Supplemental Letter No. 2

SOCIETE NATIONALE D'EXPLOITATION ET DE DISTRIBUTION DES EAUX

August 19, 2014

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Dear Sirs and Mesdames:

Re: Loan No. 8395-TN
(Additional Loan for the Urban Water Supply Project)

In connection with the Loan Agreement of even date between the International Bank for Reconstruction and Development (the Bank) and the Société Nationale d'Exploitation et de Distribution des Eaux (the Borrower) for the above-captioned Additional Loan, the Borrower hereby undertakes and warrants to the Bank that:

1. The financial statements dated December 31, 2012, copies of which have been furnished to the Bank, correctly set forth the financial and operating conditions of the Borrower as of that date (subject to the qualified opinion issued by the Borrower’s auditors regarding such financial statements), and since that date there have been no material adverse changes in the financial and operating conditions of the Borrower.

2. The Borrower is not engaged in litigation as plaintiff or defendant, the outcome of which might materially and adversely affect its financial condition.

3. The Borrower has no outstanding agreements or liabilities, contingent or otherwise (including taxes), that might materially and adversely affect its financial condition.

4. No debt of the Borrower is secured by any mortgage, pledge, charge, priority, or other lien, and no contract or arrangement exists for the creation of any such mortgage, pledge, charge, priority, or other lien.

5. There are no existing defaults in the payment of principal of, or interest or other charges on, any of the debts of the Borrower.

6. The Borrower is not in violation of, and the execution and delivery of the Loan Agreement and the compliance with all its terms thereof do not and will not result in any violation of, any provisions of any existing agreement, franchise, concession, license, or permit, or of any statute, law,
decree, regulation, or any other legal rule of a similar nature presently in effect and applicable to the Borrower.

7. The Borrower is a duly existing autonomous public entity under the laws of the Republic of Tunisia, with full authority to carry out its present business, to carry out the Project, and to execute and deliver the Loan Agreement, and has furnished to the Bank true copies of Law No. 68-22 dated July 2, 1968, Law No. 76-21 dated January 21, 1976, and Decree No. 97-564 dated March 31, 1997, presently in force and effect and governing or applicable to the operations of the Borrower.

It is our understanding that, in making the Additional Loan and entering into the Loan Agreement with the Borrower, the Bank may rely on the representations contained herein.

Very truly yours,

SOCIETE NATIONALE D'EXPLOITATION ET DE DISTRIBUTION DES EAUX

[Signature]

18.08.2004

By [Signature]

Authorized Representative