

**Grant Agreement No. GA-GEO-2017-538297256**

**GRANT AGREEMENT**

between

**DAVINCI LTD**

and

**EUROPEAN BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Georgia**

**20/09/2017**

**GRANT AGREEMENT** dated 20/09/2017 (the “Agreement”) between DAVINCI LTD (the “Beneficiary”) and European Bank for Reconstruction and Development (the “EBRD” or the “Bank”), each individually referred to as a “Party” and jointly the “Parties”.

The Beneficiary and the Bank agree as follows:

1. The following documents shall be deemed to form and be read and construed as part of this Agreement:
  - (1) the Specifications set out below;
  - (2) the General Terms and Conditions annexed as Annex 1;
  - (3) the EBRD Anti-Corruption Guidelines (Fraud and Corruption) annexed as Annex 2; and
  - (4) the completed Exhibit 1 (*Details and Executed Copy of the Consultancy Contract*), Exhibit 2 (*Form of Statement of Approval of Services*) and Exhibit 3 (*Form of Grant Receipt*).
2. The following Specifications shall supplement the General Terms and Conditions.

Section	Subject	Specification
1	Grant Agreement number:	GA-GEO-2017-538297256
2	Beneficiary’s name and address:	DAVINCI LTD Apartment 13, 1/4 Pavle Kavtaradze str. Block A Tbilisi, 0186, Georgia
3	Beneficiary’s country of incorporation:	Georgia
4	Beneficiary’s authorised representative name and position:	Tekla Mamageishvili Director.
5	Consultant details Name: Address: Tel.: Fax: Email:	SOLARIS LLC, 25 Tashkenti street, apartment 48, Tbilisi, 0160, Georgia +995 5 99 700 309 +995 5 99 700 309 alexander.tsintsadze@gmail.com
6	Consultant’s country of incorporation:	Georgia
7	Consultancy contract Reference: Title: Date:	SOL-S-65-01-09-2017 Service Agreement 01/09/2017
8	Amount of Grant/Maximum Payment Amount (assumes eligibility for higher reimbursement in accordance with payment terms under Section 3.01), EUR:	7756
9	Currency of Grant:	EUR
10	Donor and commitment number:	Early Transition Countries Fund (ETCF), ETCF-2013-06-14/04
11	Notices details for Beneficiary: Name: Address: Tel.: Fax: Email:	DAVINCI LTD Apartment 13, 1/4 Pavle Kavtaradze str. Block A Tbilisi, 0186, Georgia + 995 032 290 3503 davincieyeclinic@yahoo.com
12	Notices details for the Bank: Name: Address: Tel.: Fax:	Nadia Petkova One Exchange Square, London EC2A 2JN +442073386000 +442073387742

**IN WITNESS WHEREOF**, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in their respective names as of the day and year first above written.

**DAVINCI LTD**

By: \_\_\_\_\_  
Name: Tekla Mamageishvili  
Title: Director  
Date: 20/09/2017

**EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

By: \_\_\_\_\_  
Name: Jeff Ferry  
Title: Associate Director, Head of Regional Programme, Advice for Small Businesses  
Date:

## ANNEX 1 - GENERAL TERMS AND CONDITIONS

These General Terms and Conditions, read in conjunction with the Specifications and other documents listed in paragraph 1 of the Agreement, constitute a complete document expressing the rights and obligations of the Parties.

### ARTICLE I – DEFINITIONS AND INTERPRETATION

#### Section 1.01 Definitions

In the Agreement, unless the context says otherwise, the following capitalised terms shall have the meaning ascribed below:

- (a) **Agreement** means the agreement entered into between the Bank and the Beneficiary, as recorded in the Specifications, the General Terms and Conditions, the annexes and schedules attached thereto, all completed Exhibits, and all documents incorporated by reference therein, as the same may be amended from time to time.
- (b) **Bank** or **EBRD** means European Bank for Reconstruction and Development.
- (c) **Principal Manager, Advice for Small Businesses**, means the individual appointed by the Bank to be responsible for the provision of business advice and industry expertise to small and medium-sized businesses in the country in which the Beneficiary is located.
- (d) **Beneficiary** means the party specified in Section 2 of the Specifications to whom the Services under the Consultancy Contract shall be delivered.
- (e) **Charter** means the Beneficiary's registration document, articles of association, or other instrument pursuant to which the Beneficiary is established or constituted.
- (f) **Consultant** means the party who will perform the Services.
- (g) **Consultancy Contract** means the agreement entered into between the Beneficiary and the Consultant for the performance of the Services, including all attachments thereto and all documents incorporated therein, as attached in Exhibit 1 to the Agreement.
- (h) **Completion** means the date on which the Services performed by the Consultant are approved by the EBRD.
- (i) **Donor** means the provider of the Grant funds as specified in Section 10 of the Specifications.
- (j) **Evaluation** means the date on which the Services performed by the Consultant are subject to a written, ex-post evaluation by the EBRD, typically 12 months after Completion.
- (k) **General Terms and Conditions** means these general terms and conditions set out in this Annex 1 and which form an integral part of the Agreement.
- (l) **Grant** means the amount specified in Section 8 of the Specifications to be made available by the Donor to the Bank, as administrator, for the purposes of financing part of the Consultancy Contract, whether paid in one instalment or multiple instalments.
- (m) **Maximum Payment Amount** means the amount specified in Section 8 of the Specifications.
- (n) **Prohibited Practice** means any Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice as these terms are defined and interpreted in the EBRD Anti-Corruption Guidelines set out in Annex 2 to the Agreement.
- (o) **Qualifying Loan** means an outstanding loan to the Beneficiary from a financial intermediary institution within the framework of the Women in Business Programme.
- (p) **Services** means the Services to be performed by the Consultant for the Beneficiary as set out in the Consultancy Contract.
- (q) **Specifications** means the specific provisions which supplement the General Terms and Conditions and which are set out in paragraph 2 of the Agreement.
- (r) **Statement of Approval of Services** means the statement issued by the Beneficiary substantially in the form of Exhibit 2 by which the Beneficiary confirms the satisfactory performance of the Services by the Consultant.
- (s) **Total Net Cost** means the total value of the Services comprising direct costs and other reimbursable costs exclusive of applicable taxes.
- (t) **Women in Business Programme** means the programme of activities agreed between the Donor and the Bank.

