

Supplemental Letter No. 2.1

REPUBLIC OF ARMENIA

Date: February 23, 2016

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

Re: Loan No.8572-AM
 (Local Economy and Infrastructure Development Project)
 Performance Monitoring Indicators

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

Results Framework and Monitoring

Project Development Objectives

The Project Development Objective is to improve infrastructure services and institutional capacity for increased tourism contribution to the local economy in selected areas.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	YR 5			
Increased number of people in urban areas provided with access to all-season roads within a 500 meter range under the Project	Core	Number	0.00	800	2,000	3,000	4,000	5,000	Annual	Progress reports	ATDF

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Increased average number of hours per day of piped water services in Project areas.		Number	8.00	749.5	749.5	772	795	819	12.00	14.00	Annual	Progress Reports	ATDF
Increased tourism spending		Number (US\$)	749.5	749.5	772	795	819	856	862		Annual	Progress Reports	ATDF/DFA
Increased number of jobs created by activities linked to support tourism industry (gender disaggregated).		Number	133,500	135,000	137,000	139,000	142,200	144,200	147,070		Annual	Progress reports	ATDF/DFA
Number of destination management offices established and operational to ensure sustainability.		Number	0	0	1	1	2	3	3		Annual	Progress reports	ATDF/DFA

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Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	YR1	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR2	YR3	YR4	YR 5	End Target			
Improved access roads to selected tourism attraction sites.		Km	0.00	0.50	1.5	2.5	6.0	8.0	8.0	Biannual	Progress Reports	ATDF
Piped household water connections that are benefiting from rehabilitation works undertaken by the Project		Number	0.00	0	80	150	200	300	300	Biannual	Progress Reports	ATDF
Increased number of visitors to Project sites		Number	1,203,746	1,203,746	1,239,858	1,277,053	1,340,905	1,381,132	1,384,307	Biannual	Progress reports	ATDF/DFA
Increased volume of private sector investments in targeted areas.		Number (US\$ mln.)	0.00	0	2	4	8	20	20	Annual	Progress Reports	ATDF/DFA

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Increased number of temporary jobs created by activities linked to support tourism industry (gender disaggregated).	Number	0.00															Annual	Progress reports	ATDF/DFA
Increased number of tourism beds	Number	2,639	2,639	2,718	2,774	2,857	2,942	3,034	Biannual	Progress Reports	ATDF/DFA								
Number of old houses restored	Number	0.00	0	0	10	20	30	30	Biannual	Progress Reports	ATDF								
Number of street lighting posts and bulbs replaced /installed	Number	0.00	0	50	50	150	200	200	Biannual	Progress Reports	ATDF								
Number of parks upgraded	Number	0.00	0	1	2	2	2	2	Biannual	Progress Reports	ATDF								
Number of tourism facilities constructed at cultural heritage sites along the tourist circuit	Number	0.00	1	2	6	8	10	10	Biannual	Progress Reports	ATDF								

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Number of museum/art galleries refurbished		Number	0.00	0	0	1	2	2	2	Biannual	Progress Reports	ATDF/MoC
Production and distribution of new Tourism maps		Number	0.00	0	0	2,000	4,000	10,000	10,000	Biannual	Progress Reports	ATDF/DFA
Number of beneficiaries of skills development training provided by the Project, disaggregated by gender.		Number	0.0	0	0	100	200	300	300	Biannual	Progress Reports	ATDF/DFA
Increased number of tourism-related SMEs at Project sites (e.g., souvenir and handcraft shops, family and guest houses, restaurants, museums, etc.), disaggregated by gender.		Number	7,813	7,813	8,047	8,288	8,536	8,792	8,984	Biannual	Progress Reports	ATDF/DFA/ MoE
Preparation of Site Management Plans for key cultural heritage sites.		Number	0	0	1	2	3	4	4	Biannual	Progress Reports	ATDF/HCHP A

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Working age population in Project areas engaged in non-farm employment (gender disaggregated).		Percentage	20	20	25	30	35	35	35	Biannual	Progress Reports	ATDF
Grievances responded to and/or resolved within two weeks of being filed.		Percentage	0.00	100	100	100	100	100	100	Biannual	Progress Reports	ATDF
Grievances registered related to delivery of Project benefits addressed.		Percentage	0.00	100	100	100	100	100	100	Biannual	Progress Reports	ATDF
Beneficiaries that feel Project investments reflected their needs.		Percentage	0.00	100	100	100	100	100	100	Biannual	Progress Reports	ATDF
Project beneficiaries.		Number	0.00	0	50,000	100,000	200,000	453,500	453,500	Biannual	Progress Reports	ATDF
Of which female (beneficiaries).		Number	0.00	0	25,000	50,000	100,000	226,750	226,750	Biannual	Progress Reports	ATDF

Indicator Description

Project Development Objective Indicators

Project Development Objectives

The Project Development Objective is to improve infrastructure services and institutional capacity for increased tourism contribution to the local economy in selected areas.

