



The World Bank

Trade Promotion and Quality Infrastructure (P146994)

REPORT NO.: RES48845

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
TRADE PROMOTION AND QUALITY INFRASTRUCTURE PROJECT
APPROVED ON JULY 2, 2014
TO
THE REPUBLIC OF ARMENIA

FINANCE, COMPETITIVENESS AND INNOVATION

EUROPE AND CENTRAL ASIA

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ABBREVIATIONS AND ACRONYMS

ANIF	Armenian National Interests Fund
DFA	Development Foundation of Armenia
DPM	Deputy Prime Minister
EC	Engineering City
EIF	Enterprise Incubator Foundation
EIPI	Investment, Export Promotion and Industrial Development Agency
FDI	Foreign Direct Investment
FM	Financial Management
ILAC	International Laboratory Accreditation Cooperation
ISC	Investment Support Center
NVF	National Venture Fund
M&E	Monitoring and Evaluation
MLA	Multilateral Agreement
MoE	Ministry of Economy
MRA	Mutual Recognition agreement
NAB	National Accreditation Body
NIM	National Institute of Metrology
NQI	National Quality Infrastructure
PDO	Project Development Objective
PID	Project Implementation Department
PM	Prime Minister
PMU	Project Management Unit
PPP	Public Private Partnerships
RBF	Results-based financing
SME DNC	Small and Medium Entrepreneurship Development National Center
TPQI	Trade Promotion and Quality Infrastructure Project
VC	Venture Capital
WB	World Bank



BASIC DATA

Product Information

Project ID P146994	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 02-Jul-2014	Current Closing Date 31-May-2022

Organizations

Borrower Republic of Armenia	Responsible Agency Ministry of High-Tech Industry, Office of the Prime Minister, Ministry of Economy
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Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-83900	02-Jul-2014	06-Aug-2014	14-Jan-2015	31-May-2022	48.00	22.03	25.97

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

The project has been effective since January 14, 2015. As of May 2022, the overall project disbursement of the Bank loan is US\$22.03 million (45.9 percent disbursement rate) and is expected to achieve 50 percent by end of FY2022, while the committed amount is US\$27.5 (or 57 percent of the Bank loan, see Table 1). The project implementation is rated Moderately Satisfactory. The project remains highly relevant for the country and provides timely contribution to Armenia's COVID-19 response through PPP (lung ventilation equipment repair and production at Engineering City (EC), Innovation Matching Grant and Exporter Development Grants Programs (improve access to finance for existing firms and startups to compensate for the lack of government support during COVID-19).

TABLE 1. TPQI DISBURSEMENTS AND COMMITMENTS

Activity name	Budget	Committed	Disbursed
Component 1. Result Based Financing	10.0	10.0	9.7
Component 2. Promoting Investment and Export	34.9	15.09	7.85
2.1. Services to Exporters & Investors (ANIF)	3.0	2.82	2.26
2.2. Exporter Development and Innovation grants	3.6	3.51	2.37
2.3 PPP Promotion	19.3	8.7	3.22
2.3.1 Engineering City	12.5	5.63	2.41
2.3.2 Cybersecurity Incubator	3	1.54	0.46
2.3.3 Supercomputing Center	1.5	1.5	0.35
2.3.4 Advancing Engineering Education in Gyumri	2.3	0	
2.4 National Venture Fund	9	0	
Component 3. Modernizing NQI	2	1.43	1.11
3.1 Modernization of NIM infrastructure	1.9	1.33	1.01
3.2 NAB capacity building	0.1	0.1	0.1
Component 4. Project Management	0.9	0.96	0.76
Designated Account			2.48
Front end fee	0.13	0.0	0.13
TOTAL	48.0	27.5	22.03

Component 1: 12 out of 14 Disbursement-Linked Indicators (DLIs) have been achieved as scheduled. The disbursement rate under the component reached 97%.



