (B) at the Bank's or the Borrower's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;

(vi) enable the Borrower and the Bank to inspect the implementation of the corresponding Exporter Development Grant or Innovation Matching Grant activities, their operation and any relevant records and documents; and

(vii) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.

4. The Borrower, EIF, and ISC shall exercise their rights under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any Grant Agreement or any of their provisions.

E. PPP Initiatives

1. The Borrower shall select eligible PPP Initiatives based on the eligibility criteria set forth in the PPP Implementation Manual, through a selection committee to be established by the Enterprise Incubator Foundation (EIF).
2. The Borrower shall make available financing for a selected PPP Initiative under a tripartite agreement between the Prime Minister's Office, the EIF and a selected firm or consortium (the PPP Agreement) on terms and conditions approved by the Bank and outlined in the PPP Implementation Manual, which shall include the following:
 - (a) The selected firm or consortium to benefit from the initiative, shall be required to contribute to the activities related to the PPP Initiative in cash or in kind, in accordance with the PPP Implementation Manual.
 - (b) The Borrower shall obtain rights adequate to protect its interests and those of the Bank, including the right to suspend or terminate the right of the selected firm or consortium to use the proceeds of the PPP Initiative in case of its failure to perform any of its obligations under the PPP Agreement.
 - (c) The Borrower shall require the selected firm or consortium to:
 - (i) carry out the PPP Initiative with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank,

- (ii) enable the Borrower and the Bank to inspect the implementation of the corresponding PPP Initiative, their operation and any relevant records and documents; and
 - (iii) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.
- 3. The Borrower, through the Prime Minister's Office and EIF, shall exercise its rights under each PPP Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any PPP Agreement or any of their provisions.

F. National Venture Fund

- 1. For the purposes of carrying out Part B.4 of the Project, the Borrower, through MoHTI, shall, in accordance with good commercial practice exercised in venture capital industry, select and retain a private management company for the NV Fund with qualifications and experience and terms of reference, all acceptable to the Bank, which shall be responsible, *inter alia*, for actively seeking NV Fund Investments, presenting them to the NV Fund Investment Committee, monitoring performance of NV Fund Investments, and regularly informing the NV Fund Steering Board on the NV Fund's performance.
- 2. For the purposes of carrying out Part B.4 of the Project and in order to ensure the NV Fund's ability to provide venture financing for NV Fund Investments, the Borrower, through MoHTI, shall transfer the proceeds of the Loan allocated to Category (6) to the NV Fund pursuant to an agreement to be entered into between the Borrower, through MoHTI, and the NV Fund (the "NV Fund Establishment Agreement") on terms and conditions, acceptable to the Bank, which shall include, *inter alia*:
 - (a) the right of the Borrower, through the MoHTI, to take remedial actions against the Fund in case the NV Fund shall have failed to comply with any of its obligations under the NV Fund Establishment Agreement (which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Loan transferred to the NV Fund pursuant to the NV Fund Establishment Agreement (as the case may be));
 - (b) the obligation of the Borrower, through the MoHTI, to: (i) provide from the proceeds of the Loan, up to 50% of the total funds required to make NVF Investments, on a matching basis, provided that funds equivalent to the remaining percentage necessary to attain 100% of the relevant NVF Investments are provided from private investors, pursuant to criteria set forth in the NV Fund Manual, and from sources acceptable to the Bank; and (ii) comply with the pertinent obligations set forth in this Agreement, as applicable to Part B.4 of the Project; and
 - (c) the obligation of the NV Fund to, upon approval, make a NV Fund Investment to the recipient of said NV Fund Investment pursuant to an agreement to be entered into between the NV Fund and said recipient (the "NV Fund Investment

Agreement”) on terms and conditions acceptable to the Bank, which shall include, *inter alia*:

