MUNICIPAL DEVELOPMENT FUND

August 4, 2015

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

Re: Loan No. 8494-GE
(Third Regional Development Project)
Representations

Dear Sirs and Mesdames:

In connection with the Project Agreement of this date between the International Bank for Reconstruction and Development (the Bank) and the Project Implementing Entity (the Municipal Development Fund) for the above-captioned Project, the Municipal Development Fund hereby undertakes and warrants to the Bank that:

1. The financial statements as of December 31, 2013, copies of which have been furnished to the Bank, correctly set forth the financial and operating condition of the Project Implementing Entity as of that date, and since that date there have been no material adverse changes in the financial and operating conditions of the Municipal Development Fund.

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

3. The Municipal Development Fund 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 Municipal Development Fund 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 Municipal Development Fund.

6. The Municipal Development Fund is not in violation of, and execution and delivery of the Project Agreement and the compliance with all its terms 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-law, executive decree, regulation, or any other legal rule of a similar nature presently in effect and applicable to the Municipal Development Fund.

7. The Municipal Development Fund is a duly existing Public Law Entity, under the laws of Georgia, established pursuant to Presidential Decree No. 294, dated June 7, 1997, as amended to date, with full authority to carry out its present business, to carry out the Project and to execute and deliver the Project Agreement, and has furnished to the Bank true copies of its Charter presently in effect and governing the Municipal Development Fund.

It is our understanding that, in making the Loan and entering into the Project Agreement with the Municipal Development Fund, the Bank may rely on the representations contained herein.

Very truly yours,

MUNICIPAL DEVELOPMENT FUND

By ________________________________
Authorized Representative