April 25, 2013

Mr. Nodar Khaduri
Minister of Finance
Ministry of Finance
16 Gorgasali Street,
Tbilisi, Georgia

Re: GEORGIA: TFSCB Grant No. TF014382
Preparatory Work for 2014 Georgia National Population Census

Dear Mr. Minister:

In response to the request for financial assistance made on behalf of Georgia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Trust Fund for Statistical Capacity Building, proposes to extend to the Recipient a grant in an amount not to exceed two hundred fifty thousand United States Dollars (US$250,000) ("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").

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 to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank.

This agreement shall become effective upon: (i) receipt by the World Bank of this countersigned copy; (ii) receipt by the World Bank of a copy of the Subsidiary Agreement referred to in Section 2.03 (a) of the Annex to this Agreement duly signed by the parties thereto; and (iii) the adoption by the Recipient of the Operational Manual; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the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 by July 1, 2013, 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 Henry Kerali
Henry Kerali
Regional Director for South Caucasus
Europe and Central Asia Region

AGREED:

GEORGIA

By [Signature]
Authorized Representative

Name Nodar Khaduri

Title Minister of Finance of Georgia

Date: May 14, 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

1.01. **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, and the following additional terms have the following meanings:

(a) "National Statistics Office of Georgia" means the Recipient's statistical office for official statistics established pursuant to Law No. N2291-rs, dated December 11, 2009 and published in the Official Legislative Gazette on December 11, 2009, as amended to the date of this Agreement.

(b) "Operational Manual" means the Recipient's manual, acceptable to the World Bank, which manual shall include, *inter alia*: standard documentation; procurement procedures; reporting requirements; financial management procedures including audit procedures; the procedures for the carrying out monitoring and evaluation of the Project; as such manual may be amended from time to time with agreement of the World Bank.

(c) "Pilot Area" means Tbilisi.

(d) "Project Implementing Entity" means the entity referred to in Section 2.02 of this Agreement.

(e) "Subsidiary Agreement" means the agreement referred to in Section 2.03 (a) of this Agreement, satisfactory to the World Bank, and entered into between the Recipient and the Project Implementing Entity for the carrying out of the Project.

(f) "Training" means expenditures incurred by the Recipient in connection with carrying out of the Project, including local travel costs and per diem for local trainees, study tours, workshops, conferences, rental of facilities and equipment and training materials and related supplies.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support: (a) the Recipient in the successful implementation of the national population census through preparatory census activities in the Pilot Area; and (b) the application of digital mapping to organize a household listing operation in the said area. The Project consists of the following parts:
Part I: Methodological Improvement

Carrying out methodological improvements in organizing household listing for census through: (a) the use of digital maps; (b) the development of organizational plans to: (i) conduct the listing operations and learning about the distribution of communities and settlements in the Pilot Area; and (ii) facilitate the creation of census enumeration areas; (c) the review of the list of all buildings, dwelling facilities and non-dwelling facilities used for residential purposes; (d) the development of registration zones and criteria for dividing into zones in the Pilot Area; and (e) the development and introduction of a quality assurance system for the listing exercise.

Part II: Training

Conducting training for the field staff, including, supervisors, enumerators, monitors, data processing staff, as well as training on data coding, keying and processing and analysis.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by the National Statistics Office of Georgia (“Project Implementing Entity”) 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) For purposes of carrying out the Project, the Recipient, shall enter into an agreement (“Subsidiary Agreement”) with the Project Implementing Entity, under terms and conditions satisfactory to the World Bank, which shall include inter alia: (i) the obligation of the Recipient to promptly provide the funds, facilities, services and other resources required by the Project implementing Entity to implement the Project; and (ii) the obligation of the Project implementing Entity to:

(A) use the Grant funds in accordance with the terms and conditions of this Agreement, and in conformity with administrative, technical, financial, procurement, auditing, environmental, social, participatory and legal standards and practices;

(B) furnish all information covering the implementation of Project activities and the use of the proceeds of the Grant, as the World Bank shall reasonably request;

(C) carry out procurement and contractual aspects required for the implementation of the Project activities and the maintenance of all relevant procurement documentation, all in accordance with the provisions of Section 2.06 of this Agreement;

(D) ensure compliance with financial management procedures detailed in Section 2.05 of this Agreement;

(E) ensure compliance with the Anti-Corruption Guidelines in the implementation of the Project; and
take all actions necessary to enable the Recipient to comply with its obligations under this Agreement.

(b) The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, the Recipient shall not change, assign, amend, abrogate, waive or fail to enforce the Subsidiary Agreement or any provision thereof. In the event of any inconsistency between the provisions of the Subsidiary Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(c) In the event of any inconsistency between the provisions of the Operational Manual, and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and 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 the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall 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 six 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 (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’s 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.

2.06. 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;

(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

(i) Goods shall be procured under contracts awarded on the basis of: (A) Shopping; and (B) Direct Contracting use of which should be prior approved by the World Bank, subject to justification as per the Procurement Guidelines paragraphs 3.7 (a) to (f).

(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 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) 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Consultants’ services and Training</td>
<td>250,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>250,000</td>
<td></td>
</tr>
</tbody>
</table>

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 two years after the date of countersignature of this Agreement by the Recipient or June 30, 2015 whichever date falls sooner.

Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:

(a) The Recipient’s Law No. N2291-rs of December 11, 2009 has been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the World Bank, affect materially and adversely the implementation of the Project.

(b) The Recipient or the Project Implementing Entity has failed to perform any obligation under the Subsidiary Agreement.
Article V
Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
16 Gorgasali Street,
Tbilisi, Georgia

Facsimile:
995 32 22 61 461

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