Component 2: Promoting Investment and Export demonstrates progress in all four sub-components:

Subcomponent 2.1: The Armenian National Interests Fund (ANIF) is the implementing entity for activities under this subcomponent. As of May 2022, US\$2.26 million out of the contracted US\$2.82 million has been disbursed with all envisaged activities (international communications campaign and establishment of two foreign representative offices) completed. There is US\$0.65 million saving under this activity that will be reallocated to Component 4 based on the government request.

Subcomponent 2.2: Enterprise Armenia is overseeing the implementation of nine subprojects under the Exporter Promotion grants contracting US\$1.98 million from the loan proceeds. The Enterprise Incubator Foundation is overseeing the implementation of another thirty subprojects under the Innovation Matching grants, with US\$1.5 million contracted from the loan proceeds. In total, US\$3.5 million was contracted through signed grant agreements, US\$2.37 million has been disbursed from the loan proceeds. Under the Exporter Promotion six subprojects are still under implementation and need additional 4-6 months for completion. Under the Innovation Matching Grants, five subprojects signed contracts with reduced implementation time (six months) and need more time (additional six months) to complete the planned activities. Also, the completed grant competitions signal very high demand for this instrument and about thirty additional subprojects could be supported within the next two years absorbing about US\$1-1.5 million.

Subcomponent 2.3: The Project Steering Committee approved four PPPs (the Engineering City, the Supercomputer Center, the Cybersecurity Incubator and R&D Lab, and the Advancing Engineering Education in Gyumri) out of the planned five. The government decided to merge the fifth, Establishment of Advanced Industrial Research Labs PPP (US\$2 million from the loan proceeds) with the Engineering City PPP (US\$10.5 million) because of apparent synergies and the possibility to save US\$2 million needed to cover increased construction costs of the latter PPP. The proposed change will increase the funding of Engineering City PPP to US\$12.5 million to fully complete the envisaged activities within the requested project extension while partially achieving the objective of the Establishment of Advanced Industrial Research Labs PPP. The proposed change has been discussed with the Bank team and formally requested by the Borrower in the project extension request, hence the target indicator of approved PPP projects needs to be reduced to four and can be considered as achieved

There has been major progress in implementing the Engineering City PPP: (i) land improvement construction works started based on the contract signed on February 4, 2022, and (ii) the EC Accelerator Building design is planned to be finalized by May 31, 2022, followed by tender on June 25, 2022. The land improvement works will require at least five months for completion (October 2022). The Accelerator Building construction tender is planned to be finished in November 2022 and the construction works will require fourteen additional months for completion (January 2024). Overall, US\$2.4 million has been disbursed and US\$5.63 million committed under this PPP as of May 2022.

The establishment of Cybersecurity Incubator and R&D Lab PPP is under implementation with ongoing contract negotiations with IBM for the procurement of software and licenses worth US\$0.8 million with contract signing planned in July 2022 and delivery in September 2022. This activity is experiencing delays because the earlier agreed arrangements with IBM's subsidiary in Russia are no longer feasible. Additional tender in amount of US\$0.285 million for the hardware is to be announced in June 2022 with contract signing planned in November 2022 and delivery in February 2023. The last tender for the procurement of furniture in amount of US\$0.15 million is planned in June 2022, contract signing in November, 2022 with the delivery planned in December 2022. Full completion of the work under the PPP is expected at the beginning of 2023. As of May 2022 US\$1.54 million was committed and US\$0.46 million has been disbursed from the loan proceeds.

The implementation of the National Supercomputer Center PPP is on track under US\$1.5 million contract, out of which US\$0.347 million has been disbursed as of May 2022. The counterparts plan to travel to France in June to



formally accept the upgraded equipment, that will be shipped to Yerevan in September 2022. Installation, testing is planned to be completed in December 2022 and technical training will be completed in the beginning of 2023. The contract includes 12-month warranty period till December 2023.