- (i) the NV Fund shall ensure that the NV Fund obtains rights adequate to protect the interests of the Borrower, the NV Fund, and those of the Bank, including the right to suspend or terminate use of the proceeds of any given NV Fund Investment, or obtain a refund of all or any part of the amount of the pertinent NV Fund Investment upon failure by its recipient to perform any of its obligations under the corresponding NV Fund Investment Agreement; and
- (ii) require each recipient of any given NV Fund Investment to:
 - (A) carry out the pertinent NV Fund Subproject with due diligence and efficiency and in accordance with good commercial procurement practices satisfactory to the Bank, including in accordance with the provisions of paragraph 3 of Section I.E of Schedule 2 to the Agreement;
 - (B) provide, promptly as needed, the resources required for the purpose;
 - (C) procure the goods, minor works and services to be financed out of an NV Fund Investment in accordance with good commercial procurement practices;
 - (D) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of the NV Fund Subproject and the achievement of its objectives;
 - (E)
 - (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Subproject; and
 - (2) at the Bank’s or the Borrower’s request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Borrower and the Bank;
 - (F) enable the Borrower and the Bank to inspect the pertinent NV Fund Subproject, its operation and any relevant records and documents; and

- (G) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.
- 3. The Borrower shall exercise its rights and carry out its obligations under the NV Fund Establishment Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the NV Fund Investment. Except as the Bank shall otherwise agree, the Borrower, through the MoHTI shall ensure that the NV Fund shall not assign, amend, abrogate, terminate, waive or fail to enforce any NV Fund Establishment Agreement or any provision thereof.

G. Safeguards

- 1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), site-specific Environmental Management Plans (EMPs), and Resettlement Action Plans (RAPs) as the case may be.
- 2. The Borrower shall ensure that said EMPs and RAPs, if needed, will be prepared, in a manner satisfactory to the Bank and in accordance with the Manuals and the ESMF and RPF, and construction activities shall commence only until respective EMPs and RAPs are prepared and implemented.
- 3. The Borrower, through MoHTI, shall ensure that proposals for NV Fund Subprojects shall not be approved if they involve:
 - (a) Any activities involving Involuntary Resettlement;
 - (b) Any activities likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented, as determined by the Bank; or
 - (c) Any activities identified as not eligible in the ESMF.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

- 1.
 - (a) The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar semester and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
 - (b) For purposes of reporting the achievements of the DLIs, the MoE through the PMU at Prime Minister's Office will be responsible for reporting documentation on: (i) compliance with the agreed activities/targets for the DLIs, and (ii) the actual amount of EEPs incurred, (according to the information provided by the MoE's

Department of Budgeting and Financing), in such a manner that disbursements can be made by June each year, upon validation performed by independent auditors for activities/targets met during the previous year.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.
4. The Borrower shall have validated the actual level of Eligible Expenditures by an independent auditor acceptable to the Bank on the terms of reference agreed with the Bank. Each validation of the actual Eligible Expenditures shall cover the period of one fiscal year of the Borrower. The auditor's validation report for each such period, which will be required for the disbursement of respective funds under the DLI scheme, shall be furnished to the Bank not later than six (6) months after the end of such period.
5. The Borrower, through the MoHTI, shall ensure: (a) that the NV Fund prepares financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the NV Fund, including the operations, resources and expenditures related to Part B.4 of the Project; and (b) has its financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audited financial statement shall cover the period of one fiscal year of the Borrower, commencing with the fiscal year within which the first deposit into the NV Fund is made out of the proceeds from the Loan. The audited financial statements of the NV Fund for each such period shall be furnished to the MoHTI and the Bank not later than six (6) months after the end of such period and be made publicly available in a timely fashion and in a manner acceptable to the Bank

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works, and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

Procurement Method
<p>(a) National Competitive Bidding of the Borrower may be used for procurement of goods, works and non-consulting services for the Project, provided that the following provisions are complied with:</p> <ul style="list-style-type: none"> (i) 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; (ii) post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders; (iii) joint venture partners shall be jointly and severally liable for their obligations; (iv) estimated contract prices shall not be advertised; (v) no bids shall be rejected at bid opening; (vi) no bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions of clause 2.61-2.64 of the Procurement Guidelines are met;

Procurement Method	
	(vii) all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass and fail criteria; and (viii) advance Bank's approval is required for any modifications in the contract scope/conditions during implementation.
(b)	Shopping
(c)	Direct Contracting
(d)	Loans to Financial Intermediary Institutions and Entities
(e)	Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank
(f)	Procurement under Public Private Partnership (PPP) Arrangements in accordance with procedures which have been found acceptable to the Bank.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

