

11 March 2014

Mr. Nodar Khaduri
Minister of Finance
Ministry of Finance
Georgia

Dear Minister Khaduri:

Subject: Loan No. 2749-GEO(SF): Urban Services Improvement Investment Program - Project 1 – Amendment No. 2 to Loan Agreement

1. We refer to the Loan Agreement dated 10 May 2011 between Georgia (“Borrower”) and the Asian Development Bank (“ADB”) for the Urban Services Improvement Investment Program-Project 1 (as amended pursuant to the amendment letter dated 7 November 2012, the “Loan Agreement”). All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreement, unless the context requires otherwise.

2. In response to the letter of the Ministry of Regional Development and Infrastructure dated 21 June 2013, ADB approved, on 14 November 2013, a change in scope of Project 1 of the Urban Sector Services Improvement Investment Program to include the financing of water supply and sanitation works in Ureki town and a reallocation of the loan proceeds to facilitate such financing. To reflect these changes, we propose to amend the Loan Agreement as set forth below:

(a) In Section 3.01(a), reference to “(SDR47,611,961)” shall be replaced with “(SDR49,559,548)”.

(b) In Section 3.02, reference to “(SDR823,041)” shall be replaced with “(SDR414,554)”.

(c) Sub-paragraph 2(a) of Schedule 1 shall be amended to read as follows:

“(a) construction of water supply facilities, water treatment facilities and water transmission systems in the towns of Anaklia, Kutaisi, Mestia, Poti and Ureki and procurement of the water supply and sanitation system maintenance vehicles and equipment.”

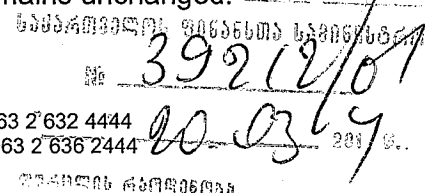
(d) The Allocation and Withdrawal of Loan Proceeds Table set out in the Attachment to Schedule 3 of the Loan Agreement shall be deleted and replaced by the table attached to this letter agreement.

3. Save and except to the extent set out above, the Loan Agreement remains unchanged.

Office of the Director General

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
www.adb.org

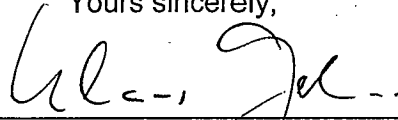
Tel: +63 2 632 4444
Fax: +63 2 636 2444



4. Pursuant to ADB's Public Communications Policy ("PCP") on disclosure and exchange of information, the amendments to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendments become effective, after removing any information that falls within the PCP exceptions as specified by the Borrower.

5. Please indicate the Borrower's concurrence to the amendments set out in paragraph 2 of this letter agreement by countersigning each of the two originals of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendments shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,


Klaus Gerhaeusser
Director General

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: Nodar Khaduri

Designation: Minister of Finance

Date: 2 May, 2014

ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS
(Urban Services Improvement Investment Program-Project 1)

CATEGORY			ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account
1	Works	32,879,218	84.75% of total expenditure claimed
2	Goods	2,608,555	84.75% of total expenditure claimed
3	Consulting Services	11,660,557	84.75% of total expenditure claimed
4	Interest	1,368,898	100% of amounts due
5	Unallocated	2,825,773	
	Total	51,343,000	