#### Section 1.02 Interpretation

- (a) The headings in the Agreement are for convenience only and shall not affect its interpretation.
- (b) In the Agreement, reference to an Act is to such Act and to the regulations made pursuant to such Act as such Act and regulations may at any time be amended or modified and in effect, and to any act or regulations that may be passed that have the effect of supplementing or superseding such act or regulations.
- (c) In the Agreement, a reference to any gender includes a reference to all other genders, the singular number shall include the plural and vice versa and references to persons shall include bodies corporate, unincorporated associations and partnerships. Reference to a person shall include successors and permitted assigns.

## ARTICLE II - REPRESENTATIONS AND WARRANTIES

The Beneficiary represents and warrants the following as of the date of the Agreement:

- (a) **Legal capacity and power.** The Beneficiary is a legal entity validly existing under the laws of the country specified under Section 3 of the Specifications. The Beneficiary has the necessary power to enter into, and perform its obligations under, the Agreement.
- (b) **Compliance with law.** The Beneficiary's business is carried out in compliance with any law applicable to it and presently in effect. The Beneficiary is in compliance with all applicable laws concerning money laundering. Neither the Beneficiary nor any officers, directors, employees, agents or representatives of the Beneficiary has committed or engaged in, with respect to the Services, the Grant or the Consultancy Contract, any Prohibited Practice.
- (c) **Due authorisation; Enforceability.** The Agreement has been duly authorised and executed by the Beneficiary. The Agreement constitutes and will constitute valid and legally binding obligations of the Beneficiary, enforceable in accordance with its terms.
- (d) **Consultancy Contract.** The Consultancy Contract has been entered into by the Beneficiary in the normal course of its business and the Services are directly connected to the main activity of the Beneficiary.
- (e) **Consultant.** The Consultant is a legal entity, duly organised and validly existing under the laws of the country specified under 6 of the Specifications, and has full power to carry out the business which it carries out for the purposes of the Services.
- (f) **No double-funding.** The Beneficiary has not received any grant money or assistance from any other source which would result in duplicating the funding provided under the Agreement.

## ARTICLE III - THE GRANT

### Section 3.01 Eligibility to the Grant

The Bank agrees to make available to the Beneficiary, subject to and in accordance with the terms and conditions of the Agreement, the Grant in an amount not exceeding the Maximum Payment Amount.

### Section 3.02 Amount to be paid as the Grant

- (a) If the Beneficiary receives a Qualifying Loan on a date no later than Evaluation, the Beneficiary will be entitled to a payment equivalent to the Maximum Payment Amount.
- (b) In the event the Beneficiary does not receive a Qualifying Loan by the date of Evaluation, the Beneficiary will be entitled to a payment equivalent to Maximum Payment Amount less twenty percent of the Total Net Cost.

### Section 3.03 Timing of Payments of the Grant

- (a) If payment is due in accordance with Section 3.02(a), and the Qualifying Loan is received after the date of Completion but no later than the date of Evaluation, the Grant will be paid in multiple instalments, as follows:
  - (1) A first instalment equivalent to the Maximum Payment Amount less twenty percent of the Total Net Cost shall be paid to the account of the Consultant, as designated by the Beneficiary in the Statement of Approval of Services on Completion.
  - (2) A last instalment equivalent to twenty percent of the Total Net Cost shall be paid to the account of the Beneficiary as designated in the Statement of Approval of Services.
- (b) In all other cases, the Grant shall be paid on Completion to the account of the Consultant as designated by the Beneficiary in the Statement of Approval of Services in a single instalment equivalent to the Maximum Payment Amount less twenty percent of the Total Net Cost.

### Section 3.04 Payment conditions

- (a) The Grant shall be paid in full by the Bank, subject to the prior fulfilment, to the satisfaction of the Bank, of the following conditions, or at the sole discretion of the Bank waived, whether in whole or in part and whether subject to conditions or unconditionally:
  - (1) the Bank shall have received one duly executed original of the Agreement;
  - (2) the Bank shall have received an original of the Beneficiary's Statement of Approval of Services substantially in the form of Exhibit 2 (*Form of Statement of Approval of Services*);
  - (3) the Bank shall have received a copy of the Consultant's final report produced under the Consultancy Contract;
  - (4) the Bank shall have received a copy of the Consultant's invoice(s) under the Consultancy Contract;
  - (5) the Bank shall have received satisfactory evidence of payment of the Services by the Beneficiary;
  - (6) the Bank shall have received satisfactory evidence of a Qualifying Loan; and
  - (7) the Bank shall have received such other documents as the Bank may have reasonably requested.