The Advancing High-Tech Education in Gyumri PPP was approved by the Project Steering Committee on December 30, 2021 and cleared by the Bank on February 7, 2022. The total budget allocation for this PPP is US\$2.3 million from the loan proceeds. The building renovation design tender with US\$0.06 million is planned to be announced in June 2022 and completed in September 2022. The design is planned to be ready in January 2023 to be followed by the construction works tender carried out in February-June 2023. Actual construction works are planned to start in August 2023 and will require about 12 months for completion, up to end of May 2024.

Subcomponent 2.4: The evaluation of proposals from potential Fund Managers was completed on February 2, 2022. The Ministry of High Tech of Armenia completed negotiations with the highest ranked company in April 2022 and is currently developing a draft Limited Partnership Agreement (LPA) and the Fund Manual. The Bank team continues providing extensive support. The LPA signing with the Venture Fund established in Armenian jurisdiction and the initial US\$4.5 million capitalization from the loan proceeds is expected in July 2022. The remaining US\$4.5 million from the loan proceeds is expected to be paid to the Venture Fund by July 31, 2023. The government remains highly committed to this activity and believes in a big impact of the National Venture Fund (NVF) in supporting Armenian startups, attracting more private investments and improving the innovation ecosystem. The initial capitalization of the NVF can potentially be higher than the planned US\$4.5 million depending on the ability of the Fund Manager to attract private investments and thus higher amount can be advanced to the NVF from the loan proceeds by July 2023. From the results perspective the first indicator on the establishment of the Fund is expected to be achieved in July 2022. The second indicator on US\$9 million investments made by the NVF needs to be revised to reflect NVF's minimum four years of investment period and replaced by achievement of at least one NVF transaction before the end of the project.

Component 3: The planned two metrology laboratories for the National Institute of Metrology (NIM) have been procured and the final target of the respective indicators of the project's results framework has been fully met. This is a major step towards strengthening the NIM's capacity to provide timely and reliable quality assurance services. Additional US\$0.36 million tender for third set of metrological laboratory equipment is planned to be carried out through June-October 2022 with the delivery expected in April 2023. This is a re-announcement of the tender that was cancelled due to irresponsive bids.

The works on the renovation of the NIM premises are ongoing. The contract completion date is being extended till June 15, 2022 to accommodate additional works. Next payment from the loan proceeds in amount of US\$0.15 million is expected in June 2022.

The NIM is advancing with the accreditation of the two new laboratories and is in process of hiring an international advisor to assist and facilitate the process. The application process of accreditation is planned to start in August 2022 and will require about ten months (June 2023) to complete depending on the selected accreditation partner. The laboratory accreditation process requires comprehensive assessment of equipment, infrastructure, operating procedures and personnel capacity, development and implementation of an action plan to close the identified gaps through several iterations of assessment exercises before the accreditation is granted and the hired individual consultant with relevant experience will assist the NIM throughout the process. In parallel, the NIM is getting additional support from the German National Institute (PTB) to facilitate and ensure quality of the process.

The National Accreditation Body (NAB) has introduced the e-accreditation system which will operate in testing mode for 12-months.

The NAB works with the European co-operation for Accreditation (EA) as an associate member to sign an agreement on mutual recognition (MRA). The agreement with EA is essential for NAB to attain MRA in testing



laboratories according to ISO/IEC 17025, which is an indicator for disbursement under the TPQI project's first component (DLI 14). The NAB plans to apply for EA membership in the second quarter of 2023 and the signing of MRA is expected by May 2024. Similar to the accreditation of metrological laboratories (DLI 10), the process involves a comprehensive assessment of the agency, submission of application and several iterations of on-site evaluations and implementation of agreed corrective actions. However, the process requires significantly longer time due to the need to make the entire agency compliant with the EA MRA requirements. There is no previous experience in obtaining the EA MRA membership and an experienced individual consultant will be engaged to provide hands-on support to the client.

The achievement of the remaining DLI 10 and DLI14 are of critical importance from the project impact point of view, because this will be the first ever case of international recognition of Armenian national quality infrastructure and the gained experience will be critical in obtaining international recognition of the remaining part of quality infrastructure. Overall, US\$1.43 million has been committed and US\$1.11 million has been disbursed from the Loan proceeds.