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Procurement Method	
(a)	Quality-based Selection
(b)	Fixed-Budget Selection
(c)	Least Cost Selection
(d)	Selection Based on Consultants Qualification
(e)	Single Source Selection
(f)	Selection of Consultants in Loans to Financial Intermediary Institutions and Entities
(g)	Procedures set forth in paragraphs 5.2 through 5.4 of the Consultants Guidelines for the Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank may specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to (a) finance the Front-end Fee in accordance with Section 2.07 (b) of the General Conditions; and (b) finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

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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	6,975,000	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	10,000,000	100% exclusive of Taxes
TOTAL AMOUNT	\$50,000,000	

For purposes of this Schedule:

- (i) The Term "Training" means expenditures incurred by the Borrower for costs associated with training, workshops and/or study tours, as agreed upon between the Borrower and the Bank;
- (ii) The Term "Incremental Operating Costs" means expenditures incurred by the Borrower, the PMU, IEPI, ISC and EIF or any of their successors in connection with Project implementation, which includes: vehicle rental, cost of fuel, insurance, operation, and maintenance of vehicles, minor office equipment, office supplies, utilities, communication and media advertisement costs, printing and publications (electronic and/or paper), maintenance costs, training, studies, meetings and in-country travel costs, translation, and salaries, including health benefits, but excluding salaries for civil servants, and other expenditures that may be agreed with the Bank during Project implementation.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments:
 - (a) prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed two million Dollars (USD 2,000,000) may be made for payments made up to twelve months prior to the date of the signature of this Agreement for Eligible Expenditures under Category 1.
 - (b) for Eligible Expenditures under Category (1) unless evidence has been furnished to the Bank of compliance with: (i) the Disbursement-Linked Indicators and the respective validation carried out by independent auditors, as referred to in Schedule 4 to this Agreement as applicable to the Eligible Expenditures Programs, and (ii) the pertinent conditions/provisions set forth in the additional instructions referred to in Section IV.A.1. of this Schedule.
 - (c) under Category (2), unless the IEPI has been established, and all processes required under the Borrower's laws and regulations for IEPI's operation have been completed, and the agency has appropriate mandate, staff and other resources in place with operational capacity satisfactory to the Bank.
 - (d) under Category (3), unless the Borrower has adopted, in accordance with Section I. B. of Schedule 2 of this Agreement, the Exporter Development Grant Manual and Innovation Matching Grant Manual, in form and substance satisfactory to the Bank.
 - (e) under Category (4), unless the Borrower has adopted, in accordance with Section I. B. of Schedule 2 of this Agreement, the PPP Implementation Manual, in form and substance satisfactory to the Bank.
 - (f) under Category (6), until the Borrower, through the MoHTI, has provided evidence satisfactory to the Bank of the following: (i) that the NV Fund has been established; (ii) the NV Fund Establishment Agreement has been duly executed by the parties thereto and is legally binding upon each such party in accordance with its terms; and (iii) the NV Fund Manual has been approved by the MoHTI, and adopted by the NV Fund, all on terms and in a manner acceptable to the Bank.
2. If, at any time, the Bank determines that any portion of the amounts disbursed by the Borrower under Category (1) was made: (a) for expenditures which are not eligible under the EEPs; or (b) not in compliance with the provisions of this Section B; the Borrower shall promptly refund any such amount to the Bank as the Bank shall specify by notice to the Borrower.
3. Notwithstanding the foregoing, for purposes of Category (1), if one or more of the DLIs provided for in the disbursement conditions above have not been achieved by their due dates, as agreed with the Bank, the Bank at its sole discretion may:

- (a) at a later date, if and when the Bank is satisfied that the respective DLI have been achieved, authorize the withdrawal of the Loan proceeds so withheld; or
- (b) at any time, by notice to the Borrower: (i) cancel the corresponding amount of the Loan withheld or (ii) reallocate said amounts to other DLIs.