- (b) The Grant shall be paid in the currency specified in Section 9 of the Specifications or, at the discretion of the Bank, in the local currency of the country specified in Section 3 of the Specifications provided it is a readily available currency. The amount in local currency shall be determined by the Bank on the basis of the exchange costs incurred by the Bank.
- (c) It is expressly acknowledged and agreed that the Bank will not be obliged to make any payment under and/or pursuant to the Agreement, except to the extent that an amount in respect of, and equal to, such payment is made available in cash by the Donor to the Bank for such purpose.
- (d) Within 15 days from receipt of the Grant, the Beneficiary shall deliver to the Bank a Grant receipt in the form of Exhibit 3 (*Form of Grant Receipt*) to the Agreement.

## **ARTICLE IV - COVENANTS**

### **Section 4.01 Co-operation and Information**

- (a) The Beneficiary shall furnish to the Bank all such information and documents as the Bank may reasonably request in respect of the business and operations of the Beneficiary, the Consultant and the Services, including but not limited to, a copy of the Beneficiary's Charter, a list of the owners and/or shareholders of the Beneficiary, a copy of the accounts of the Beneficiary including an up to date balance sheet for its most recent accounting period/year.
- (b) The Bank and the Beneficiary shall from time to time, at the request of either of them, exchange views with regard to the progress of the Services, including the benefits to be derived from such Services, the performance of the Beneficiary's obligations under the Agreement, and the performance of the Beneficiary's and the Consultant's obligations under the Consultancy Contract.
- (c) The Beneficiary shall promptly inform the Bank of any proposed change in the nature or scope of the Services or the business or operations of the Beneficiary and of any event or condition which might materially affect the carrying out of the Services or the carrying on of the Beneficiary's business or operations.
- (d) Without prejudice to the generality of the foregoing, the Beneficiary shall not make any material variation, including any decision relating to assignment and sub-contracting, to the Consultancy Contract without obtaining the prior written consent of the Bank. In any event, all variations to the Consultancy Contract shall be notified to the Bank by the Beneficiary.

### **Section 4.02 Records and Reports**

- (a) The Beneficiary shall:
  - (1) maintain procedures and records adequate to record and monitor the progress of the Services (including their cost and the benefits to be derived from them), and to identify the Services and will make such records available to the Bank's representatives on request of the Bank.
  - (2) at the Bank's request, enable the Bank's representatives to visit any facilities included, or referred to, in the Consultancy Contract and to examine the Services and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Beneficiary or the Consultant under the Agreement or the Consultancy Contract.
- (b) One year after receipt of the Grant, the Beneficiary shall provide to the Bank:
  - (1) a report, in form and substance satisfactory to the Bank, on the benefits derived from the Services and performance of the Beneficiary which continue to be derived from the Services; and
  - (2) upon request of the Bank, an ex-post impact study questionnaire duly completed by the Beneficiary.

### **Section 4.03 Conduct of operations**

- (a) Unless the Bank shall otherwise agree, the Beneficiary shall conduct its business and operations (including the operations of any subsidiaries) in accordance with sound administrative, technical, financial and environmental standards and practices in effect from time to time in the jurisdiction in which the Beneficiary is located.
- (b) The Beneficiary shall implement the reasonable recommendations or actions proposed by the Consultant resulting from the Services.
- (c) Unless the Bank agrees otherwise, the Beneficiary shall not, during the term of the Agreement: (i) change the nature of its business; or (ii) undertake any merger, consolidation or reorganisation which links the business of the Beneficiary with any of the following industries: (A) military/arms; (B) gambling; (C) tobacco production or (D) any illegal, immoral or disreputable activity.

### **Section 4.04 Fraud and corruption**

The Beneficiary shall not, and shall not authorise or permit any of its officers, directors, authorised employees, affiliates, agents or representatives to, engage in with respect to the Grant, the Agreement or the Consultancy Contract, any Prohibited Practice.

### **Section 4.05 Taxes**

The Beneficiary shall pay all taxes, be they indirect or direct, payable on, or in connection with, the Grant, the Consultancy Contract and/or the execution, issue, delivery, registration or notarisation of the Agreement or any other document related to the Agreement.

## **ARTICLE V - SUSPENSION AND TERMINATION**

### **Section 5.01 Beneficiary Notification**

The Beneficiary shall promptly notify the Bank of the suspension or termination of the Consultancy Contract, or of any event that may lead to the suspension or termination of the Consultancy Contract.

### **Section 5.02 Suspension of payment**

If any of the following events shall have happened and be continuing prior to the payment of the Grant, the Bank may by written notice to the Beneficiary immediately suspend in whole or in part any payment due to the Beneficiary in accordance with the terms of the Agreement:

- (a) the Consultancy Contract shall have been suspended or terminated; or
- (b) any other condition has arisen which, in the reasonable opinion of the Bank, interferes, or threatens to interfere, with the successful carrying out of the Services, or the accomplishment of the purposes of the Agreement.

