

AMENDMENT NUMBER FOUR

TO

Assistance Agreement between the United States of America and Georgia for "Improved Infrastructure, Economic Opportunities, and Support for Internally Displaced Persons", dated August 12, 2010

USAID Assistance Agreement No. AAG-114-G-10-002

September 29, 2014

AMENDMENT NUMBER FOUR to the Assistance Agreement between the United States of America, acting through the United States Agency for International Development ("USAID") and Georgia, acting through the Ministry of Finance of Georgia (hereinafter referred to as the "Grantee") for "Improved Infrastructure, Economic Opportunities, and Support for Internally Displaced Persons", dated as of August 12, 2010 (referred to herein as the "Agreement").

WHEREAS, on August 12, 2010, the Grantee and USAID (THE "Parties") entered into the Assistance Agreement to further the Functional Objectives of *Economic Growth and Humanitarian Assistance* in Georgia, as described in Annex 1 (the "Amplified Description") to the Agreement; and

WHEREAS, the Parties desire to expand this Agreement to cover USAID's Country Development Cooperation Strategy for Georgia 2013-2017 (CDCS) Development Objective 3, "Increasingly Stable, Integrated and Healthy Society", and continue USAID support for the Objectives of the Agreement; and

WHEREAS, USAID and the Grantee desire to amend the Agreement in order to:

- 1) incorporate *Civil Society, Conflict Mitigation and Reconciliation, Social Services, and Health* as new Program Areas under the Agreement;
- 2) update the Program Elements;
- 3) increase the USAID total amount obligated from \$124,633,774 to \$139,436,601 to provide additional support for activities under the CDCS;
- 4) increase the USAID total estimated contribution to reflect this increase;
- 5) increase the Government of Georgia's contribution correspondingly;
- 6) update Annex 1, "Amplified Description", to reflect the USAID total estimated contribution;
- 7) update Attachment 1 to Annex 1 of the Agreement, the "USAID Financial Plan" to reflect these changes;
- 8) update Annex 1, Attachment 2 to include the Business Skills in Primary Education Activity in the list of illustrative activities; and
- 9) add Annex 1, Attachment 3 to incorporate CDCS Development Objective 3 and new illustrative activities under the CDCS.

NOW, THEREFORE, the Parties to the Agreement hereby agree that the Agreement shall be further amended as follows:

1. Section 2.1, *Functional Objective, Program Areas*, is deleted in its entirety and replaced with the following:

“Section 2.1. Functional Objective, Program Areas. In order to further the foreign assistance objectives of *Economic Growth and Humanitarian Assistance for Vulnerable Populations*, the Parties hereto agree to work together by focusing on activities in the following Program Areas articulated by the Government of the United States of America under the Strategic Framework for United States Foreign Assistance: *Improved Economic Infrastructure in Strategic Sectors, Macroeconomic Foundation For Growth, Trade and Investment, Financial Sector, Agriculture, Private Sector Competitiveness, Economic Opportunity, Environment, Protection Assistance, and Solutions, Civil Society, Health, Conflict Mitigation and Reconciliation, and Social Services* (collectively, the “Objective”).”

2. Section 2.2, *Program Elements*, is deleted in its entirety and replaced with the following:

“Section 2.2. Results, Program Elements. In order to achieve the Objective, the Parties agree to work together to achieve the following Results: 1. Improve Municipal Infrastructure, 2. Municipal Development and Economic Opportunities, 3. Crisis Assistance and Recovery (IDP Housing), 4. Increased Engagement with the Occupied Territories, 5. Improved Economic Governance, 6. Increased Competitiveness and Income Generation, 7. More Responsible Management of Natural Endowments, 8. Increased Inclusion of Vulnerable Populations, and 9. Improved Health Outcomes (collectively the “Program Elements”). These Elements are further described in Annex I. Within the limits of the definition of the Objective in Section 2.1, this Section 2.2 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.”