4. The Closing Date is May 31, 2022.

C. Other Undertakings:

The Borrower and the Bank agree that the cancellation of the undisbursed Loan proceeds may be necessary if significant progress has not been made according to the milestones and timeline set forth in paragraphs (a) to (d) below. On this basis and in accordance with the Section 7.03 of the General Conditions:

- (a) If by October 30, 2020, the Borrower has not made fifty percent (50%) of projected disbursements (or \$5,000,000), the Bank at its sole discretion may by notice to the Borrower cancel an amount of ten million Dollars (\$10,000,000) out of the Loan, effective November 1, 2020 from Category (6).
- (b) If by December 31, 2020, the Borrower has not made fifty percent (50%) of projected disbursements (or \$1,500,000), the Bank at its sole discretion may by notice to the Borrower cancel an amount of three million dollars (\$3,000,000) out of the Loan, effective January 1, 2021 from Category (2).
- (c) If by March 31, 2021, the Borrower has not made fifty percent (50%) of projected disbursements (or \$1,500,000), the Bank at its sole discretion may by notice to the Borrower cancel an amount of three million Dollars (\$3,000,000) out of the Loan, effective April 1, 2021 from Category (2).
- (d) If by June 30, 2021, the Borrower has not made fifty percent (50%) of projected disbursements (or \$1,800,000), the Bank at its sole discretion may by notice to the Borrower cancel an amount of three million and six hundred thousand dollars (\$3,600,000) out of the Loan, effective July 1, 2021 from Category (3).

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SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each February 15 and August 15 Beginning August 15, 2024, through August 15, 2038	3.33%
On February 15, 2039	3.43%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (“Original Installment Share”) and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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SCHEDULE 4
DISBURSEMENT LINKED INDICATORS

Disbursement-Linked Indicator (DLI)	Expected Due (Achievement) Dates and amounts per year						Withdrawal Ceiling (US\$)
	<i>DLIs to be reviewed annually and must be satisfactory to the World Bank</i>						
	Jun-2015	Jun-2016	Jun-2017	Jun-2018	Jun-2019	Jun-2020	
DLI 1: Government Decree on adoption of Investment Reform Map issued	125,000	-	-	-	-		125,000
DLI 2: Merger of ADA and IDF into the IEPI	125,000	-	-	-	-		125,000
DLI 3: Government decree issued to establish NTO	125,000	-	-	-	-		125,000
DLI 4: IEPI staffed with organizational structure in line with international best practice	125,000	100,000	100,000	100,000	100,000	50,000	575,000
DLI 5: Adequate budget for IEPI and included in State budget	150,000	200,000	200,000	200,000	200,000	75,000	1,025,000
DLI 6: Monitoring and Evaluation conducted for IEPI	150,000	300,000	300,000	300,000	200,000	50,000	1,300,000
DLI 7: NIM staffed with organizational structure in line with international best practice	100,000	200,000	200,000	200,000	200,000	75,000	975,000
DLI 8: Adequate budget for NIM included in state budget	150,000	300,000	300,000	300,000	300,000	50,000	1,400,000
DLI 9: Monitoring and Evaluation conducted	100,000	300,000	300,000	300,000	200,000	50,000	1,250,000
DLI 10: Accreditation attained for at least 2 metrology laboratories from an accreditation organization that is a signatory to an MLA or MRA from ILAC or IAF	-	-	-	-	100,000		100,000
DLI 11: NAB staffed with organizational structure in line with international best practice	100,000	100,000	100,000	100,000	100,000	50,000	550,000
DLI 12: Adequate budget for NAB included in State budget	150,000	200,000	200,000	200,000	200,000	50,000	1,000,000
DLI 13: Monitoring and Evaluation conducted	100,000	300,000	300,000	300,000	200,000	50,000	1,250,000
DLI 14: NAB attains MLA or MRA from ILAC or IAF in testing laboratories according to ISO/IEC 17025	-	-	-	-	200,000		200,000
Total	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	500,000	10,000,000

