

27 January 2014

Mr. Nodar Khaduri
Minister of Finance
Ministry of Finance
Georgia

Dear Minister Khaduri:

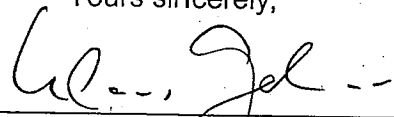
Subject: Loan No. 2807-GEO(SF): Urban Services Improvement Investment Program - Project 2 – Amendment to Loan Agreement

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 ("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 2 of the Urban Sector Services Improvement Investment Program to include the financing of WSS 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) 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, 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. The proposed amendments shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,

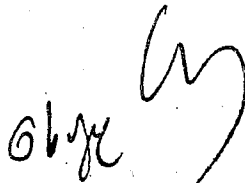


Klaus Gerhäuser
Director General

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 2)			
CATEGORY			ADB FINANCING
Number	Item	Total Amount Allocated for ADB Financing (SDR) Category	Basis for Withdrawal from the Loan Account
1	Civil Works and System Operation & Maintenance	23,315,471	84.75% of total expenditure claimed
2	Interest Charge	616,173	100% of amounts due
3	Unallocated	1,115,355	
	Total	25,047,000	