### **Section 5.03 Termination of the Agreement by the Bank**

- (a) The Bank may by written notice to the Beneficiary terminate the Agreement if:
  - (1) any of the conditions referred to in Section 5.02 shall continue for a period of thirty (30) days after the Bank shall have suspended in whole or in part payments to the Beneficiary pursuant to Section 5.02;
  - (2) the Consultancy Contract shall have expired or been terminated;
  - (3) the Beneficiary and the Bank agree to terminate;
  - (4) any representation or warranty made or confirmed by the Beneficiary in the Agreement was false or misleading in any material respect when made or repeated;
  - (5) the Beneficiary is voluntarily or involuntarily dissolved, or becomes bankrupt or insolvent; or
  - (6) the Donor cancels funding of the Grant.
- (b) In any event, the Bank may terminate the Agreement at any time by giving not less than twenty (20) days' prior written notice to the Beneficiary.

### **Section 5.04 Repayment of the Grant**

- (a) In the event that:
  - (1) the Bank in its sole discretion determines that the Beneficiary or any of its officers, directors, authorised employees, affiliates, agents or representatives, has engaged in any Prohibited Practice with respect to the Grant, the Agreement and/or the Consultancy Contract; and
  - (2) the payment of the Grant has already been made in full or in part,

the Bank shall reserve the right to demand repayment of the paid amount of the Grant from the Beneficiary and may by written notice to the Beneficiary demand such repayment. Upon the issuance of such notice by the Bank, and in accordance with the terms of the notice the Beneficiary shall be obliged to repay to the Bank the amount of the Grant paid by the Bank to the date of notice.

- (b) Notwithstanding anything to the contrary in the Agreement, Section 5.04(a) shall survive termination or expiry of the Agreement for five (5) years.

## **ARTICLE VI – GENERAL**

### **Section 6.01 Authorised Representative**

Any action required or permitted to be taken, and any document required or permitted to be executed under the Agreement by the Beneficiary shall be taken or executed by the Beneficiary's authorised representative specified in Section 4 of the Specifications.

### **Section 6.02 Notices or Requests**

Any notice, request or consent required or permitted to be given or made under the Agreement shall be in writing in the English language. Any such notice, request or consent shall be deemed to have been given or made when delivered in person to an authorised representative of the party to whom the communication is addressed, or when sent by registered mail, e-mail, or facsimile to such party at the address specified in Sections 11 and 12 of the Specifications.

### **Section 6.03 Exclusion of Liability**

Notwithstanding any other provision of the Agreement, the Bank shall not be liable to the Beneficiary or the Consultant under or in connection with the Agreement or the Consultancy Contract for any loss or damage. This provision shall not apply in relation to any negligent act or omission of the Bank, which gives rise to death, or personal injury of the Beneficiary's or Consultant's personnel.

### **Section 6.04 Indemnity**

The Beneficiary shall indemnify and subject to the Bank's privileges and immunities defend the Bank, its directors, officers, employees, agents and contractors against all claims, damages, costs, expenses, liabilities, proceedings, losses arising from, out of or in connection with any act or omission, whether tortious, negligent or otherwise, of the Beneficiary or the Consultant, their employees, sub-contractors or agents, or any breach by them of their obligations under the Agreement, the Consultancy Contract or any failure by them to comply with any acts, rules or regulations.

#### **Section 6.05 Inspection and Audit by the Bank**

The Beneficiary shall permit the Bank or its authorised representative, to inspect their accounts and records relating to the performance of the Agreement, the Consultancy Contract and the Services and to have such accounts audited by auditors appointed or authorised by the Bank, if so required by the Bank.

#### **Section 6.06 Insurance**

Upon request of the Bank, the Beneficiary shall maintain at its own cost a comprehensive insurance policy to cover any liability, which might arise under Section 6.04.

#### **Section 6.07 Governing Law and Dispute Settlement**

- (a) This Agreement shall be governed by and construed in accordance with English law. Any non-contractual obligations arising out of or in connection with this Agreement shall be governed by and construed in accordance with English law.
- (b) Any dispute controversy or claim arising out of, or relating to this Agreement or the breach, termination or invalidity hereof or any non-contractual obligations arising out of or in connection with this Agreement which cannot be amicably settled, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as in force and effect on the date of this Agreement. There shall be one (1) arbitrator, and the appointing authority for the purposes of the UNCITRAL Rules shall be the LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings. The Parties hereby waive any rights under the Arbitration Act 1996 or otherwise to appeal any arbitration award to, or to seek determination of a preliminary point of law by, the courts of England or elsewhere. The arbitrator shall not be authorised to grant, and the Beneficiary agrees that it shall not seek from any judicial authority, any interim measures or pre-award relief against the Bank, any provisions of the UNCITRAL Arbitration Rules notwithstanding.
- (c) Nothing in this Agreement shall be construed as a waiver, renunciation or modification by the Bank of any immunities, privileges and exemptions of the Bank accorded under the Agreement Establishing the European Bank for Reconstruction for Development, international convention or any applicable law. Notwithstanding the foregoing, the Bank has made an express submission to arbitration under Section 6.07(b) of this Agreement and accordingly, and without prejudice to its other privileges and immunities (including, without limitation, the inviolability of its archives), it acknowledges that it does not have immunity from suit and legal process under Article 5(2) of Statutory Instrument 1991, No. 757 (The European Bank for Reconstruction and Development (Immunities and Privileges) Order 1991), or any similar provision under English law, in respect of the enforcement of an arbitration award duly made against it as a result of its express submission to arbitration pursuant to Section 6.07(b) of this Agreement.

