March 17, 2000

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

Re: Loan No. 4538 BUL
(Environment and Privatization Support Adjustment Loan)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

Referring to the provisions of Section II, paragraph 2 of Schedule 3 to the Loan Agreement between Republic of Bulgaria (the Borrower) and the International Bank for Reconstruction and Development (the Bank), the Borrower hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serve as the basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF BULGARIA

By /s/ Muravei Radev
Authorized Representative