3. Section 2.3, *Annex 1, Amplified Description*, is deleted in its entirety and replaced with the following:

“Section 2.3. Annex 1, Amplified Description. Annex 1, attached, amplifies the above Objective and the Program Elements. Within the limits of the definition of the Objective set forth in Section 2.1, Annex 1 may be changed by written agreement of the authorized representatives of the Parties without formal amendment of this Agreement.”

4. Section 3.1(a) of the Agreement entitled “The Grant” is deleted in its entirety and the following is substituted therefore:

“(a) The Grant. To help achieve the Objective set forth in this Agreement, USAID, pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms of the Agreement an amount not to exceed one hundred thirty nine million, four hundred thirty six thousand, six hundred and one United States (“U.S.”) Dollars (\$139,436,601) (the “Grant”).”

5. The first sentence of Section 3.1(b) of the Agreement, “Total Estimated USAID Contribution”, is deleted in its entirety and the following is substituted therefore:

“(b) Total Estimated USAID Contribution. USAID's total estimated contribution to achievement of the Objectives will be one hundred thirty nine million, four hundred thirty six thousand, six hundred and one United States (“U.S.”) Dollars (\$139,436,601), which will be provided in increments.”

6. The first sentence of Section 3.2(b) of the Agreement, “Grantee Contribution”, the amount “\$27,858,654” is deleted and replaced with “\$46,478,867”
7. Annex 1, Article VI(A), the amount “\$124,633,774” is deleted and replaced with “\$139,436,601.”
8. Annex 1, Attachment 1, is deleted in its entirety and the following is substituted therefore:

"USAID FINANCIAL PLAN: IMPROVED INFRASTRUCTURE, ECONOMIC OPPORTUNITIES, AND SUPPORT FOR INTERNALLY  
DISPLACED PERSONS ASSISTANCE AGREEMENT"

Programs:	Previous Obligation (per amendment 3 dated Sept. 2013)	Previous Obligation (per amendment 4 dated Sept. 2014)	Difference (Previous obligation per amendment 4 vs. amendment 3)	Amendment 4 obligations	Total Obligated Amount	Ceiling
IDP Housing	\$34,668,597	\$34,379,532	(\$289,065)		\$34,379,532	\$34,379,532
Municipal Infrastructure	\$20,206,435	\$17,730,500	(\$2,475,935)		\$17,730,500	\$17,730,500
Engineering & Oversight	\$5,162,396	\$4,777,396	(\$385,000)		\$4,777,396	\$4,777,396
Engineering & Oversight 2	\$0	\$2,900,000	\$2,900,000		\$2,900,000	\$2,900,000
New Economic Opportunities (NEO)	\$20,473,321	\$21,077,764	\$604,443	\$1,100,557	\$22,178,321	\$22,178,321
Economic Prosperity Initiative (EPI)	\$13,985,113	\$13,985,113	\$0		\$13,985,113	\$13,985,113
Economic Governance (G4G)	\$5,275,130	\$5,075,130	(\$200,000)	\$2,339,495	\$7,414,625	\$7,414,625
Restoring Efficiency to Agriculture Production (REAP)	\$12,172,937	\$9,962,468	(\$2,210,469)	\$2,580,573	\$12,543,041	\$12,543,041
Environmental Assessment REAP	\$191,063	\$191,063	\$0		\$191,063	\$191,063
Strengthening Extension and Advisory Services (SEAS) Associate Award	\$1,550,000	\$2,360,573	\$810,573		\$2,360,573	\$2,360,573
United States Department of Agriculture (USDA) Georgia Agricultural Policy Initiative (GAPI)	\$750,000	\$750,000	\$0		\$750,000	\$750,000
Partnership for Economics Education and Research (PEER) and the International School of Economics at Tbilisi State University (ISET)	\$390,000	\$397,500	\$7,500		\$397,500	\$397,500
Annual Program Statement Georgia (APSG)	\$1,500,000	\$1,287,953	(\$212,047)		\$1,287,953	\$1,287,953