#### **Section 6.08 Effectiveness**

The Agreement shall become effective upon the later signature of the Parties as of the date first written above.

#### **Section 6.09 Variation of Agreement**

The Agreement may only be varied by written agreement between the Bank and the Beneficiary duly executed by authorised representatives.

#### **Section 6.10 Entire Agreement**

The Agreement as amended from time to time in accordance with Section 6.09 contains the entire understanding and agreement between the Parties hereto and suspends all other proposals or agreements relating to the subject matter of the Agreement. No Party has relied upon any undertaking or representation made by any other party which is not a term of the Agreement.

#### **Section 6.11 Successors**

The Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

#### **Section 6.12 Exclusion of Third Party Rights**

The Agreement does not create any right under the Contracts (Rights of Third Party) Act 1999 enforceable by any person or entity not a party to it except that a person or entity that is the successor to or permitted assignee of the rights of a party is deemed to be a party to the Agreement.

#### **Section 6.13 Survival Clause**

Sections 6.03, 6.04, 6.05 and 6.07 shall survive termination or expiry of the Agreement.

#### **Section 6.14 Language**

The Agreement shall be executed in the English language and may also be executed in the language of the country designated in Section 3 of the Specifications. In case of discrepancies or incompatibilities between the language versions of the Agreement, the English version shall prevail for all purposes.

Except as otherwise agreed or required by the Bank, all communication, documentation and reports under the Agreement and the Consultancy Contract shall be prepared and presented in the English language. In any dispute over language, the English version shall prevail.

**Section 6.15 Further Assurances**

The Beneficiary shall, or shall cause the Consultant to, at any time and from time to time, upon the Bank's request, execute and deliver such further documents and do such further acts and things as the Bank may reasonably request in order to evidence, carry out and give full legal effect to the terms, conditions, intent and meaning of the Agreement.

**Section 6.16 Counterparts**

The Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

**Section 6.17 EBRD Logo**

The Beneficiary is advised that the Bank's logo is a registered service mark and the Beneficiary shall not reproduce such logo without the express written permission of the Bank.



## **ANNEX 2 - EBRD ANTI-CORRUPTION GUIDELINES (FRAUD AND CORRUPTION)**

The purpose of these Guidelines is to clarify the meaning of the terms "Corrupt Practices", "Fraudulent Practices", "Coercive Practices," and "Collusive Practices".

### **1. CORRUPT PRACTICES**

"Corrupt Practice" means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party. In implementing this definition, the EBRD will be guided by the following principles:

- (a) The conduct in question must involve the use of improper means (such as bribery or kickbacks) by someone to induce another person to act or to refrain from acting in the exercise of his duties, in order to obtain or retain business, or to obtain an undue advantage. Antitrust, securities and other violations of law that are not of this nature fall outside of the definition of Corrupt Practices but may still be scrutinised under alternative procedures.
- (b) It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payer's books and records. Similarly, an investor will not be held liable for corrupt or fraudulent practices committed by entities that administer bona fide social development funds or charitable contributions.
- (c) In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute Corrupt Practices unless the action violates applicable law.
- (d) Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- (e) The EBRD does not condone facilitation payments whether they are criminalised or not. Such payments, which are illegal in most countries, are dealt with in accordance with relevant local laws and international conventions.

### **2. FRAUDULENT PRACTICES**

"Fraudulent Practice" means any action or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial benefit or to avoid an obligation. In implementing this definition, the EBRD will be guided by the following principles:

- (a) An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice".
- (b) Fraudulent Practices are intended to cover actions or omissions that are directed to or against the EBRD. The expression also covers Fraudulent Practices directed to or against an EBRD member country in connection with the award or implementation of a government contract or concession in a project financed by the EBRD. Frauds on, or other illegal behaviour directed against, other third parties are not condoned. Such behaviour may represent an impediment to doing business with EBRD.

### **3. COERCIVE PRACTICES**

"Coercive Practice" means impairing or harming, or threatening to impair or harm directly or indirectly, any party or the property of the party to influence improperly the actions of a party. In implementing this definition, the EBRD will be guided by the following principles:

- (a) Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- (b) Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation in such implementation.

### **4. COLLUSIVE PRACTICES**

"Collusive Practice" means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party. In implementing this definition, the EBRD will be guided by the principle that Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

### **5. GENERAL**

In implementing the foregoing definitions, the EBRD will be guided by the principle that a person should not be liable for actions taken by unrelated third parties unless that person has participated in the prohibited act in question.

