



# Technical Assistance Report

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**PUBLIC**

Project Number: 56317-002  
May 2024

## Armenia: Preparing the Resilient and Inclusive Economic Corridor Improvement Project

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 16 April 2024)

Currency unit	–	dram (AMD)
AMD1.00	=	\$0.0025
\$1.00	=	AMD392.21

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
km	–	kilometer
m	–	meter
NSRC	–	North–South Road Corridor
OP	–	operational priority
TA	–	technical assistance

## **NOTE**

In this report, “\$” refers to United States dollars.

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## TECHNICAL ASSISTANCE AT A GLANCE

Project Data			
<b>Project number</b>	56317-002	<b>Project name</b>	Preparing the Resilient and Inclusive Economic Corridor Improvement Project
<b>Nature of Activity</b>	Project Preparation	<b>Modality</b>	Regular
<b>Country</b>	Armenia, Republic of	<b>Executing or implementing agency</b>	
<b>Department/Office</b>	SG/SG-TRA	<b>Geographical location</b>	Country
<b>Sector</b>	Transport	<b>Subsector</b>	Road transport (non-urban) Transport policies and institutional development
<b>Operational priorities</b>	OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability OP5: Promoting rural development and food security OP7: Fostering regional cooperation and integration	<b>Sustainable Development Goals</b>	SDG 3.6 SDG 9.1, 9.4 SDG 11.2 SDG 13.a
Financing			
<b>ADB Financing</b>		<b>Amount (\$ million)</b>	
Technical Assistance Special Fund		0.30	
<b>Cofinancing</b>		<b>Amount (\$ million)</b>	
None		0.00	
<b>Counterpart</b>		<b>Amount (\$ million)</b>	
None		0.00	
<b>Total</b>		<b>0.30</b>	
ADB Climate Financing			
<b>ADB</b>			
Adaptation		0.02	
Mitigation		0.02	
<b>Cofinancing</b>			
Adaptation		0.00	
Mitigation		0.00	
<b>Total</b>		<b>0.05</b>	
<b>Currency of ADB Financing:</b> US Dollar			
Climate Change			
<b>Absolute GHG emissions</b> (tCO <sub>2</sub> e per year)			
<b>Relative GHG emissions</b> (tCO <sub>2</sub> e per year)			
<b>Climate change risk on the project without adaptation measures</b>			Medium
Private Sector Development			
<b>Private capital mobilized (\$):</b>			
Safeguards			
<b>Category</b>	Environment: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Not Applicable Involuntary resettlement: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Not Applicable Indigenous peoples: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> Not Applicable		
Gender Equality			
<b>Category</b>	<input type="checkbox"/> Gender equity theme (GEN) <input checked="" type="checkbox"/> Some gender elements (SGE)		<input type="checkbox"/> Effective gender mainstreaming (EGM) <input type="checkbox"/> No gender elements (NGE)
Poverty Targeting			
<b>Category</b>	<input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Geographic (TI-G)		<input type="checkbox"/> Individual or household (TI-H)

Source: Asian Development Bank

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## I. THE ENSUING PROJECT

1. The Resilient and Inclusive Economic Corridor Improvement Project aims to (i) address inefficiencies in transport and logistics to and from one of Armenia’s two open borders; (ii) alleviate emerging regional disparities; (iii) ensure the safety, sustainability, and climate resilience of road assets; and (iv) expand the economic benefits of infrastructure investment to the region. This will be achieved through output 1: Climate-resilient, disaster-prepared, gender-responsive road section constructed and sustainably maintained by 2030; and output 2: Inclusive economic road corridor constructed, and regional disparity reduced by 2030. The proposed project is aligned with the Programme of the Government of the Republic of Armenia (2021–2026)<sup>1</sup> and provides essential support to Armenia to achieve its goal of completing the North–South Road Corridor (NSRC).

## II. INTRODUCTION

2. Since 2020, the Government of Armenia has worked with the European Bank for Reconstruction and Development and the European Investment Bank on preparation of the 60-kilometer (km) Sisian–Kajaran road project, and the majority of due diligence has been carried out for the project. On 31 January 2024, the government announced its decision to split the Sisian–Kajaran road project into three subsections, comprising the (i) northern section, (ii) 8.6 km tunnel section, and (iii) southern section. Financing of the northern section will be led by the Asian Development Bank (ADB), the tunnel section will be financed by the Government of France, and the southern section by the European Bank for Reconstruction and Development.

