July 3, 2012

H.E. Vache Gabrielyan  
Minister of Finance  
Ministry of Finance  
1 Melik-Adamyan Street  
Yerevan 0010  
Republic of Armenia

Re: Republic of Armenia: IDF Grant for Food Safety Capacity Building Project  
IDF Grant No. TF012224

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Armenia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank") proposes to extend to the Recipient ("Member Country"), a grant from the World Bank's Institutional Development Fund ("IDF") in an amount not to exceed four hundred fifty thousand United States Dollars (US$ 450,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date on which the World Bank receives notice of completion of internal approval procedures under the laws of the Recipient; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank...
IDF Grant No. TF012224

has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By [Signature]

Henry G. Kerli
Regional Director
South Caucasus Country Department
Europe and Central Asia Region

AGREED:

REPUBLIC OF ARMENIA

By [Signature]

Authorized Representative

Name [Signature]

Title Minister of Finance

Date: 24.08.2012

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient’s Government in setting up modern food safety regulatory system based on internationally recognized standards and decision making best practices. The Project consists of the following parts:

**Part A: Strengthening Institutional Capacity for Food Safety**

Provision of technical assistance and training to carry out analysis of the current institutional and legal framework, including: (a) (i) the analysis of the existing organizations and networks, the level of coordination with other relevant ministries and services and evaluation of existing staff skills and main gaps to be filled through the adapted training programs; and (ii) a detailed review of the existing food safety legislation and the evaluation of the level of conformity with the European Union sanitary and phyto-sanitary legislation to address gaps and inconsistencies; and (b) modernization of the legal framework, including: (i) drafting primary and secondary legislation covering all aspects of food and feed safety, including beverages; and (ii) carrying out stakeholder consultations and workshops; and (c) developing awareness raising in public-private sectors on food and feed safety, including developing a specific communication strategy for the State Service for food safety.

**Part B: Technical Capacity Building**

Provision of goods, technical assistance and on job training to strengthen disease surveillance capacity and control, including: (a) developing surveillance, reporting, collection and analysis capacity for priority zoonotic diseases and food borne cases to better respond and adapt strategies and actions if need be; (b) establishing capacity in food and feed risk analysis and policy making; (c) establishing animal diseases economic analysis capacity; and (d) upgrading the system for rapid notification and incident management.

**Part C: Audit**

Provision of financing for the Grant audit and translation services.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Project Implementation Unit under the Ministry of Agriculture of the Recipient in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and, upon the World Bank's request, prepare Project Reports, in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover such period as shall be indicated in the World Bank's request and shall be furnished to the World Bank not later than one month after the date of such request.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) Food and feed legislation approximated with the EU and international standards;

(ii) Staff of the State Service for Food Safety trained to design sound policies;

(iii) Priority zoonotic and food borne diseases identified and relevant surveillance systems defined; and

(iv) Communication strategy developed.

(c) The Recipient shall, upon the World Bank's request, prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than five months after the Closing Date.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.
2.5. **Procurement.**

(a) **General.** All goods and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:


(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World 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.

(c) **Particular Methods of Procurement of Goods.** Goods shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the category of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to such Category, and the percentage of expenditures to be financed for Eligible Expenditures in such Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (Exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants' services and Training</td>
<td>450,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>450,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means expenditures incurred on account of training and workshops under the Grant, including fees to the host organizations for international training and study tours, cost for visa, travel, per diem and hotels.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date that the World Bank receives notice of completion of internal procedures of this Agreement by the Recipient.

Article IV
Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.
4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance of the Republic of Armenia  
1 Melik-Adamyan Street  
Yerevan 0010  
Republic of Armenia

Facsimile:  
374-10-524282

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391