**EXHIBIT 1. DETAILS AND EXECUTED COPY OF THE CONSULTANCY CONTRACT**

**A - DETAILS OF THE CONSULTANCY CONTRACT**

Name of Consultant: SOLARIS LLC

Contract number: SOL-S-65-01-09-2017

Contract title: Service Agreement

Date of Signature: 01/09/2017

Date of Commencement of Services: 25/09/2017

RECORD OF COST ELEMENTS defined in the Contract (in EUR)

**DIRECT COSTS**

88 consultant days @ EUR 110.1705 per day EUR 9695

**REIMBURSABLE COSTS**

Other Expenses: 0

TOTAL NET COST (excluding tax) 9695

Taxes 0

**TOTAL MAXIMUM PAYMENT DUE to Consultant**

**by the Beneficiary** **EUR 9695**

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**Acknowledged by Principal Manager, Advice for Small Businesses:**

\_\_\_\_\_

Severian Gvinepadze, Principal Manager, Advice for Small Businesses

**B –TERMS OF REFERENCE AND EXECUTED COPY OF THE SIGNED CONSULTANCY SERVICES CONTRACT**

**TERMS OF REFERENCE**

**PROJECT TITLE:** WIB - DAVINCI – BUSINESS EXPANSION STRATEGY AND BUSINESS VALUATION

**BENEFICIARY ENTERPRISE:** DAVINCI LTD

**CONSULTANT:** SOLARIS LLC

**1. Background**

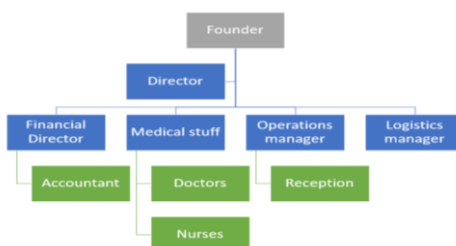
DAVINCI LTD seeks professional advice on development of expansion plan and business valuation, which will enable the company management to make strategic decision on investment in business expansion.

**1.1 Description of the Enterprise**

<b>Company Profile</b>	DAVINCI LTD is a company which is located in Tbilisi and offers customers ophthalmology services.
<b>History and Main Developments</b>	DAVINCI LTD was established on 18 march 2014 in Tbilisi by ophthalmologist Mr. Nikoloz Labauri, MD who is the 100% owner of the company. The company director is Mrs. Tekla Mamageishvili. The company provides a wide range of professional services for eye care needs. The company uses most advanced technologies and equipment which guarantees high quality examinations and results. Since its establishment the company is constantly developing and making reinvestments in staff development and technical improvement. The company team consists of the qualified doctors and has the capacity to perform complex ophthalmologic micro surgeries. The success of the clinic is determined by the spectrum of unique services (microsurgery), which allows the company to have a daily guaranteed flow of patients and carry out operations with high profit margins.
<b>Product/Services</b>	The company delivers the following types of services: <ul style="list-style-type: none"> <li>- Eye disease’s diagnosis;</li> <li>- Diabetic Retinopathy Micro Surgery;</li> <li>- Full range of Vitreoretinal Surgery;</li> <li>- Cataract Phacoemulsification;</li> <li>- Glaucoma Treatment.</li> </ul>
<b>Customers</b>	The main source of income for the clinic is individuals. However, the clinic closely cooperates with almost all major insurance companies in country and the Ministry of Health, Labour and Social Affairs of Georgia.
<b>Suppliers</b>	The company’s key suppliers are leading manufacturers of ophthalmological materials, medicines and equipment: Alcon (USA), Abbot (USA), Zeiss (Germany), Topcon (Japan), Bausch Lomb (USA).
<b>Competitors</b>	The main competitors in Georgia for the company are: PSP NEW HOSPITALS, AVERSI CLINIC, EYE CLINIC OFTALMIJ, Mzera Plus, and Akhali Mzera.
<b>Competitive Advantages/Disadvantages</b>	The company currently holds good position of the local market and has a strong partnership network with global suppliers. The company has solid knowledge of local market and highly qualified staff. The company is staffed with professional employees who attend various training courses on regular basis. Disadvantages: high competition in the sector, limited geographical presence and limited services offered by the clinic.
<b>Property, Plant and Equipment</b>	The company rents 300 square meter space in Tbilisi (56 Sul Khan Tsintsadze str.) where eye clinic is located. The company is fully equipped with modern equipment from USA and Germany.

*Management structure*

The current organisational structure of the company is the following:



Data for the previous 3 years:

<b>Indicator</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Comments</b>
Number of sales/units (# transactions)	1,391	2,684	2,046	First six months of 2017
Turnover for the year (EUR)	276,192	590,628	326,403	First six months of 2017
Number of Employees (women)	8 (5)	10 (6)	19 (12)	

### **1.2 Business Need**

*Company's Strategic Plan:*

In order to improve its market position, the company outlines the following 2 main objectives for the upcoming 3 years:

1. Increase service quality and develop addition services;
2. Develop refractive surgery department.

*External Financing needs:*

The company needs additional financing to achieve the above mentioned goals. The main source of the investment will be financed by shareholders and the remaining amount, will be taken as a loan from financial institutions or equity investors.

*Company's main problem to be solved by the project:*

The competition in the healthcare sector has increased lately and the company needs to comply with changes in the market in order to stay competitive. The company management decided to expand business operation by developing Refractive Surgery department and offer additional services to existing customers. In the process of expansion, DAVINCI's management team needs support in the process of business and financial planning as wells as support in the decision making on the optimal capacity and investment size in relation to market potential and desired return on investment. In order to make sound decision, the management of the company wants to prepare the necessary documentation to test their hypotheses with respect to their capital, develop expansion plan and valuate the business. The expansion plan will serve both - strategic and tactical management of the company and the monitoring of the archived results against the set aims.