3. The Resilient and Inclusive Economic Corridor Improvement Project will construct a new road with a length of about 27.2 km, which is a full green field alignment traversing mountainous terrain at elevations of 1,300 meters (m) to 1,900 m above sea level, and includes 16 bridges and 3 tunnels. The road has 2 lanes with passing lanes where necessary.

4. In addition to providing needed road access, the proposed project aims to be inclusive and to ensure that the infrastructure project benefits all communities, including marginalized groups. Through a One ADB approach, the project will promote regional development through the enhancement of human capital, encouragement of local businesses owned by women, equitable access to opportunities, digital connectivity, and gender equality. The new road will also help to develop the tourism potential of Syunik, which features both natural and cultural attractions.

## III. ISSUES

5. Armenia has experienced significant sociopolitical and economic shocks, including the 2018 Velvet Revolution, the 2020 twin shocks of the coronavirus disease (COVID-19) pandemic and geopolitical events, and the influx of over 100,000 ethnic Armenians, who fled into the territory of Armenia in 2023. The project is in the Syunik region, which is Armenia’s southernmost province. It is bordered by Armenia’s Vayots Dzor Province to the north, Azerbaijan’s Nakhchivan Autonomous Republic exclave to the west, Azerbaijan to the east, and Iran to the south. Syunik is the second-largest Armenian province by land area and is predominantly mountainous with the highest peaks reaching almost 4,000 m above sea level. Its capital and largest city is Kapan, with a population of 41,293 (2023).<sup>2</sup>

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<sup>1</sup> Government of Armenia. 2021. [Plan Programme of the Government of the Republic of Armenia \(2021–2026\)](#). Yerevan.

<sup>2</sup> Republic of Armenia, Statistical Committee. 2023. [Marz Syunik of RA in Figures 2018–2022](#). Yerevan.



6. The recent geopolitical events made the previously used road providing access to the Syunik region unusable for Armenian citizens because the road meanders in and out of Azerbaijan's territory, and now requires border formalities. To address the limited accessibility, the government reconstructed a third-level road from Sisian via Tatev to Kapan. This road is currently used by all traffic to and from the southern region of Armenia and the border with Iran. Traffic on the route has substantially increased since 2022, and the road's horizontal and vertical alignment are unsuited for the amount and type of traffic, posing a severe road safety hazard and increasing greenhouse gas emissions.

7. The proposed project is an integral part of the NSRC that aims to connect the country's northern and southern borders. The government has declared the completion of the NSRC as its highest priority.

8. The project is included in the country operations business plan for Armenia, 2021–2023<sup>3</sup> and aligns with the country partnership strategy for Armenia, 2019–2023.<sup>4</sup> The proposed project delivers on Sustainable Development Goal 11 on sustainable cities and communities, and Goal 13 on climate change and its impacts. The project will support five of ADB's Strategy 2030 operational priorities (OPs):<sup>5</sup> (i) OP 7: fostering regional cooperation and integration by addressing regional disparities; (ii) OP 4: making cities more livable by promoting the creation of more livable cities using integrated solutions; (iii) OP 3: tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability by incorporating climate resilience and integrated environmental management; (iv) OP 2: accelerating progress in gender equality by gender mainstreaming into transport planning processes; and (v) OP 6: strengthening governance and institutional capacity for financial sustainability.

9. The technical assistance (TA) will support the preparation of the Resilient and Inclusive Economic Corridor Improvement Project. The majority of due diligence has been completed and the aim of the TA is to augment and expand the work carried out to date to bring all aspects in line with ADB's requirements. This will include (i) a review of available due diligence documents, (ii) support for the Road Department Fund to update the existing bidding documents according to the proposed package assignment, (iii) maximization of climate adaptation and mitigation in the design to the extent possible, (iv) support for the preparation of revised bidding documents, (v) review of environmental and social impact assessment reports to ensure compliance with ADB requirements, (vi) review of road safety recommendations to ensure compliance with ADB requirements, (vii) expansion of gender initiatives, and (viii) introduction of performance-based maintenance guidelines and best practices manuals. Further, the TA will increase the capacity of the Road Department Fund, which will serve as an implementing agency for the project.

