February 8, 2013

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

Re: Republic of Armenia: IDF Grant for Strengthening Training Capacity of the School of Advocates Project
IDF Grant No. TF013656

Dear Mr. Minister:

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 a grant from the World Bank’s Institutional Development Fund ("IDF") in an amount not to exceed four hundred sixty eight thousand United States Dollars (U.S.$468,000.00) ("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 of 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procedures under the laws of the Recipient; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank,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

Henry Kerali
Regional Director
Europe and Central Asia Region
AGREED:
REPUBLIC OF ARMENIA

By ____________________________
Authorized Representative
Name ____________________________
Title ____________________________
Date 7.05.2013

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


1.02. 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 strengthen the capacity of the School of Advocates of the Recipient, established and operating pursuant to the Law on Advocacy of the Recipient dated December 14, 2004, as amended to the date of this Agreement (SOA) to (i) design and provide training; (ii) provide legal aid services to the most vulnerable; and (iii) develop sustainable financing arrangements to support its key activities. The Project consists of the following parts:

Part 1. Introduction of new methods of training and development of a train-the-trainers program.

(a) Carrying out an assessment of current and new training methods and introducing new training methods such as webinars, group webcasts, audio conferences and long distance training, including (i) the purchase of information technology hardware and the development or customization of software for the setting-up and maintenance of a website necessary for the operation of new training tools; (ii) the development of the required infrastructure for live streaming of new training tools as needed; and (iii) the development of iPhone and Android mobile applications for SOA.

(b) Developing a medium term strategy for continuing legal education for SOA, including, inter alia: (i) the identification of suitable training methods for each legal subject to be offered for training; (ii) the development of a list of possible training participants; and (iii) the development of a plan for the improvement of the application of existing and new training methods.

(c) Developing and implementing a train-the-trainers program and curriculum for SOA based on international best practices, including: (i) a workshop on effective training delivery and (ii) the implementation of the train-the-trainers program by SOA.

Part 2. Design of a strategy, a program and financing mechanisms for pro-bono legal aid services.

(a) Assessing the current status and financing challenges of pro-bono legal aid services through, inter alia: (i) the review of the Recipient’s existing pro-bono legal aid services framework including the analysis of past and existing pro-bono legal aid services in the country; (ii) the analysis of international best practices on pro-bono legal aid services; (iii) the carrying out of
a national workshop with participation of representatives of the Recipient’s relevant ministries and agencies as well as civil society and multi-lateral and bilateral donors present in the country, to discuss the proposed objectives, delivery methods and implementation arrangements of the pro-bono legal aid service program; and (iv) the development of an outreach program and a handbook of recommendations for the pro-bono legal aid services framework.

(b) Designing and implementing a pilot pro-bono legal aid service for the most vulnerable population of the Recipient (Pilot Pro-bono Legal Aid Service), including the development of the Operations Manual on the Provision of Pro-bono Legal Aid Services, acceptable to the World Bank.

(c) Developing a of legal rights awareness program including awareness of the pro bono-legal aid services.

Part 3. Design of sustainable financing arrangements for SOA’s training and pro-bono legal aid services programs

(a) Assessing financial and technical challenges related to the implementation of a legal training and pro-bono legal aid services program, including *inter alia*: (i) the preparation of an inventory and stocktaking of legal training needs of counsels working in public institutions and in the private sector; (ii) the development of a sequenced action plan with detail of the costs for training delivery; (iii) the development of a cost-cum fee matrix of legal training subjects offered under each training method (webinar, group webcast, audio conference and long distance training), acceptable to the World Bank; and (iv) the development of a business plan and the Operations Manual on Sustainable Financing Arrangements for SOA’s Training and Pro-bono Legal Aid Services Program, acceptable to the World Bank.

2.02. Project Execution Generally. (a) The Recipient declares its commitment to the objectives of the Project and shall make the agreed in-kind contribution to provide office and training facilities, counterpart staff time, local transportation, administrative support and trainee staff time with an estimated value of forty seven thousand United States Dollars (U.S.$47,000). To this end, the Recipient shall carry out the Project through the Judicial Project Implementation Unit (JPIU), a state agency established under its Ministry of Justice through the Government Decision No. 447-N, dated April 21, 2011, 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. Institutional and Other Arrangements. (a) Except as the World Bank shall otherwise agree, the Recipient shall: (i) maintain, until the completion of the Project; the JPIU, and ensure that the JPIU functions at all times in a manner and with staffing and financial resources necessary and appropriate for the Project implementation and satisfactory to the World Bank; (ii) designate the JPIU with the responsibility for the Project procurement, disbursement and financial management; and (iii) ensure that JPIU carries out the Project fiduciary functions in close coordination and collaboration with the SOA, which is responsible for technical aspects of the Project activities implementation.

(b) the Recipient, through the SOA, shall: (i) by September 30, 2015 prepare and approve: the Operations Manual on Sustainable Financing Arrangements for Training and Pro-
bono Legal Aid Services; and (ii) prepare and approve the Operations Manual on the Provision of Pro-bono Legal Aid Services, both acceptable to the World Bank.

2.04. **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 indicators acceptable to the World Bank. 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 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.

2.05. **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.

(b) The Recipient shall have the Project’s Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **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:

(i) Section I 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 and non-consulting services;

(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) 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 terms of reference for Consultant’s Services contracts under this Agreement shall be furnished to the World Bank for its prior review and approval. 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 USD)</th>
<th>Percentage of Expenditures to be Financed (Exclusive Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ Services, Training, annual Grant audits and Operating Costs.</td>
<td>348,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ Services, Legal Processing Costs and Operating Costs for the Pilot Pro-bono Legal Aid Service.</td>
<td>120,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>468,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including cost for visa, travel per diem and hotels and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training workshop.

For the purposes of this Section, the term “Legal Processing Costs” means the reasonable costs, as shall have been approved by the World Bank, for court and arbitration case filing and document copying costs.

For the purposes of this Section, the term “Operating Costs” means reasonable expenditures incurred on account of the Grant implementation, including bank charges and procurement notice publication costs, and other miscellaneous costs directly associated with the Grant, all based on approval by the World Bank.

3.02. 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; or

(b) for payments under Category (2) until the Operations Manual on the Provision of Pro-bono Legal Aid Services, acceptable to the World Bank, has been approved 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