Programs:	Previous Obligation (per amendment 3 dated Sept. 2013)	Previous Obligation (per amendment 4 dated Sept. 2014)	Difference (Previous obligation per amendment 4 vs. amendment 3)	Amendment 4 obligations	Total Obligated Amount	Ceiling
Waste Management Project	\$2,110,000	\$2,110,000	\$0	\$1,110,000	\$3,220,000	\$3,220,000
Enhancing Capacity for Low Emission Development Strategies (EC LEADS)	\$4,522,175	\$4,522,175	\$0	\$1,112,225	\$5,634,400	\$5,634,400
Domestic Violence Prevention	\$675,000	\$675,000	\$0		\$675,000	\$675,000
Infrastructure Rehabilitation in Abkhazia	\$0	\$200,000	\$200,000		\$200,000	\$200,000
Abkhazia Community Revitalization Project	\$0	\$250,000	\$250,000		\$250,000	\$250,000
Advancing National Integration (ANI) Project	\$0		\$0	\$300,000	\$300,000	\$300,000
Business Skills in Primary Education (BSPE)	\$0	\$1,000,000	\$1,000,000		\$1,000,000	\$1,000,000
Provision of Legal Services to Persons with Disabilities	\$0		\$0	\$599,977	\$599,977	\$599,977
Support for Vulnerable Communities Affected by "Borderization"	\$0		\$0	\$3,000,000	\$3,000,000	\$3,000,000
Increase Access to Reliable Information	\$0		\$0	\$400,000	\$400,000	\$400,000
Increased Inclusion Project	\$0		\$0	\$2,200,000	\$2,200,000	\$2,200,000
Program Design and Learning	\$0		\$0	\$60,000	\$60,000	\$60,000
Program Support	\$1,001,607	\$1,001,607	\$0	\$0	\$1,001,607	\$1,001,607
TOTAL	\$124,633,774	\$124,633,774	\$0	\$14,802,827	\$139,436,601	\$139,436,601

9. The last paragraph of Annex 1, Amplified Description, Section V(A), is deleted in its entirety, and the following is inserted at the end of Section V:

"D. Country Development Cooperation Strategy. In Fiscal Year 2013, USAID, in consultation with the Government of Georgia, adopted a new "Country Development Cooperation Strategy" for Georgia to cover fiscal years 2013-2017 ("CDCS"). Development Objective 2 of the CDCS, "Inclusive and Sustainable Economic Growth", and Development Objective 3 of the CDCS, "Increasingly Stable, Integrated and Healthy Society", support the Objectives of the Agreement and provide the strategic and programmatic framework for USAID activities supporting these Objectives for Fiscal Years 2013-2017. The Amplified Description for CDCS Development Objective 2 and related activities falling under this strategy is provided as Attachment 2 to this Annex 1. The Amplified Description for CDCS Development Objective 3 and related activities falling under this strategy is provided as Attachment 3 to this Annex 1."

10. Annex 1, Attachment 2, USAID Country Development Cooperation Strategy 2013-2017, Amplified Description, Development Objective 2 – Inclusive and Sustainable Economic Growth is amended by adding the following text at the end of IR 2.4: Quality and market oriented workforce enhanced:

*"Business Skills in Primary Education*


This activity will introduce business skills in the primary grades to prepare students for the higher-order analytic thinking, creativity, problem solving and decision making that will better equip them for the demands of the secondary school and, ultimately, the economy. Business skills education will be integrated in the Grade 1-6 classrooms as a cross-cutting priority within various educational disciplines. The activity will capture students' attention through real-life business cases."

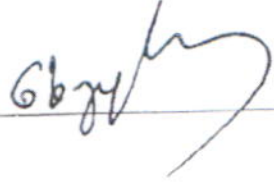
11. Attachment 1 to this Amendment Four, entitled "Annex 1, Attachment 3, Country Development Cooperation Strategy 2013-2017, Amplified Description, Development Objective 3 - Increasingly Stable, Integrated and Healthy Society" is hereby attached as "Attachment 3" to Annex 1 to the Agreement.
12. Except as amended herein, all other terms and conditions of the Agreement remain unchanged and in full force and effect.

