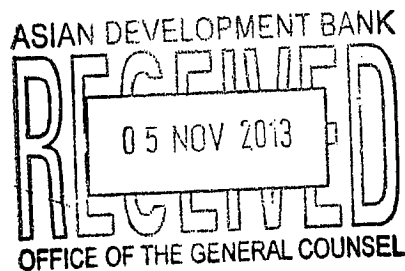




Asian Development Bank

Central and West Asia Department

Mr. Nodar Khaduri
Minister
Ministry of Finance
16 Gorgasali Street, 0114
Tbilisi, Georgia



13 June 2013

Dear Minister Khaduri:

**Loan 2655-GEO(SF): Sustainable Urban Transport Investment Program, Project 1
—Amendment to the Loan Agreement**

1. We refer to the Loan Agreement (Special Operations) dated 5 August 2010, as amended on 6 April 2012, (the Loan Agreement) between Georgia (the Borrower) and the Asian Development Bank (ADB) for the Sustainable Urban Transport Investment Program, Project 1 (the Project).

2. In response to your government's request, on 23 May 2013, ADB approved (i) the extension of the loan closing date by 21 months from 31 December 2016 to 30 September 2018; (ii) a minor change to remove from the Project's scope the construction of a road tunnel and recreation area on Gorgasali Street in Tbilisi (the Gorgasali subproject), and (iii) the corresponding reallocation of loan proceeds. To reflect the foregoing, we propose to amend the Loan Agreement as set forth below:

- A. In Section 3.05 of the Loan Agreement, the date of 31 December 2016 shall be deleted and replaced with "30 September 2018";
- B. In Schedule 1, item (i) of paragraph 2(a) shall be deleted, and items (ii) through (iv) renumbered accordingly;
- C. In paragraph 3 of Schedule 1, the date of 30 June 2016 shall be deleted and replaced with "31 March 2018"; and
- D. Attachment to Schedule 3 (Table: Allocation and Withdrawal of Loan Proceeds) shall be amended as follows:
 - (a) the amount of Loan proceeds (in SDR) allocated under Item 1 (Works and Goods) of 47,409,839 shall be deleted and replaced with "42,920,533";
 - (b) the amount of Loan proceeds (in SDR) allocated under Item 2 (Consulting Services and Incremental Administration) of 6,515,000 shall be deleted and replaced with "9,546,051"; and
 - (c) the amount of Loan proceeds (in SDR) allocated under Item 4 (Unallocated) of 2,833,161 shall be deleted and replaced with "4,291,416".

3. For your convenience and ease of reference, the revised Schedule 1 and Attachment to Schedule 3 of the Loan Agreement incorporating these changes are attached hereto as Annexes 1 and 2.

4. Please indicate the Borrower's agreement to the above amendments by signing 2 original exemplars of this letter in the space indicated below. Please retain 1 signed original for your records and return the other to ADB. This amendment shall come into force from the date on which ADB will have received Borrower's signed counterpart hereof together with Borrower's notification on the fulfillment of all legal procedures necessary for its entry into force.

5. According to the ADB's Public Communication Policy (PCP) on disclosure and exchange of information, these amendments to the Loan Agreement will be automatically disclosed publicly within 2 weeks of the effective date of the amendment, unless we are advised that any of the amendments contain sensitive or confidential information or data that falls within the PCP exceptions.

Sincerely,


Klaus Gerhaeusser
Director General
Central and West Asia Department

Annexes:

1. Schedule 1 of the Loan Agreement, as amended (1 page)
2. Attachment to Schedule 3 of the Loan Agreement, as amended (1 page)

- A. Accepted and agreed.
- B. Confirmed that the amendments to the Loan Agreement do not contain information falling within the PCP exceptions.

For and on behalf of
Georgia

Name: Yodac Khaduri

Designation: Minister of Finance

Date: 17.09.2013

SCHEDULE 1

Description of the Project

1. The Project will provide efficient, reliable and affordable urban transport infrastructure and services, thereby increasing economic growth potential and competitiveness of urban communities, improving livelihoods of over 1.5 million people (approx. 35% of Georgian population). The Project will also: (i) improve urban, environment and communities' access to economic opportunities and to public and social services; (ii) promote efficient and sustainable urban transportation; and (iii) generate income and employment opportunities.

2. The Project shall comprise the following main components:

(a) Urban Transport Infrastructure Improvement, including the following Subprojects:

- (i) Tbilisi metro extension (Vazha Pshavela avenue);
- (ii) Anaklia Coastal Improvement subproject; and
- (iii) Road improvements in Mestia.

(b) Institutional Capacity Development to strengthen organization, increase coordination, monitoring and financing of urban transport subsector; and

(c) Project Management Facility and consulting services for Subproject preparation, construction supervision, audit, social and environmental assessments, and institutional capacity development in the urban transport subsector.

3. The Project is expected to be completed by 31 March 2018.

TABLE

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS (Sustainable Urban Transport Investment Program, Project 1)			
CATEGORY			ADB FINANCING
	Item	Revised Total Amount Allocated for ADB Financing (SDR)	Percentage and Basis for Withdrawal from the Loan Account
1	Works and Goods	42,920,533	100 percent of total expenditure*
2	Consulting Services and Incremental Administration	9,546,051	100 percent of total expenditure*
3	Interest	1,228,000	100 percent of amounts due
4	Unallocated	4,291,416	
	TOTAL	57,986,000	

* Exclusive of taxes and duties imposed within the territory of the Borrower.