The company lacks internal resources and expertise to conduct feasibility study and develop the expansion plan. Thus, the management of the company has decided to hire professional consulting company to perform this task. The company management has therefore applied to ASB Georgia to receive assistance in TOR development and co-financing of the project.

## **2. Project Description**

### **Main Objectives of the Consulting Services**

The overall objective of this consultancy project is to support the management team of DAVINCI in the process of expanding the business in terms of assessing the project viability and investment scenarios as well as support in the decision making process.

### **Specific Project Objectives:**

Implementation of this system would allow the company to:

- Review and verify current strategic ideas and implementation opportunities;
- Increase company capacity/service diversification;
- Assess investment requirements and develop an investment projection;
- Assess the facilities and resources required to implement a project;
- Clarify the outcomes that the company wishes to achieve;
- Deliver financial projections and analysis;
- Introduce changes in production and sales strategy;
- Assess risks to ensure correct strategic decision making.

### **Expected Project Outcomes:**

The following outcomes are expected to be achieved within one year upon completion of this project:

<b>Key Performance Indicators</b>	<b>Unit of Measurement</b>	<b>Baseline Value</b>	<b>Expected Value</b>	<b>Source of Information</b>
<b>Increase in turnover</b>	<b>Annual turnover (EUR)</b>	590,628	767,816	P&L statement
Increase in sales/production volume	Number of sales/units produced per year	2,684	3,490	Company info

Development of new products/services	Yes/No			
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\* Baseline values for 2016

### 3. Implementation Arrangements

The project is to be monitored by the following key employees of the Beneficiary enterprise:

<i>Name</i>	<i>Title</i>	<i>Tel. No.</i>	<i>Email</i>
Tekla Mamageishvili	Director	+ 995 595 258 877	<a href="mailto:teklann@gmail.com">teklann@gmail.com</a>

#### Consultant Selection

For this project, DAVINCI LTD management has considered several companies and finally selected SOLARIS LLC for accomplishing consulting assignment. SOLARIS LLC team consists of former successful freelancer consultants of different fields and is a full consulting service provider, tailored to the needs of Georgian companies. Before applying to EBRD ASB Georgia the beneficiary and the consultant agreed on the project budget, duration and deliverables.

The consultant profile includes the following:

- Business planning & Strategy.
- Market research and integrated marketing communication.
- Organizational structure development
- Operations and its optimization

The Consultant's qualifications are supported by:

- Individual Information Sheet (CURRICULUM VITAE).
- Successful track record of performing similar types of assignments.

The consultant was selected as follows:

- SOLARIS LLC offered a competitive delivery terms and support throughout the project implementation process.
- Market research was done and the consultant was selected based on the best price-quality ratio.

#### Scope of Services

The project envisages following activities and is divided in to five phases

<i>Project Phase</i>	<i>Services Rendered</i>	<i>Deliverables/Reports</i>
<b>Phase 1. : Industry Analysis</b>	1.1 Industrial Background; 1.2 Major Customer Groups; 1.3 Regulatory Restrictions; 1.4 Significant Trends; 1.5 Market sector studies; 1.6 Key Success Factors in the Industry.	
<b>Phase 2: Analyse the existing situation within company</b>	2.1 Study and review the existing practices; 2.2 Preparation and analysis of current financial statements.	Basic financial statements (Balance, P&L) will be prepared in Excel spreadsheet
<b>Phase 3: Business Valuation</b>	3.1 Determination of the methods of evaluation; 3.2 Assessment of permissions and restrictive conditions; 3.3 Determination of methodology of assessment; 3.4 Discount rate determination (DCF) 3.5 Consider factual financial data of the company; 3.6 Assumptions and financial forecast 3.7 Defining the market value of the business. 3.8 Valuation report preparation	Detailed report will be provided outlining current business value. (Document will be provided in word format, Report will be 20-25 pages)
<b>Phase 4: Preparation of expansion plan</b>	4.1 Background, demand analysis; 4.2 SWOT analysis; 4.3 Determination of development strategy; 4.4 Definition of investment needs; 4.5 Marketing and sales plan development, including sales objectives. Strategies for achieving and resources required. Sales plan preparation; 4.6 Evaluation of short-term and long-term growth statements; 4.7 Preparation of projected financial statements; 4.8 Definition of Terminal value (3 years horizon); 4.9 Determination and analysis of funding opportunities; 4.10 Expansion plan preparation	Detailed report will be provided outlining specific steps to increase the business value

At the closing phase, the consultant prepares the project for acceptance by the beneficiary.

