
CONFORMED COPY

CREDIT NUMBER 4179 GE
GRANT NUMBER H228 GE

Financing Agreement

**(Avian Influenza Control and Human Pandemic Preparedness and Response
Project)**

between

GEORGIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 9, 2006

CREDIT NUMBER 4179 GE
GRANT NUMBER H228 GE

FINANCING AGREEMENT

AGREEMENT dated June 9, 2006, between GEORGIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in the Financing Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II - FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit in the following amounts to assist in financing the project (“Project”) described in Schedule 1 to this Agreement:
 - (a) an amount equivalent to two million five hundred thousand Special Drawing Rights (SDR 2,500,000) (“Grant”); and
 - (b) an amount equivalent to two million five hundred thousand Special Drawing Rights (SDR 2,500,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 1 and September 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III - PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project which is part of the Association's Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response, designed to help countries in prevention, containment, control and eradication of avian influenza. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - REMEDIES OF THE ASSOCIATION

- 4.01. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is September 30, 2006.

ARTICLE V - EFFECTIVENESS

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI - REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance of the Recipient.

6.02. The Recipient's Address is:

Ministry of Finance
70, Irakli Abashidze Street
0162 Tbilisi
Georgia

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at Tbilisi, Georgia, as of the day and year first above written.

GEORGIA

By /s/ Aleksi Aleksishvili

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Van Roy Southworth

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in minimizing the threat posed to humans and to the poultry industry by the HPAI infection and other zoonoses in domestic poultry industry, and preparing for, controlling, and responding to influenza pandemics, and other infectious disease emergencies in humans. The Project consists of the following components:

Component 1: Animal Health

- A. Strengthening the legal, regulatory and institutional framework for the HPAI detection, prevention, containment and eradication.
- B. Development of a comprehensive HPAI national action and contingency plan, and assistance in the related implementation, information exchange and training activities, and development of a national compensation policy and compensation of eligible poultry owners for culled poultry.
- C. Strengthening the HPAI monitoring and containment system and diagnostic capacity.
- D. Strengthening animal disease information systems.
- E. Assistance in component management, implementation and monitoring.

Component 2: Human Health

- A. Enhancement of public health program planning and coordination.
- B. Strengthening the national public health surveillance systems, through improvements of laboratory networks, and improvement of health information and telecommunication systems.
- C. Strengthening health system response capacity, through social distancing measures, vaccination support and antiviral therapy, and medical care.
- D. Assistance in component management, implementation and monitoring.

Component 3: Public Awareness and Communication

Development and implementation of a national HPAI public awareness, information and communication strategy.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The GSCAIG shall be responsible for the overall coordination, oversight, and strategic and policy direction of the Project, including approval of annual work plans for the implementation of the Project. On day-to-day basis, the GSCAIG shall be assisted by the PIT. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Project Operational Manual, including the EMP. The Recipient shall not assign, amend, abrogate or waive the Project Operational Manual, including the EMP, without the prior approval of the Association.
2. **Component 1** of the Project shall be implemented under the overall supervision and management of the MoA, which shall be assisted in financial management, procurement and disbursement functions by the PCC. The Recipient shall ensure that Component 1.B shall be carried out in accordance with the Compensation Funding Manual. The Recipient shall not assign, amend, abrogate or waive the Compensation Funding Manual without the prior approval of the Association.
3. **Component 2** of the Project shall be implemented under the overall supervision of the MoLHSA, which shall be assisted in financial management, procurement and disbursement functions by the GHSPIC.
4. **Component 3** of the Project shall be implemented under the overall supervision of the MoLHSA, which shall be assisted in financial management, procurement and disbursement functions by the GHSPIC.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than one (1) month after the end of each

calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<u>Procurement Method</u>
(a) Limited International Competitive Bidding
(b) National Competitive Bidding
(c) Shopping
(d) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<u>Procurement Method</u>
(a) Selection Based on Consultants' Qualification
(b) Individual Consultants
(c) Single Source Selection