Component 4: The PMU is fully staffed and operational and the counterparts officially confirmed that the current project implementation arrangements remain unchanged.

B. Rationale for Restructuring

After the second project restructuring in 2019, that strengthened project implementation arrangements, reallocated loan allocations from slow disbursing activities to the better performing ones and introduced as a new activity the National Venture Fund, the Republic of Armenia was severely affected by the consequences of the COVID-19 pandemic and by the 44-day incidents that broke out in the Nagorno-Karabakh region in 2020. Political reshuffling and fragility drivers ensued from these two events, and as a result project implementation and disbursements significantly slowed down. In addition, the project has also faced some implementation challenges. The key impediments that have slowed down the implementation but have been addressed in recent months include: (i) frequent changes in key high-level government counterparts (Minister of High-Tech, Minister of Economy and Minister of Finance); (ii) dismantling the PIU at the MOF and reinstating the same in the DPM office, related changes in PIU staff, including the head of the PIU; (iii) restructuring of implementing entities (e.g. suspending the operation of Enterprise Armenia, establishment of ANIF, restructuring of the Small and Medium Entrepreneurship Development National Center (SME DNC) into Investment Support Center (ISC).

The Government of Armenia, cognizant of the difficult circumstances that slowed down project implementation, requested the extension of the project closing date up to May 31, 2024 through the letter of the Ministry of Finance dated December 15, 2021, followed by the letter of the Deputy Prime Minister, dated March 25, 2022 addressing the Bank's concern about a possible change of project implementation arrangements by confirming that the project implementation oversight and the Project Management Unit would remain at the level of the Prime Minister's Office ensuring effective coordination of all project activities.

The Bank team supports the Government request given that, as agreed during the last implementation support mission, the counterparts improved the project implementation momentum, and extension of the current project closing date (May 31, 2022) for 24 months, up to May 31, 2024, is needed to allow for proper completion of implementation of project activities. In particular, the activities and subprojects under sub-components 2.2, 2.3, 2.4 and under component 3 need the time provided by the extension of the project closing date to be completed. Also, additional time is required for the achievement of the last two DLIs under Component 1.

Under sub-component 2.1 all the planned activities have been completed and the savings will be reallocated to project Component 4 to cover the additional cost of project management and monitoring during the extended project implementation time.



Under sub-component 2.2 the loan allocation has been committed to 97.5% with 10 out of 39 subprojects to be completed within 4-6 months. EIF and Enterprise Armenia have sound sub-project implementation support systems that do not require intensive oversight from the Bank side. The project extension will allow for successful completion of the remaining subprojects by November 30, 2022.

Under sub-component 2.3 the extension of the project closing date will allow to complete the implementation activities of the PPPs:

