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May 1, 2017

Mr. Dimitry Kumsishvili Minister of Finance Ministry of Finance Tbilisi, Georgia

Mr. Giorgi Gakharia Minister of Economy and Sustainable Development Ministry of Economy and Sustainable Development Tbilisi, Georgia

Dear Messrs. Kumsishvili and Gakharia,

Subject: Georgia: Technical Mission - Second Private Sector Competitiveness

Development Policy Operation (DPO2)

May 15 - 24, 2017

We would like to congratulate the Government on its continued commitment to advancing the reforms supported by the Private Sector Competitiveness DPO2. The progress achieved in meeting the prior actions, including in the areas of deposit insurance and pension reform, should make it possible to finalize the project preparation along the timetable that was discussed in the Spring Meetings in Washington DC, with a Board approval in July 2017. In light of this, we are pleased to inform you that a World Bank mission will visit Georgia during May 15-24, 2017 to work with the Ministry of Finance, Ministry of Economy and Sustainable Development, and other stakeholders to complete the final steps in preparation of the DPO2.

The mission will be led by John Gabriel Goddard (Lead Economist and Task Team Leader) and will include Anita Schwarz (Lead Economist), Hiroyuki Tsuzaki (Private Sector Specialist), Ekaterine Avaliani (Senior Private Sector Specialist), Irine Kokaia (Senior Private Sector Specialist), Natalia Tsivadze (Private and Financial Sector Consultant), and Djamilya Salieva (Program Assistant). Genevieve Boyreau (Program Leader) and Ozan Sevimli (Senior Operations Officer) will participate in key meetings. Rusudan Mandzhgaladze (Program Assistant) will provide logistical support to the mission.

We are also pleased to inform you that the team from the French Development Agency (AFD) led by Nicolas Le Guen (Project Manager) will be able to join the mission to appraise their parallel budget support operation and to define the areas for the pension reform technical assistance.

Given the progress achieved in meeting DPO 2 prior actions, the main objectives of the mission will be to (i) obtain legal evidence of all the policy actions met as required by the legal procedures; (ii) collect and verify the corresponding results indicators for each DPO2 supported policy area; (iii) reflect the progress achieved in the last 12 months and incorporate modifications to the language of the matrix of reforms supported by the project in the light of the latest communication on the project truncation, (iii) update the draft Project Appraisal Document (PAD) and other supporting documents as required for the project's appraisal and negotiations, (iv) discuss the next steps for implementation of reforms supported by DPO series, to be reflected in PAD and the Letter of Development Policy (LDP). These steps will be essential for presenting the project for the World Bank's Regional Operations Committee meeting (scheduled for May 23, 2017), and upon approval – to proceed with the project's negotiation and the Board meeting (currently scheduled for end July 2017).

We look forward to our continued collaboration and partnership during the mission.

Sincerely,

Joseph Melitauri Acting Head of Georgia Country Office

cc: Mr. Nikoloz Gagua, Deputy Minister, Ministry of Finance

Ms. Nino Javakhadze, Deputy Minister, Ministry of Economy and Sustainable Development

Ms. Ketevan Bochorishvili, Deputy Minister, Ministry of Economy and Sustainable Development

Mr. Koba Gvenetadze, Governor, National Bank of Georgia

Mr. Avtandil Kasradze, Acting Chairman, Georgia's Innovation and Technology Agency

Mr.Vakhtang Abashidze, Chairman, Georgian National Communications Commisssion

Mr. Kakha Demetrashvili, Chairman, State Procurement Agency of Georgia

Mr. Frank Heemskerk, Executive Director, the World Bank

Mr. Ivan Stojanovski, Advisor to Executive Director, the World Bank

Mr. Ozan Sevimli, Senior Operations Officer, the World Bank