D. Review by the Bank of Procurement Decisions.

The Procurement Plan shall specify those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Credit and the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, works, consultant's services, Incremental Operating Costs, and Training	2,000,000	2,000,000	80%
(2) Compensation Funding under Component 1.B of the Project	500,000	500,000	100%
TOTAL AMOUNT	<u>2,500,000</u>	<u>2,500,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for:

- (a) payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,400,000 equivalent may be made for payments made prior to this date but on or after April 5, 2006, for Eligible Expenditures under Categories (1) and (2), subject to the provisions of paragraph 1 (b) below; and
- (b) expenditures under Category (2) in the table in paragraph A.2 of Section IV of Schedule 2 to this Agreement, unless the Compensation Funding Manual, satisfactory to the Association, has been adopted by the Recipient.

2. The Closing Date is August 31, 2009.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing September 1, 2016 to and including March 1, 2026	1%
commencing September 1, 2026 to and including March 1, 2046	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX

Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
2. “Co-financier” means the Government of Japan.
3. “Co-financing Agreement” means the agreement to be entered into by the Recipient and the Association, acting as the administrator of grant funds to be provided by the Co-financier to assist the Recipient in the financing of the Project.
4. “Compensation Funding” means eligible expenditures under Component 1.B of the Project, incurred by the Recipient in accordance with the Compensation Funding Manual, compensating eligible poultry owners for culled poultry.
5. “Compensation Funding Manual” means the manual to be prepared and adopted by the Recipient, and satisfactory to the Association, setting forth eligibility criteria, terms and conditions, and procedures for compensating eligible poultry owners.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
7. “EMP” means the Environmental Management Plan included in the Project Operational Manual, describing the environmental mitigation, monitoring and institutional measures to be undertaken during the implementation of the Project, and satisfactory to the Association.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
9. “GHSPIC” means the Georgia Health and Social Projects Implementation Center established by the Decree of the President of Georgia, No. 215, dated May 28, 2001, amended by the Decree of the President of Georgia No. 461, dated November 9, 2001, or any successor or successors thereto.
10. “GSCAIG” means the Governmental Steering Commission on Avian Influenza in Georgia, established pursuant to resolution of the Government of Georgia No. 14, dated January 18, 2006, whose members include the Prime Minister (chair), State Minister on the Matters of Integration with European and Euro-Atlantic Structures, Minister of Finance, Minister of MoLHSA, Minister of

Environment Protection and Natural Resources, Minister of MoA, and Adviser to the Minister of MoA, or successor or successors thereto.

11. “HPAI” means Highly Pathogenic Avian Influenza.
12. “Incremental Operating Costs” means reasonable and necessary incremental expenses incurred by the Recipient with respect to Project implementation, management and monitoring, including the costs of staff salaries (excluding salaries of the Recipient’s civil service staff), communication, printing and publications, translation, vehicle operation and maintenance, bank charges, local travel costs and field trip expenses, office rentals, utilities, and supplies, all based on an annual budget to be approved by the GSCAIG, and satisfactory to the Association.
13. “MoA” means the Ministry of Agriculture of the Recipient, or any successor or successors thereto.
14. “MoLHSA” means the Ministry of Labor, Health, and Social Affairs of the Recipient, or any successor or successors thereto.
15. “PCC” means The World Bank Financed Georgian Agricultural Development Projects Coordination Center, a legal entity under the Public Law of the Recipient, established by the Decree of the President of Georgia No. 149, dated April 23, 2001, or any successor or successors thereto.
16. “PIT” means the Project implementation team to be established by the Recipient, comprised of representatives from the office of the Prime Minister, and Ministry of Finance, and the two Component Managers, or any successor or successors thereto.
17. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
18. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 4, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
19. “Project Operational Manual” means the manual agreed upon by the Recipient on April 4, 2006, setting forth the procedures and rules for Project implementation, including administrative, environmental, procurement, and financial management activities, and satisfactory to the Association.

20. "Training" means expenditures incurred in connection with the Project-related study tours, training courses, seminars, workshops and other training activities, including travel and per diem costs of trainees and trainers.