- (i) **Engineering City:** the completion of EC land improvement works are advancing per the signed contract (second payment is planned by mid-June, 2022, planned completion by October 31, 2022) and given the relatively low complexity of the works the team does not expect any major delays. The EC Accelerator Building contract is planned to be signed by February 28, 2023 and the Bank team will tightly monitor timely completion of all tender steps and provide intensive implementation support to ensure the planned deadline is met. After contract signing no significant disruptions to the activity are expected. The land improvement works are planned to be completed by October 31, 2022 and the construction of EC Accelerator Building is planned to be completed by January 31, 2024, both within the proposed extension time.
- (ii) **Cybersecurity Incubator and R&D Lab PPP:** there are three activities funded from the loan proceeds and the negotiations on the biggest one (software & licenses) have been finalized before the Russia-Ukraine conflict. As of May 2022, new arrangements through IBM's subsidiary in Croatia have been agreed upon. The Bank team does not foresee any major risks in the implementation of this activity and the planned completion in September 2022 falls into the proposed extension period. Since the configuration and operating requirements for the software have already been defined, the Bank team does not foresee any major implementation challenges with the procurement of the hardware planned to be completed in February 2023. This is a standard IT hardware readily available in several markets and the planned implementation time falls within the proposed project extension. The last procurement item is the furniture, which involves simple procurement procedures without the need for elaboration of detailed technical specifications or extensive evaluation of bids and the goods can be provided by local companies. The full completion of this PPP activity is planned in the beginning of 2023 which falls with the proposed project extension period. This is the only activity of the Project experiencing implementation challenges related to Russia-Ukraine conflict.
- (iii) **National Supercomputer Center PPP:** this activity is already under implementation under the single contract. The upgrade of the equipment, which is the main part of the contract, has been completed and its official acceptance is planned by June 30, 2022. The remaining part of the contract is related to the shipment from France, installation, testing (to be completed by December 30, 2022) and staff training (to be completed by January 31, 2023) in Yerevan. The remaining part of the contract execution, including the warranty period throughout 2023 does not involve significant implementation risks. The full completion of the contract is planned in December 2023, which falls within the proposed project extension.
- (iv) **Advancing High-Tech Education in Gyumri PPP:** a single activity on the renovation of the historical building made available by the government will be financed from the loan proceeds and its implementation will involve two procurement tenders. The complexity of renovation is significantly lower than the EC Accelerator Building (reflected in about three times lower value of contract). The first tender which will procure the renovation design services is for a small amount and, given the client now has prior experience with more complex EC Accelerator Building, no major implementation risks are foreseen (contract signing planned by September 30, 2022). The second tender may experience delays due to relatively complex administrative process of decision-making. The Bank team will closely monitor the achievement of the planned procurement milestones and provide enhanced implementation support as needed. The second



contract is planned to be signed by August 30, 2023 and completed by May 30, 2024 which falls within the proposed extension period.

Under sub-component 2.4 the client completed the selection of the Fund Manager for the National Venture Fund (NVF) and is now developing the Limited Partnership Agreement (LPA) and the Fund Manual, that are needed to register the Fund in Armenia. Based on the experience with other Bank funded projects, the selection of a Fund Manager is the most challenging part of the process, and the Bank team has been providing extensive support to the client throughout the process. The Bank team continues providing the same level of implementation support, including through technical advice and guidance with the development of LPA and Fund Manual, using sample documents from other projects as well as through the engagement of experienced Venture Capital (VC) experts. The NVF is planned to be established by August 30, 2022 and once established, will be managed by the selected professional Fund Manager in line with good VC industry practices. In order to further decrease the disbursement risks, the Bank team is advising the client to agree on a higher than US\$4.5 million initial private capital raise, which will then be matched by a higher amount from the loan proceeds. The associated interim indicator that tracks the volume of investments made by the NVF needs to be revised taking into account NVF’s four-year investment period that extends beyond the proposed project extension. The team proposes to replace it with an indicator that would record at least one successful investment of the Fund that will prove its operational soundness and ability to carry out startup investment transactions.

Under Component 3, the main activity of procuring two metrology laboratories tracked in the results framework has been completed and the renovation of NIM premises is ongoing and will be finished by June 30, 2022. The client intends to use the savings under this component to procure a third piece of the laboratory equipment through the re-announcement of the tender that was previously cancelled due to higher than expected bid prices. Given that the re-announcement does not involve major changes in the technical specifications, as well as prior experience of the client in successfully completing two similar tenders, the Bank team does not foresee major implementation risks associated with this procurement, with planned contract signing by October 31, 2022 and completed by April 30, 2023 and the timeline falls within the proposed project extension. All activities related to upgrading the NAB funded from the loan proceeds have been completed.