#### IV. THE TECHNICAL ASSISTANCE

##### A. Impact and Outcome

10. The TA will help the government prepare the Resilient and Inclusive Economic Corridor Improvement Project by (i) ensuring the design for the ensuing project adopts an integrated and

<sup>3</sup> ADB. 2020. [Country Operations Business Plan: Armenia, 2021–2023](#). Manila.

<sup>4</sup> ADB. 2019. [Country Partnership Strategy: Armenia, 2019–2023—Fostering Inclusive, Diversified, and Transformative Growth](#). Manila.

<sup>5</sup> ADB. 2019. [Strategy 2030: Responding to a Changing Asia and the Pacific](#). Manila.

inclusive approach, (ii) improving the project management capacity of the executing and implementing agencies, (iii) preparing the investment project.

## B. Outputs, Methods, and Activities

11. **Output 1: Design of the ensuing project enhanced with integrated and inclusive approach.** This output will be achieved by ensuring an integrated, inclusive, climate-resilient, and gender-sensitive design for the ensuing project that (i) links the road construction to economic corridor development, livelihood diversification, and climate resilience; (ii) promotes gender equality; and (iii) distributes benefits widely, including by considering vulnerable groups such as women and low-income populations. Due diligence carried out to date will be reviewed to ensure an integrated and inclusive design based on international best practices.

12. **Output 2: Project management capacity of the executing and implementing agencies improved.** The TA will conduct an institutional assessment to identify areas that require capacity building. It will then prepare a road map and capacity development plan, including training, based on this assessment.

13. **Output 3: Investment project prepared.** This output will provide support to (i) refine the existing sector assessment and a development coordination report; (ii) review and finalize the socioeconomic surveys and analyses, including the gender analysis and the gender assessment and action plan, as well as safeguard assessments and plans; and (iii) prepare the project cost estimate, financing plan, and design and monitoring framework.

## C. Cost and Financing

14. The TA financing amount is \$300,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The key expenditure items are listed in Annex 1.<sup>6</sup>

15. The government will provide counterpart support in the form of access to all available information and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

16. The total TA amount is broken down per output in Table 1.

**Table 1: Cost Breakdown per Output**

<b>Output</b>	<b>Indicative Cost (\$'000)</b>	<b>Percentage of TA Amount (%)</b>
Output 1: Design of the ensuing project enhanced with integrated and inclusive approach	90.00	30.0
Output 2: Project management capacity of the executing and implementing agencies improved	75.00	25.0
Output 3: Investment project prepared	135.00	45.0
<b>Total</b>	<b>300.00</b>	<b>100.0</b>

TA = technical assistance.

Source: Asian Development Bank estimates.

<sup>6</sup> Cost Estimates and Financing Plan (Annex 1).

## D. Implementation Arrangements

17. ADB will administer the TA in close coordination with the government. ADB's Transport Sector Office, Sectors Group will lead the consultant recruitment in close coordination with the Armenia Resident Mission and the government. The TA will be implemented from May 2024 to June 2025. Advance consultant recruitment will start upon approval of the project concept paper for the Resilient and Inclusive Economic Corridor Improvement Project.

18. Implementation arrangements are summarized in Table 2.

**Table 2: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	May 2024–June 2025		
Executing agency	Ministry of Territorial Administration and Infrastructure		
Implementing agencies	Road Development Fund		
Consultants	To be selected and engaged by the Asian Development Bank		
	Individual selection	International (seven experts for a total of 9.5 person-months) National (five experts for a total of 9.5 person-months)	\$300,000
Advance contracting	Advertisement for the individual consultants is anticipated before technical assistance approval.		
Disbursement	Disbursement of technical assistance resources will follow the Asian Development Bank's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		

Source: Asian Development Bank.

19. **Consulting services.** ADB will engage consultants following the ADB Procurement Policy (2017, as amended from time to time). The TA will finance the engagement of 12 individual consultants (seven international and five national).<sup>7</sup>

## V. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$300,000 on a grant basis to the Government of Armenia for Preparing the Resilient and Inclusive Economic Corridor Improvement Project, and hereby reports this action to the Board.

<sup>7</sup> Terms of Reference for Consultants (Annex 2).