APPENDIX

Definitions

1. “ADA” means Armenian Development Agency established pursuant to Government decree No. 219, dated April 2, 1998.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Beneficiary” means an innovative startup or a small or medium enterprise eligible, in accordance with the criteria set forth in the Respective Grant Manual, to receive a Grant under Part B.2 of the Project. “Beneficiaries” means more than one Beneficiary.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
6. “DLIs” means the “Disbursement-Linked Indicators” as set forth in Schedule 4 to this Agreement, as such indicators refer to specific outputs and outcome indicators measuring improved performance of the Borrower’s effectiveness of trade promotion and quality systems.
7. “Eligible Expenditure Programs” or “EEPs” means, a portion of the Borrower’s budgetary allocation for financing benefits under the trade promotion and quality systems’ programs, consistent of gross salaries of all relevant support and quality infrastructure agencies (the new IEPI, the new NTO (National Tourism Organization), IDF, ADA, EIF, SMEDNC, NIM, NAB, NCF, and SARM), trade representatives’ remuneration, MoE staff, Minister of Economy’s staff.
8. “EMP” means “Environmental Management Plan/s” to be prepared by the Borrower or a Beneficiary under Part B.2 of the Project and approved by the Bank for individual project activities in accordance with the ESMF, to be disclosed and discussed with stakeholders prior to tendering of works, and to be included into work contracts as part of contractual obligations of work providers.
9. “ESMF” means “Environmental and Social Management Framework” prepared by the Borrower and approved by the Bank on April 14, 2014, pursuant to Section I.E of Schedule 2 of this Agreement which (i) sets forth procedures for environmental and social screening and environmental classification of the project activities; (ii) provides guidance for the preparation of site-specific Environmental Management Plans to eliminate or offset adverse environmental and social impacts or to reduce them to acceptable levels; and (iii)

establishes institutional arrangements for monitoring and reporting on the environmental compliance of the project activities.

10. “Exporter Development Grant” means a grant to an eligible Beneficiary financed out of the proceeds of the Loan to support activities under Part B.2 of the Project as specified in the Respective Grant Manual and POM.
11. “Grant” means an Exporter Development Grant or an Innovation Matching.
12. “Grant Agreement” means the tripartite agreement among the Prime Minister’s Office, Enterprise Incubator Foundation (EIF) or Investment Support Center (ISC), and the respective Beneficiary for the purpose of financing an Exporter Development Grant or an Innovation Matching Grant under Part B.2 of the Project, as the detail further described in the Respective Grant Manual.
13. “Grants Manual” means the Exporter Development Grant Manual and the Innovation Matching Grant Manual prepared by the Borrower, pursuant to Section I.B.1 of Schedule 2 to this Agreement for the purpose of implementation of activities financed by the Exporter Development Grant or an Innovation Matching Grant under Part B.2 of the Project.
14. “EIF” means “Enterprise Incubator Foundation” of the Borrower established pursuant to a Decree #1165 dated November 27, 2001 of the Borrower’s Cabinet Minister.
15. “Innovation Matching Grant” means a grant to an eligible Beneficiary financed out of the proceeds of the Loan to support activities under Part B.2 of the Project as specified in the POM and Respective Grant Manual.
16. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated March 12, 2012.
17. “IAF” means “International Accreditation Forum” which is the global association of Conformity Assessment Accreditation Bodies.
18. “IDF” means Industrial Development Fund established pursuant to the Government's decision, No. 1405-N dated November 8, 2012.
19. “IEPI” means the “Investment Export Promotion and Industrial Development Agency” of Armenia, to be established by the Borrower, as referred to under Part A.1 of the Project.
20. “ILAC” means International Laboratory Accreditation Cooperation which is cooperation global association of laboratory and inspection accreditation bodies.
21. “ISC” means Investment Support Center that is a legal successor of the Borrower’s “Small and Medium Entrepreneurship Development National Center (SME DNC)” established by the Borrower’s Cabinet Ministers Decree No. 282 dated March 19, 2002.

22. “Involuntary Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
23. “IT” means Information Technology.
24. “MoE” means the Ministry of Economy of the Republic of Armenia or any successor thereto.
25. “MLA/MRA” means Multilateral Agreement or Mutual Recognition Agreements which allow accreditations issued by members of the MLA/MRA to be recognized by the other members of the MLA/MRA.
26. “MoF” means the Ministry of Finance of the Republic of Armenia or any successor thereto.
27. “MoHTI” means the Ministry of High-tech Industry of the Republic of Armenia or any successor thereto.
28. “NAB” or “National Accreditation Body” is a non-profit governmental organization which provides accreditation services to conformity assessment bodies within the Republic of Armenia, established in accordance with the Law of the Republic of Armenia on Accreditation HO-20-N on March 5, 2012.
29. “National Venture Fund” or “NV Fund” means a venture capital fund to be established by the Borrower, through the MoHTI and private fund manager, in line with the provisions of the Borrower’s legislation, using selection and eligibility criteria set forth in the POM.
30. “NV Fund Establishment Agreement” means the agreement between the MoHTI and the NV Fund private fund manager, referred to in Section I.E.2 of Schedule 2 to this Agreement, on terms and conditions approved by the Bank.
31. “NV Fund Investment Agreement” means the agreement between the NV Fund and the recipient of an NV Fund Investment, referred to in Section I.E.2(c) of Schedule 2 to this Agreement, on terms and conditions approved by the Bank.
32. “NV Fund Investment Committee” means a committee of the NV Fund responsible for selecting NV Fund Subprojects and formed pursuant to criteria set forth in the NV Fund Manual.
33. “NV Fund Manual” means a document developed by the NV Fund, adopted by the MoHTI, and acceptable to the Bank, that regulates all business processes, reporting lines and distributions of responsibilities and accountability, including procurement and financial management of the NV Fund, and disbursement mechanism (including establishment and

