TO: The President, International Bank for Reconstruction and Development

Report of the Committee under Section 4 (iii) of Article III of the Articles of Agreement on the proposed Loan (Third Competitiveness and Growth Development Policy Loan) to Georgia

The undersigned Committee constituted under Section 7 of Article V of the Articles of Agreement of the International Bank for Reconstruction and Development (the Bank) hereby submits its report pursuant to Section 4 (iii) of Article III of said Articles in respect of the proposal that the Bank grant to Georgia a loan in an amount of seventy million United States Dollars (US$70,000,000). The purposes of said loan are to: (i) strengthen legislation to promote market access to the European Union and improve customs efficiency, power sector reliability and the quality of general education; (ii) improve the coverage and transparency of the budget; and (iii) improve the accessibility to, and quality of, healthcare services and efficiency of targeted social programs. The Loan is also supported by an IDA Credit in: (a) an amount equivalent to seven million eight hundred and four thousand Special Drawing Rights (SDR 7,804,000) on blend IDA terms (Credit A); and (b) an amount equivalent to six million eight hundred forty six thousand Special Drawing Rights (SDR 6,846,000) on hard IDA terms (Credit B).

1. The Committee has carefully studied the merits of the proposal to grant such a loan, and of the purposes to which the proceeds of the loan are to be applied.

2. The Committee is of the opinion that the program in support of which the proceeds of such loan are to be applied comes within the purposes of the Bank as set forth in Article I of said Articles of Agreement, and that said program is designed to promote the development of the productive facilities and resources of Georgia and is in the interest of Georgia and of the members of the Bank as a whole.
GEORGIA

(Third Competitiveness and Growth Development Policy Loan)

3. Accordingly, the Committee finds that said program merits financial assistance from the Bank, and hereby recommends said program for such assistance.

COMMITTEE

[Signatures]

Senior Vice President and
Group General Counsel

Expert Selected by Governor for
Georgia

Regional Vice President
Europe and Central Asia

Vice President
World Bank Group Chief Risk Officer

Senior Vice President, Development
Economics and Chief Economist

Dated at Washington, D.C.

May 27, 2014