Mr. Dimitri Gvindadze  
Minister of Finance  
Ministry of Finance  
Tbilisi, Georgia

Dear Mr. Gvindadze:

Re: Credit No. 3702-GE  
Health Sector Development Project  
Amendment to the Amended and Restated Financing Agreement

We refer to the Amended and Restated Financing Agreement (Credit No. 3702-GE) for the above-referenced Project, dated May 20, 2009 between Georgia (the Recipient) and the International Development Association (the Association) as amended (the Financing Agreement). We also refer to your letter dated June 2, 2011, requesting certain amendments to the Financing Agreement.

We are pleased to inform you that, after due consideration, the Association has agreed to amend the Financing Agreement as follows:

1. Part C under Schedule 1 to the Financing Agreement is amended to read as follows:

   "Part C: Project Management Support
   Provision of technical assistance, goods and training for NCDC&PH for the purposes of project implementation; financing of the operating costs of NCDC&PH; and carrying out of rehabilitation works of NCDC&PH’s existing office space."

2. Section I.A.3(a) of Schedule 2 to the Financing Agreement is amended to read as follows:

   "3. (a) Except as the Recipient and the Association shall otherwise agree, the Recipient shall provide, through MOF, evidence satisfactory to the Association, by no later than thirty (30) days after the annual budget has been approved by the Recipient’s Parliament of each year during Project implementation, starting as of 2003, that sufficient resources have been allocated in the Recipient’s annual budget to cover all the counterpart funding requirements under this Project for the year in question, including counterpart funding requirements for NCDC&PH; and"

3. Section I.A.4 of Schedule 2 to the Financing Agreement is amended to read as follows:

   "4. The Recipient, through MOLHSA, shall maintain, during the course of Project implementation, the NCDC&PH with the responsibility to assist MOLHSA in the management, coordination, and monitoring of the Project, with a structure and functions"
agreed with the Association, and sufficient staff with qualifications, experience, and terms of reference agreed with the Association.”

4. Category (5) in the table under Section IV.A.2 to Schedule 2 to the Financing Agreement is amended to read as follows:

“(5) Incremental Operating Costs of NCDC&PH under the Original Project”

5. The definition under paragraph 7 of the Appendix to the Financing Agreement is amended to read as follows:

“7. NCDC&PH” means the National Center for Disease Control and Public Health of the Recipient established by virtue Presidential Decree No. 66, dated February 9, 2011, operating for the purposes of the Project as referred to in Section I.A.3 and I.A.4 of Schedule 2 of this Agreement.”

6. All the terms and conditions of the Credit Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing by signing, dating and returning to us the enclosed copy of this letter. This amendment shall become effective upon our receipt of the countersigned copy of this amendment letter and the written notification from the Borrower of the completion of necessary domestic procedures for the entry into force of this amendment.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

B:/s/ Asad Alam

Country Director
South Caucasus Country Unit
Europe and Central Asia Region

AGREED AND CONFIRMED:

GEORGIA

By: /s/ Mr. Dimitri Gvindadze

Title: Minister of Finance

Date: June 28, 2011