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Increased number of people in urban areas provided with access to all-season roads within a 500 meter range under the Project.	This indicator measures the number of people that will have access to all-season roads that are within a 500 meter range from the selected Project sites. All-season road is defined as a road that is motorable all year by the prevailing means of transport. The baseline is zero. This can be measured by assessing the kilometers of roads constructed or rehabilitated, and estimates of the population in the Project area within a 500 meter range.	Annual	Progress Reports	ATDF
Increased average number of hours per day of piped water services in Project areas.	This indicator measures number of hours per day of piped water services in Project areas. It is a reflection of customer satisfaction from improved water service.	Annual	Progress Reports	ATDF
Increased tourism spending.	This indicator measures the averaged spending of single tourist per the duration of trip.	Annual	Progress Reports	ATDF
Increased number of jobs created by activities linked to	This indicator measures the number of jobs created by activities linked to support tourism industry. This will allow assessing further how employment varies across less well-off and better off households.	Annual	Progress Reports	ATDF

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support tourism industry (gender disaggregated).				
Number of destination management offices established and operational to ensure sustainability.	This indicator measures establishment of three DMOs based on sound institutional organization and coordination within involved tourism related entities. These DMOs are expected to stimulate rapidly increased travel to the regions and develop institutional capacity and performance of tourism related local and regional entities.	Annual	Progress Reports	ATDF

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
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Project Development Objectives

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Improved access roads to selected tourism attraction sites.	This indicator measures improvement of state of the access roads providing better access of visitors and local population to selected tourism attraction sites included in the Project area.	Biannual	Progress Reports	ATDF
Piped household water connections that are benefiting from rehabilitation works undertaken by the Project.	This indicator measures the number of piped household water connections benefiting from rehabilitation works under the Project.	Biannual	Progress Reports	ATDF
Increased number of visitors to Project sites.	This indicator measures the number of visitors to the sites included in the Project.	Annual	Progress Reports/Annual surveys	ATDF
Increased volume of private sector investments in targeted areas.	This indicator measures the volume of private sector investments in the selected Project areas. This indicator refers to cumulative dollar amount leveraged in the Project sites as a result of sub-component 1.3 (directly leveraged to benefit from provided public infrastructure) and subcomponents 1.1 and 1.2 (indirectly leveraged in renovated sites under the Project to benefit from provided urban regeneration actives).	Annual	Progress Reports	ATDF

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Increased number of tourism beds.	This indicator measures the number of additional hotel beds in the selected Project areas after the start of the Project implementation.	Annual	Progress Reports	ATDF
Number of old houses restored.	This indicator measures the number of old houses restored as part of the urban regeneration since the start of the Project implementation. These houses are considered cultural heritage.	Biannual	Progress Reports	ATDF
Number of street lighting posts and bulbs replaced.	This indicator measures the number of street lighting posts and bulbs replaced/installed since the start of Project implementation. The new bulbs will use modern energy efficiency, thus saving O&M cost for municipalities.	Biannual	Progress Reports	ATDF
Number of parks upgraded.	This indicator measures the number of upgraded recreation parks located in the Project areas since the rehabilitation works started under the Project.	Biannual	Progress Reports	ATDF
Number of tourism facilities constructed at cultural heritage sites along the tourist circuit.	This indicator measures the number of tourism facilities constructed or rehabilitated at each cultural heritage site along the tourist circuit included in the Project.	Biannual	Progress Reports	ATDF
Number of museums/art galleries refurbished.	This indicator measures the number of historic and ethnographic museums refurbished in the Project area. Majority of the museum buildings carry cultural heritage status.	Biannual	Progress Reports	ATDF/MoC

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Production and distribution of new Tourism maps.	This indicator measures the production and distribution of new Tourism maps. It is calculated by the number of additional customers provided with access to selected tourism destination sites as a result of Project implementation.	Biannual	Progress Reports	ATDF
Number of beneficiaries of skills development training provided by the Project, disaggregated by gender.	This indicator measures the number of beneficiaries that received the skills development training provided by the Project (gender disaggregated).	Biannual	Progress Reports/ Household Survey	ATDF
Increased number of tourism-related SMEs at Project sites (e.g. Souvenir and handcraft shops, family and guest houses, restaurants, museums, etc.) disaggregated by gender.	This indicator measures the number of tourism related enterprises (e.g. souvenir and handcraft shops, family and guest houses, restaurants, museums, etc.) as an indirect impact of tourism development in the selected Project areas after the start of the Project implementation.	Bi-annual	Progress Reports	ATDF

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Preparation of Site Management Plans for key cultural heritage sites.	This indicator measures the preparation of integrated Site Management Plans, including: a) carrying capacity assessment b) visitor management plan c) institutional arrangement for O&M of each site. The four sites are expected to be the two World Heritage sites of Haghpat and Sanahin, as well as Garni-Geghard and Mozrov cave	Biannual	Progress Reports	ATDF
Working age population in Project areas engaged in non-farm employment (gender disaggregated).	This indicator measures the percentage of population employed in the Project areas in non-farm industries (gender disaggregated).	Biannual	Progress Reports	ATDF
Grievances responded to and/or resolved within one month of being filed.	This indicator measures the percentage of citizen engagement through grievances responses within one month of being filed.	Biannual	Progress Reports	ATDF
Grievances registered related to delivery of project benefits addressed.	This indicator measures the percentage of citizen engagement through grievances registered related to delivery of Project benefits addressed.	Biannual	Progress Reports	ATDF

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Project beneficiaries.	This indicator measures number of people benefiting directly or indirectly from Project interventions.	Biannual	Progress Reports	ATDF
Of which female (beneficiaries).	This indicator measures number of people benefiting directly or indirectly from Project interventions.	Biannual	Progress Reports	ATDF