IN WITNESS HEREOF, the United States of America and Georgia, each acting through its duly authorized representative, have caused this Amendment Number Four to be signed in their names and delivered as of the day, month and year first written above:

UNITED STATES OF AMERICA

GEORGIA

By: 

By: 

Name: Stephen M. Haykin

Name: Nodar Khaduri

Title: Mission Director  
USAID/Caucasus

Title: Minister of Finance of Georgia

Date:

Date: September 30, 2014

**Amendment Number FOUR to the Assistance Agreement between the United States of America and Georgia for "Improved Infrastructure, Economic Opportunities, and Support for Internally Displaced Persons", dated August 12, 2010**

Assistance Agreement between the United States of America and Georgia for 'Improved  
Infrastructure,  
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Annex 1: Attachment 3

**USAID Country Development Cooperation Strategy 2013-2017**

**Amplified Description**

**Development Objective 3 - Increasingly Stable, Integrated and Healthy Society**

Success in economic growth and democratic reform is reliant, in part, on efforts to build a more cohesive and integrated Georgia that is taking meaningful steps to move beyond a period of conflict and towards greater inclusion of ethnic minorities, women and girls, and other disadvantaged groups. An increasingly stable, integrated, and healthy society will be advanced through efforts under three Intermediate Results (IRs) that will promote increased engagement with the occupied territories, increase inclusion of target populations, and advance the goals of Georgia's Global Health Initiative (GHI).

**Intermediate Result 3.1: Increased engagement with the occupied territories**

Increased engagement between undisputed Georgia and the occupied territories is a critical next step in Georgia's conflict mitigation and management transition. Immediately following the 2008 conflict, opportunities for engagement diminished significantly, creating areas where the United States Government (USG) and broader donor community have had little to no access. The USG aims to capitalize on opportunities to promote renewed engagement across the Administrative Boundary Lines (ABLs) as a critical element in achieving and maintaining stability.

The principal results from this Intermediate Result will be the development and implementation of grassroots, people-to-people mechanisms through which communities and key actors across the ABLs can interact and collaborate; increased opportunities for groups including civil society organizations and associations to meet and cooperate with one another; and expanded opportunities for joint trainings and workshops for professional groups, possibly including young professionals, academics and university administrators, and journalists. Youth and professionals will develop relationships and engage around topics of common interest, such as vocational and civic education, science and technology. Collaboration on joint projects such as youth media programming may be possible. Increased dialogue and training opportunities may result in heightened professional interaction, knowledge exchange, networking and the utilization of web-based technologies and e-learning tools. Work in this area may also include support for polling and survey activities to monitor attitudes and perceptions on all sides of the Georgia conflict. Participation of women in decision-making and peace building will be an integral part of these activities by ensuring their targeted participation in dialogues and exchanges. Anticipated results include changes in behavior, attitudes and institutions which contribute to Georgia's longer-term peace and reconciliation efforts.

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**Illustrative Activities:**

*Increase Access to Reliable Information:*

Activities will increase access to reliable information for populations in the Occupied Territories and in ethnic and religious minority communities.

*Support for Vulnerable Communities Affected by "Borderization":*

Activities will assist Georgian settlements along the ABL. Activities will support small-scale infrastructure improvements and income generating initiatives for vulnerable households along the ABL to improve basic livelihoods. The rehabilitation of small-scale infrastructure, such as potable water systems, drainage and village/tertiary roads, will benefit up to 4,000 households. Income generating activities will increase access to vocational training, financing, trade-specific toolkits and microenterprise assistance for 2,000 vulnerable households from select ABL villages. Targeted sectors may include beekeeping, fruit/vegetable production, apparel-making, hairdressing, and a variety of construction and agricultural services.

*Infrastructure Rehabilitation in Abkhazia*

This project supports reconciliation by rehabilitating rural transportation infrastructure that will enable Internally Displaced Persons (IDPs) to return to areas that are currently difficult to access, allowing them to restore their homes and livelihoods.