### Schedule

Project start date: 25.09.2017

Project review date: 16.10.2017

Project completion date: 30.11.2017

ACTIVITY/MONTH/WEEK	SEP'2017		OCT'2017				NOV'2017			
	WK39	WK40	WK41	WK42	WK43	WK44	WK45	WK46	WK47	WK48
Phase 1: Industry analysis	25-Sep									
Phase 2: Analyse the existing situation within the company										
Phase 3: Business valuation										
Phase 4: Preparation of expansion plan										
<b>Review Meetings</b>				16-Oct						
<b>Final Report</b>										30-Nov

### Deliverables

By 30 November, 2017 SOLARIS LLC will prepare and submit to ASB Georgia a copy of the client invoice, an invoice to ASB Georgia and the final report that describes the activities the consultant has undertaken within the framework of the project. The summary report shall be submitted in English. The enterprise should provide proof of payment and Exhibit 2 form.

The following is a list of all project deliverables:

- Expansion Plan, with detailed financial modelling;
- Business Valuation report

At the end of the project the SOLARIS LLC and the DAVINCI LTD have to agree on an action plan, which will be followed and implemented by the client company upon project completion. ASB Georgia team will measure progress against the agreed action plan at the project evaluation stage.

### 4. Budget

#### • DIRECT COSTS

Expert Appointed by the Consultant	Primary Role	No. of Fee Days	Daily Fee Rate (€) (excl. VAT)	Total (€) (excl. VAT)
Aleksandre Tsintsadze	Managing Partner/Consultant	35	140.00	4,900.00
Mikheil Kutelia	Financial Consultant	18	115.00	2,070.00
Nino Saneblidze	Strategy/Marketing Consultant	15	115.00	1,725.00
Giorgi Marshanishvili	Junior Financial Consultant	20	50.00	1,000.00

**TOTAL DIRECT COSTS:** 88 days@ EUR 110.17 =EUR 9,695.00

#### • OTHER EXPENSES (overheads: travel, stationery, software (if any):

Expense	No. of Units	Price per Unit (excl. VAT)	Total (€) (excl. VAT)
Communication	0	00.00	00.00
<b>Total OTHER EXPENSES</b>			<b>EUR 00.00</b>
<b>TOTAL NET PROJECT COST</b>			<b>EUR 9,695.00</b>
<b>TAXES (VAT)</b>			<b>EUR 00.00</b>
<b>TOTAL MAXIMUM PAYMENT DUE (DIRECT+OTHER+TAXES)</b>			<b>EUR 9,695.00</b>

### 5. SIGNATURES:

For the Beneficiary Enterprise:

For the Consultant:

\_\_\_\_\_  
Tekla Mamageishvili  
DAVINCI LTD  
Director

\_\_\_\_\_  
Aleksandre Tsintsadze  
SOLARIS LLC  
Director

## EXHIBIT 2. FORM OF STATEMENT OF APPROVAL OF SERVICES

[To be typed on Letterhead of the Beneficiary, signed and sent to the EBRD, with copy of the invoice for Services by the Consultant, and proof of payment]

Date:

In relation to the Consultancy Contract No: SOL-S-65-01-09-2017 dated 01/09/2017, made between SOLARIS LLC and DAVINCI LTD; and to the Grant Agreement GA-GEO-2017-538297256 dated 20/09/2017 entered into with the European Bank for Reconstruction and Development, the Beneficiary states that:

- (i) it has received and is satisfied with the Services of the Consultant that were contracted for in the Consultancy Contract and are covered by the attached invoice(s);
- (ii) the Beneficiary has checked the Consultants' invoice(s) and all supporting documents which relate to the performance of the Services against the amount(s) set out in the Consultancy Contract and is satisfied that the invoice(s) is (are) a true representation of the Services provided by the Consultant; and the amount(s) charged in the invoice(s) correspond(s) to the amount(s) set out in the Consultancy Contract; and
- (iii) a copy of the invoice(s) and evidence of payment accompanies this Statement of Approval of Services.

**The Beneficiary states that by signing this document and providing the supporting documentation, it requests the Bank to pay the ~~DELETED AS APPROPRIATE~~ Grant/First Instalment in accordance with the Grant Agreement, Numbered GA-GEO-2017-538297256 and dated 20/09/2017.**

Consultant's Account Name:

Consultant's Account Number:

Consultant's Bank Name:

Consultant's Bank Address:

Consultant's Bank Swift BIC:

**FOR AND ON BEHALF OF THE BENEFICIARY:**

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Tekla Mamageishvili, Director

**EXHIBIT 3. FORM OF GRANT RECEIPT**

*[To be typed on Letterhead of the Beneficiary Enterprise]*

*Date:*

Severian Gvinepadze  
Principal Manager, Advice for Small Businesses  
European Bank for Reconstruction and Development  
31a Griboedov Street, Merani Business Center, 6th Floor Tbilisi, 0108, Georgia

Dear Mr/Ms Severian Gvinepadze,

We, DAVINCI LTD, hereby confirm that the **[DELETE AS APPROPRIATE]** Consultant/Beneficiary has received the sum of EUR 7756 paid by the European Bank for Reconstruction and Development from funds provided by Early Transition Countries Fund (ETCF), ETCF-2013-06-14/04. This payment was made under the Grant Agreement GA-GEO-2017-538297256 dated 20/09/2017.

In accordance with Section 4.02(b) of the General Conditions applicable to the Grant Agreement, we also agree to participate fully and openly in the standard evaluation of the project one year after grant disbursement and remain available to provide any other information as may reasonably be requested by the EBRD.

Yours sincerely,

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Tekla Mamageishvili, Director