

21 October 2016

Mr. Nodar Khaduri  
Minister  
Ministry of Finance  
Georgia

Dear Minister Khaduri:

**Subject: Loan No. 2807-GEO(SF): Urban Services Improvement Investment Program,  
Project 2 – Amendment No. 2 to Loan Agreement**

1. We refer to the Loan Agreement dated 1 December 2011 between Georgia (“Borrower”) and the Asian Development Bank (“ADB”) for the Urban Services Improvement Investment Program-Project 2 (as amended, 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 a letter from the Ministry of Finance dated 18 May 2016, ADB approved, on 2 September 2016, a change in scope of Project 2 of the Urban Services Improvement Investment Program to include the financing of water supply works in Bakuriani 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) Paragraph 2 of Schedule 1 shall be amended to read as follows:

“2. The Project shall comprise the construction of water supply and sanitation facilities in the towns of Anaklia, Bakuriani, Mestia and Ureki.”

(b) 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.

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.

6. The proposed amendments shall take effect on the date of receipt by ADB of notification of the Government of Georgia on the fulfillment of all legal procedures necessary for its entry into force.

Sincerely,



Sean M. O'Sullivan  
Director General  
Central and West Asia Department

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:

15-11-2016

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Urban Services Improvement Investment Program-Project 2)</b>			
<b>CATEGORY</b>			<b>ADB FINANCING</b>
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for ADB Financing (SDR) Category</b>	<b>Basis for Withdrawal from the Loan Account</b>
1	Civil Works and System Operation & Maintenance	24,430,827	84.75% of total expenditure claimed
2	Interest Charge	616,173	100% of amounts due
3	Unallocated	--	
	Total	25,047,000	