Re: Urban Transport Development Project (Loan No.7125-LE) and (Loan No. 7642-LE)

Amendment to the Loan Agreements

December 17, 2013

H. E. Mohamad Safadi
Minister of Finance
Ministry of Finance
Republic of Lebanon

We refer to the: (a) Loan Agreement dated September 26, 2002 between Lebanese Republic (the Borrower) and the International Bank for Reconstruction and Development (the Bank), as amended (the Original Loan Agreement); and (b) Loan Agreement dated January 30, 2009 between Lebanese Republic (the Borrower) and International Bank for Reconstruction and Development (the Bank), as amended (the Additional Loan Agreement), for the Urban Transport Development Project (the Project). We also refer to your letter dated August 27, 2013, requesting an amendment to the Loan Agreement.

I am pleased to inform you that, after due consideration, the Bank concurs with the request, and consequently both the Original Loan Agreement and the Additional Loan Agreement are hereby amended as set forth below:

A. Original Loan Agreement

1. Paragraph 1 of Schedule 2 to the Original Loan Agreement is amended to read as follows:

“The objective of the Project is to provide the city of Beirut and the Greater Beirut Area (GBA) with the basic institutional framework, which it now lacks, and critical investments needed to maximize the efficiency of the existing urban transport infrastructure.”

2. Section 2.03 of Article II of the Original Loan Agreement is amended to read as follows:

“Section 2.03. The Closing Date shall be December 31, 2015, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.”

B. Additional Loan Agreement

1. Paragraph 1 of Schedule 1 to the Additional Loan Agreement is amended to read as follows:
"The objective of the Project is to provide the city of Beirut and the Greater Beirut Area (GBA) with the basic institutional framework, which it now lacks, and critical investments needed to maximize the efficiency of the existing urban transport infrastructure."

2. The table in Section A.2 of Schedule 2 to the Additional Loan Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) under Parts A and B of the Project</td>
<td>9,878,807</td>
<td></td>
</tr>
<tr>
<td>(b) under Part C of the Project</td>
<td>30,590,523</td>
<td></td>
</tr>
<tr>
<td>(2) Goods</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) under Parts A, B, C and E of the Project</td>
<td>22,694,067</td>
<td></td>
</tr>
<tr>
<td>(b) under Part D of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(3) Consultants' services and training</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) under Parts A, B, C and E of the Project</td>
<td>6,362,353</td>
<td></td>
</tr>
<tr>
<td>(b) under Part D of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) Front-end Fee</td>
<td>174,250</td>
<td></td>
</tr>
<tr>
<td>(5) Incremental operating costs</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
3. Section B.2 of Schedule 2 to the Additional Loan Agreement is amended to read as follows:

"2. The Closing Date is December 31, 2015."

Except as specifically amended by this amendment letter, all provisions of the Original Loan Agreement and the Additional Loan Agreement otherwise remain in full force and effect.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below, and returning one (1) fully executed original of this amendment letter to us and retaining one (1) original of the letter for your records. This amendment letter shall become effective as of the date of countersignature.

Yours sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Authorized Representative

AGREED:
REPUBLIC OF LEBANON

[Signature]

By

Authorized Representative

Name: MOHAMAD SAFDI

Title: MINISTER OF FINANCE

Date: 18/12/2013
Prepared by: Mazhar Farid (LEGAM)

Cleared by and bcc: Ida Car (CTRLN)

Bcc: Ziad Nakat (MN sTI); Mei Wang (LEGAM); WBDocs.