Hripsime Kirakosyan
President
Mission Armenia
42, Garegin Nzhdeh St.
Yerevan 0026,
Republic of Armenia

Re: Republic of Armenia: JSDF Grant for Strengthening the Livelihoods and Voice of the Poor and Vulnerable Persons in Armenia Project
Grant No. TF013894

Dear Sir:

In response to the request for financial assistance made on behalf of Mission Armenia (the Recipient), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), as administrator of grant funds provided by Japan ("Donor") under the Japan Social Development Fund, proposes to extend to the Recipient, for the benefit of the Republic of Armenia ("Member Country"), a grant in an amount not to exceed two million six hundred sixty nine thousand four hundred United States Dollars (U.S.$ 2,669,400) ("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").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

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 with 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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World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/INTERNATIONAL DEVELOPMENT
ASSOCIATION

By
Jean-Michel Hippi
Country Manager
Republic of Armenia

AGREED:
Mission Armenia

By
Authorized Representative

Name: Hripsime Kazakyan
Title: President
Date: March 1, 2013

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds,
dated February 15, 2012
(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


1.02. 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 and the following terms shall have the following meanings:

(a) "Operational Manual" means the manual for the operation of the Project referred to in Section 2.02 (d) of this Agreement.

Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to pilot self-reliant livelihood and generation of employment opportunities combined with the provision of vital services for the extremely poor and vulnerable groups including persons with disabilities. The Project consists of the following parts:


(a) Selection of people with disabilities and people from other vulnerable groups as Project beneficiaries.
(b) Providing vocational education and training including, inter alia: (i) the dissemination of information about the above mentioned training; and (ii) the provision of necessary equipment for the mentioned training.
(c) Conducting on-the-job training based on contractual partnerships with public and private sector institutions.
(d) Facilitating the creation of micro-businesses by people with disabilities through, inter alia micro-business grant awards to selected people with disabilities.

Part 2: provision of vital social care and services.

(a) Providing assistance to manage the Recipient's Multifunctional Service Centers (MSCs) including inter alia: (i) the dissemination of information about the MSCs; and (ii) the selection of people with disabilities and people from other vulnerable groups as Project beneficiaries.
(b) Supporting the MSCs services through the provision of kitchen utilities and supplies.
(c) Providing vital services to people with disabilities through the MSCs on selected locations of the Member Country including, *inter alia*, in-home care.

(d) Providing nutritionally balanced meals for people with disabilities through, *inter alia*: (i) the Recipient’s MSCs on selected locations of the Member Country; and (ii) home delivery for bedridden patients.

(e) Providing personal care services for people with disabilities including, *inter alia*: (i) assistance with personal hygiene; and (ii) assistance with residential cleaning.

(f) Providing health services for selected people with disabilities including, *inter alia*: (i) diagnosis; (ii) medical procedures; (iii) preventive services; and (iv) services to bed-ridden beneficiaries.

(g) Providing social and psychological services for selected people with disabilities including, *inter alia*: (i) social and psychological counseling; (ii) assistance for personal development; (iii) referrals to specialized organizations; and (iv) mediation and advocacy efforts.

(h) Providing technical assistance to, *inter alia*: (i) recruit and manage volunteers, (ii) collect donations; and (iii) increase financing sustainability by raising contributions from donors.

(i) Raising funds from local government, business, and private donors to sustain these activities following the Closing Date of this agreement.

**Part 3: creation of an inclusive environment for people with disabilities and enhancement of their self-advocacy.**

(a) Establishing accessible disability resource centers in selected MSCs through, *inter alia*, (a) improvements of physical conditions of the buildings; and (b) installation of computers and internet connection.

(b) Improving accessibility of public sites frequently used by people with disabilities.

(c) Developing self-advocacy groups for people with disabilities through, *inter alia*: (i) training; (ii) train-the-trainers workshops, (iii) developing training materials.

**Part 4: monitoring, evaluation and project management.**

(a) Providing technical assistance to the management of the Project, including, *inter alia*: (i) organization; coordination and implementation of Project activities, (ii) monitoring and evaluation of project activities; and (iii) procurement and financial management;

(b) Conducting an independent audit of the Project.

(c) Organizing workshops to disseminate information on the Project and facilitate the exchange of experiences.

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 in accordance with: (a) the provisions of 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”); (c) this Article II; and (d) the Operational Manual, satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the relevant parts of the Project, including the following: (i) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; (ii) the Project administrative, accounting, auditing, reporting, financial, procurement and disbursement procedures; and (iii) the monitoring indicators for the Project.
2.03. **Donor Visibility.** The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

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 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 its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be: (i) furnished to the World Bank not later than six months after the end of such period; and (ii) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.05. **Procurement**

(a) **General.** All goods, works, non-consulting services 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:

(i) Section of 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 (“Procurement Guidelines”), in the case of goods, works and non-consulting services; and

(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, Works and Non-consulting Services**
(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following method, 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: Shopping.

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in sub-paragraph (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) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) 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 categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in U.S. $)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultants’ Services, Training, Goods, Small Civil Works, and Operating Costs</td>
<td>2,269,400</td>
<td>100%</td>
</tr>
<tr>
<td>2. Sub-Grants</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,669,400</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section: (i) the term “Training” means training conducted in the territory of the Recipient, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees; (ii) the term “Operating Costs” means operating costs required for the Project including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, but excluding salaries of officials of the government’s civil service, (iii) the term “Small Civil Works” means works such as construction of ramps and remodeling of doors with the purpose to make buildings accessible for people with disabilities and (iv) the term “Sub-Grants” means micro-business grant awards that will be provided to selected people with disabilities pursuant to Part 1 d of article 2.01 of this Agreement.

3.32. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient;

(b) for payments from Category 2 prior to the date of approval of the Sub-Grants Operational Manual by the World Bank

3.33. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three years after the date of countersignature.

Article IV
Recipient’s Representative; Addresses

5.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Mission Armenia.
5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Mission Armenia  
42, Garegin Nzhdeh St.  
Yerevan 0026,  
Republic of Armenia

Telex: (+374 1) 444792,  
Facsimile: (+374 1) 444792,  
or 444732

5.03. **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/International Development Association  
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

Washington, D.C.