The achievement of DLI 10 and DLI 14, that are related to Component 3 is planned as follows: (i) international accreditation process of the two metrology labs (DLI 10) procured under the Project is planned to start in June 2022 once the ongoing process of hiring an experienced international consultant is finished. The consultant will support the NIM throughout the process to mitigate the implementation risks. (ii) NAB started the preparation for signing the EA MRA, which is a lengthy iterative process, involving full compliance of the agency with EA requirements. The Bank team will engage an experienced international advisor to facilitate the process and mitigate implementation risks. The DLI 10 is expected to be achieved by June 30, 2023 and the DLI 14 in May 15, 2024, both within the proposed project extension.

TABLE 2. PROJECT IMPLEMENTATION ACTION PLAN

#	Activity	Deliverable	Due date
COMPONENT 1			
1	DLI 10	Hire international metrology expert	July 1, 2022
		International Accreditation attained for at least 2 metrology laboratories	June 30, 2023
2	DLI 14	NAB attains MLA or MRA in testing laboratories according to ISO/IEC 17025	May 15, 2024
COMPONENT 2			
3	Exporter Development Grants	Complete implementation of 10 remaining subprojects	November 30, 2022



4	Engineering City	Complete land improvement works	October 31, 2022
		Announce Accelerator Building design tender	June 25, 2022
		Start Accelerator Building Construction	February 28, 2023
		Finish Construction of Accelerator Building	January 31, 2024
5	Cybersecurity Incubator and R&D Lab	Sign software license contract	July 31, 2022
		Sign hardware delivery contract	November 30, 2022
		Sign furniture delivery contract	November 30, 2022
6	National Supercomputer	Equipment installed and tested in Yerevan	December 30, 2022
		Staff trained	January 31, 2023
7	Advancing High-Tech Education in Gyumri	Sign building design contract	September 30, 2022
		Sign building renovation contract	August 30, 2023
		Complete building renovation	May 30, 2024
8	National Venture Fund	Signing the contract with the Fund Manager	July 31, 2022
		Establish the NVF	August 30, 2022
		Second capitalization of NVF	July 31, 2023
COMPONENT 3			
9	NIM upgrade	Complete NIM renovation	June 30, 2022
		Sign contract for the delivery of petroleum testing laboratory	October 31, 2022

It is also important to note that based on the project procurement plan, a total of about US\$13 million disbursement is planned by the end of 2022, with additional US\$5.4 million by mid-2023 which cumulatively constitute US\$38 million or 79 percent disbursement. This significant disbursement in the first half of the extension period reduces significantly the disbursement risks in years 2023 (US\$6 million) and 2024 (US\$4 million).

The Bank team will closely monitor the project implementation and will review the project implementation progress in early 2023 to confirm that, in addition to the achievement of the disbursement targets, the majority of pending contracts have been signed and the associated loan proceeds committed. Potential reallocation of about US\$1.5 million of the loan proceed associated with slow disbursing activities to Innovation Matching Grants with partial cancellation of the remaining amounts will be discussed and agreed upon with the client.

The restructuring will also allow to update the intermediate results framework indicator on PPPs, number of Exporter Development Grant beneficiaries, and on the NVF capturing the agreements reached by the Bank and the Borrower as part of project restructuring and extension.

Regarding the Environmental and social safeguards, the project has a Moderately Satisfactory rating and the environmental aspects on construction sites are reported on a regular basis. There is no recording of health and safety incidents that occurred on site and no complaints registered either. The Client will continue supervision of the Construction sites using his internal Social and Environmental Safeguards Specialist.



The financial management arrangements under the project are satisfactory and acceptable to the Bank. There are no overdue audits under the project. The Borrower's and Implementing Agencies' performance also remains satisfactory.

This is the fourth restructuring of the project and second extension. The first restructuring was triggered by the change of implementation arrangements (May 20, 2019). The second restructuring (on January 1, 2020) introduced a new activity (National Venture Fund), strengthened project implementation arrangements, reallocated loan proceeds from slow performing activities to better disbursing ones, and extended the Closing Date by 23 months from June 30, 2020 to May 31, 2022. The third restructuring (on October 28, 2020) captured partial cancellation of US\$2 million from the Loan to support the government's COVID-19 response activities in healthcare sector. With the current extension the project's cumulative implementation period would be increased by 47 months. The Project DO will remain achievable under the extension.