*Abkhazia Community Revitalization Project*

Activities already supported opening of a chemical soil analysis laboratory at the Faculty of Agriculture of the Abkhaz University. The respective laboratory allows students to gain necessary practical skills of soil and water analysis as well as provide practical support to local farmers, as part of future agricultural livelihood development initiatives, implemented with support from the local academic community. Future activities will capitalize on this flagship project at the Abkhaz University and explore potential new areas for support and cooperation in the field of science and technology, providing necessary equipment and training to enhance the quality of education offered by the university. Activities for youth will offer vocational and professional training to young future entrepreneurs and self-employed professionals. The work will also continue with the existing youth centers on business models for sustainability beyond the project.

**Intermediate Result 3.2: Increased inclusion of target populations**

This Intermediate Result will contribute to the integration of Georgia's marginalized groups, including ethnic and religious minorities, women and girls, people with disabilities, and internally displaced people (IDPs) in political, government, private sector, and non-governmental

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organizations and institutions. The purpose of this IR will be to focus resources and results on the particular needs of Georgia's most marginalized groups to advance their inclusion in Georgia's democratic processes and economic growth. Attention to gender issues will be cross-cutting across the entire portfolio during the strategy period.

Results under this IR will be achieved through the protection of rights; legal and regulatory reform; expanded representation of target populations in all three branches of government at national and local levels; targeted economic development opportunities; and, efforts to increase awareness and education on diversity through the media, educational institutions, and through GOG in-service training curricula and courses. As a result, Georgia will see increased inclusion and representation of women, minorities, and other target populations at national and local levels in political, government, private sector, and non-governmental organizations and institutions. Activism and advocacy on behalf of target populations will be expanded, for example, through more capable minority rights NGOs, women's business associations, and think tank policy papers on issues of disability and inclusion.

*Illustrative Activities:*

*Advancing National Integration (ANI):*

Activities aim to strengthen national integration in Georgia, particularly involving ethnic minorities. Interventions will also address young people across Georgia through practice and participation; increase public awareness of diversity; and support mechanisms for interaction between the government and ethnic minorities.

*Increased Inclusion Project:*

Interventions will promote increased inclusion of minority and disadvantaged groups and individuals in Georgia. Activities will focus on ethnic and religious minorities to promote integration among young people across Georgia through participation across ethnic and geographic boundaries; increase public awareness and education on diversity through the media; and support mechanisms for interaction between the Government and ethnic and religious minorities. Activities will also provide support to the Tolerance Center and the planned Anti-Discrimination Unit within the Office of the Public Defender.

*Provision of Legal Services to Persons with Disabilities in Georgia:*

Interventions will support the implementation of the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) and national laws through the advocacy of disabled people's organizations and development of legal services in Tbilisi and in the regions of Imereti, Guria, Samegrelo and Adjara to challenge disability rights' violations and discriminations. Activities will support the transformation and implementation of Georgia's laws in compliance with the articles of the UNCRPD. Assistance will also focus on raising public awareness about

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amended legal provisions and disabled peoples' legal rights to an accessible environment,  
community integration and an independent life.

**Intermediate Result 3.3: Improved health outcomes and decreased incidence of  
communicable disease**

The objectives of the U.S. Government's Global Health Initiative (GHI) strategy for Georgia will directly contribute to the achievement of a stable, integrated, and healthy society. The first objective is to increase the equitable utilization of quality health services to reduce maternal and neonatal mortality, increase the use of reproductive health and family planning services, and decrease the burden of infectious diseases in Georgia. This objective will be achieved by improving health infrastructure to increase accessibility to the health care services; improving health promotion practices and increasing the use of state health programs to cover health care costs. The second objective is to build the capacity of individuals, institutions, and systems in Georgia. This objective will be achieved by strengthening human resources for health. The principal result from this Intermediate Result will be improved service delivery in targeted areas, such as disabilities and health and improved outcomes in the areas of health, education, and childcare.