implementation arrangements), the activities to be financed, terms for repayment of NVF Investments and the selection of NV Fund Subprojects.

34. “NV Fund Steering Board” means a committee of the NV Fund responsible for providing strategic guidance and oversight to the operation of the NV Fund, and formed pursuant to criteria set forth in the NV Fund Manual, which may include representatives of the MoHTI and private sector investors.
35. “NV Fund Investment” means any investment made out of the proceeds of the Loan under Part B.4 of the Project, for the purpose of carrying out an NV Fund Subproject, which investment is: (i) selected in accordance with criteria and procedures set forth in the NV Fund Manual; (ii) provided to finance recipients which meet the eligibility criteria set forth in the NV Fund Manual; and (iii) for the financing of goods, non-consulting services and consultants’ services, as detailed in the NV Fund Manual.
36. “NV Fund Subprojects” means any group of investments or activities of eligible technology start-ups under Part B.4 of the Project, which meet the eligibility criteria set forth in the NV Fund Manual.
37. “NCAF” means the “National Competitiveness Foundation of Armenia”, established pursuant to the Borrower's Cabinet Ministers Decree No. 1324-A dated November 8, 2007.
38. “NIM” or “National Institute of Metrology” which was established according to the Law adopted by the National Assembly on May 26, 2004 and Government’s decisions No. 1032 (July 22, 2004) and No. 882 (February,8, 2012).
39. “NTO” means the National Tourism Organization, the new agency to be established by the Borrower, as referred to under Part A.1 of the Project.
40. “PPP Implementation Manual” means the manual prepared for the purpose of implementation of Part B.3 of the Project
41. “PPP Initiatives”, means the Public Private Partnership investment projects selected in accordance with the criteria set forth in the PPP Implementation Manual and to be financed from the proceeds of the Loan.
42. “PPP Initiative Agreement” means the agreement to be entered between Prime Minister’s Office, EIF and selected firm or consortium on terms and conditions acceptable to the Bank establishing the conditions under which these initiatives would be funded.
43. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
44. “Project Management Unit” or “PMU” means the unit established within the Prime Minister’s Office, referred to in Section I.A (b) of Schedule 2 to this Agreement.

45. "Procurement Plan" means the Borrower's procurement plan for the Project, dated April 22, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
46. "RAPs" or "Resettlement Action Plan/s" means specific resettlement action plan/s to be prepared by the Borrower and approved by the Bank, pursuant to Section I. E. of Schedule 2 to this Agreement, if required, in accordance with the RPF.
47. "Respective Grant Manual" means the Exporter Development Grant Manual or the Innovation Matching Grant Manual.
48. "RPF" or "Resettlement Policy Framework" means the framework prepared by the Borrower and approved by the Bank on April 14, 2014 pursuant to Section I.E of Schedule 2 to this Agreement, defining the modalities for involuntary resettlement and compensation of affected persons and providing guidance for the preparation and implementation of RAPs under the Project, if required.
49. "SARM" means "National Institute of Standards" which was established according to Government's decisions No.132 (October 8, 2003) and No. 1180A (September 25, 2003).
50. "SMEDNC" means the Borrower's "Small and Medium Entrepreneurship Development National Center" established by the Borrower's Cabinet Ministers Decree No. 282 dated March 19, 2002.
51. "Project Steering Committee" means the group established for purposes of oversight of Project implementation, with representatives from all entities involved in the implementation of activities, and chaired by the Borrower's Deputy Prime Minister, as referred to in Section I.A (a) of Schedule 2 of this Agreement.