II. DESCRIPTION OF PROPOSED CHANGES

1. Change of Closing Date

Change the Project Closing Date from May 31, 2022 to May 31, 2024 based on the Borrower's request and additional consultations. In task team's assessment, extension of the Closing Date by 24 months provides sufficient time to complete all project activities and the matter was agreed with the counterparts.

2. Reallocation of component costs

Subcomponent 2.1 will be downsized from US\$3 million to US\$2.4 million due to completion of activities carried out by ANIF; and Component 4 will be increased from US\$1 million to US\$1.6 million to cover the additional project management and monitoring expenses during the extended project implementation timeline. This reallocation will take place in the same category of the loan agreement.

The Establishment of Advanced Industrial Research Labs PPP will be merged with the Engineering City PPP. As a result, under the Subcomponent 2.3 (currently \$19.3 million) a US\$2 million will be removed from the activity (v) Establishment of Advanced Industrial Research Labs and added to the (i) Engineering City activity, with a final value of US\$12.5 million to cover the increased cost of construction.

The proposed changes do not trigger any reallocation of funds between the loan proceeds' categories.

3. Cancellation of undisbursed loan proceeds:

Disbursement targets mentioned in Clauses (b), (c) and (d) of Section IV.C of Schedule 2 to the Loan Agreement have been met.

Clause (a) of Section IV.C of Schedule 2 to the Loan Agreement will be amended and three new clauses will be added as follows:

1. To replace the text of the Clause (a) on Financing for National Venture Fund:

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).

with the following text:



If by August 31, 2023, the Borrower has not withdrawn at least \$4,500,000 from the proceeds of the Loan: an amount of the Loan equal to \$9,000,000 minus the withdrawn amount from Category (6), effective September 1, 2023.

2. Add the following new clauses related to the implementation of PPP initiatives:

- (i) If the Borrower has not: (i) by February 28, 2023, signed the contract or contracts necessary for the construction of the Engineering Business Accelerator and Co-Working Space; or (ii) by October 31, 2023, withdrawn at least \$6,250,000 from the proceeds of the Loan: an amount of the Loan equal to \$12,500,000 minus the withdrawn amount from Category (4), effective November 1, 2023;*
- (ii) If by January 31, 2023, the Borrower has not withdrawn at least \$1,500,000 from the proceeds of the Loan, in addition to the amount required to be withdrawn under Section C.(e) above: an amount of the Loan equal to \$3,000,000 minus the withdrawn amount from Category (4), effective February 1, 2023;*
- (iii) If the Borrower has not: (i) by August 30, 2023, signed the contract or contracts necessary for the renovation of the Balcony; or (ii) by January 31, 2024, withdrawn at least \$1,150,000 from the proceeds of the Loan, in addition to the amounts required to be withdrawn under Sections C.(e) and C.(f) above: an amount of \$2,300,000 minus the withdrawn amount from Category (4), effective February 1, 2024.*

Change in Results Framework. The results framework was adjusted in light of the final decision to finance four PPPs:

- (i) The intermediate indicator on the number of PPP projects will be decreased to four.
- (ii) The intermediate indicator on the NVF’s volume of investments will be replaced by at the indicator capturing at least one successful investment made by the NVF before project closure.
- (iii) The intermediate indicator on the number of beneficiaries of the Exporter Development Grants (Number) will be decreased to 40.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Cancellations Proposed		✓



Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Improving the Effectiveness of the Trade promotion and Quality system	10.00	No Change	Component 1: Improving the Effectiveness of the Trade promotion and Quality system	10.00
Component 2: Promoting Investment and Exports	34.90	Revised	Component 2: Promoting Investment and Exports	34.30
Component 3: Modernizing the National Quality Infrastructure	2.00	No Change	Component 3: Modernizing the National Quality Infrastructure	2.00
Component 4: Project Management and Monitoring and Evaluation	1.00	Revised	Component 4: Project Management and Monitoring and Evaluation	1.60
TOTAL	47.90			47.90



LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-83900	Effective	30-Jun-2020	31-May-2022	31-May-2024	30-Sep-2024



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	8	
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	50.00
<i>Action: This indicator has been Revised</i>											
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	4.00	4.00
<i>Action: This indicator has been Revised</i>											
3. Successful investments		0.00	0.00	0.00	0.00	0.00	2.00	4.00	10.00	10.00	10.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
facilitated by IEPI (Number)												
Action: This indicator has been Revised												
4 (DLI 10). Industrial Laboratories of the National Institute of Metrology (NIM) accredited by an accreditation organization that is a signatory to an MLA/MRA from ILAC or IAF. (Number)		0.00	0.00	0.00	0.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Action: This indicator has been Revised												
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	NAB achieves MLA or MRA
Action: This indicator has been Revised												



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
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
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		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



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
project period) (Text)												
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	128.00	128.00
Action: This indicator has been Revised												
2.2. Number of export related leads generated by foreign		0.00	0.00	30.00	80.00	259.00	262.00	292.00	342.00	342.00	342.00	342.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
representative offices (Number)												
<i>Action: This indicator has been Revised</i>												
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	40.00	40.00	
<i>Action: This indicator has been Revised</i>												
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	30.00	
<i>Action: This indicator has been Revised</i>												
Number of public-private partnership concepts approved (Number)		0.00	0.00	0.00	0.00	1.00	2.00	4.00	6.00	4.00	4.00	
<i>Action: This indicator has been Revised</i>												



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Establishment of the National Venture Fund (Yes/No)		No	No	No	No	No	No	No	No	Yes	Yes	Yes
Action: This indicator has been Revised												
Investments made by the National Venture Fund (Number)		0.00									1.00	1.00
Rationale:												
Action: This indicator has been Revised To record at least one successful investment transaction of the National Venture Fund. The previously used tracking of investment volume is not applicable because the investment period of the NVF falls beyond the project closing date.												
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	75.00
Action: This indicator has been Revised												
Component 3: Modernizing the National Quality Infrastructure												
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		Not adequately staffed	NIM staffed with	NIM staffed with	NIM staffed with	NIM staffed with	NIM staffed with	NIM staffed with				NIM staffed with organizational



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
organizational structure in line with international best practice (monitored throughout the project period) (Text)			organizational structure in line with international best practice	organizational structure in line with international best practice	organizational structure in line with international best practice	organizational structure in line with international best practice	organizational structure in line with international best practice				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
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
DLI 10. International Accreditation attained for at least 2 metrology laboratories (Please see Indicator 4 in the		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 for at least 2 metrology laboratories	International Accreditation for at least 2 metrology laboratories



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Project Development Objective Indicators) (Text)												
Action: This indicator has been Revised												
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			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



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
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
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	Not a member	NAB achieves MLA or MRA	NAB achieves MLA or MRA
Action: This indicator has been Revised											
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	2.00
Action: This indicator has been Revised											
3.2. Number of accreditations conducted in line with international practice issued by NAB (Number)		0.00	0.00	0.00	0.00	0.00	0.00	5.00	10.00	10.00	10.00
Action: This indicator has been Revised											

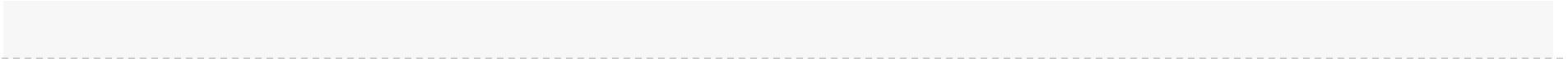


Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
3.3. Share of NIM technical staff trained in internationally recognized calibration methods (Percentage)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.00	70.00	70.00	70.00
Action: This indicator has been Revised												
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	40.00
Action: This indicator has been Revised												
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	75.00
Action: This indicator has been Revised												



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