June 5, 2015

His Excellency Nodar Khaduri
Minister of Finance
Ministry of Finance
16 Gorgasali Street,
Tbilisi, Georgia

Re: GEORGIA: Sustainable Wastewater Management Project
SIDA Grant No. TF014912
Amendment to the Letter Agreement

Excellency:

We refer to the Letter Agreement entered into between Georgia (the Recipient) and the International Bank for Reconstruction and Development and the International Development Association (the World Bank), acting as administrator of grant funds provided by Sweden through the Swedish International Development Cooperation Agency (“Donor”) under the Swedish Programmatic Trust Fund for Supporting Sustainable Wastewater Management in Georgia, dated July 12, 2013 and countersigned on July 25, 2013 (the Agreement) for the above-captioned Project. Capitalized terms used in this letter (Amendment Letter) and not defined herein have the meaning ascribed to them in the Agreement.

We are pleased to inform you that pursuant to our recent discussions, the World Bank proposes to amend the Agreement to increase the amount of available Grant funds by an additional eight hundred thousand United States Dollars ($800,000) - the increase in Grant funds reflects an additional contribution received from the Donor. Additionally, we are proposing some modifications regarding the obligations of the Project Implementing Entity. Accordingly, the Agreement is amended as follows:

1. The first paragraph of the Agreement is amended by revising the aggregate value of the Grant to ten million fifty two thousand one hundred fifty-five United States Dollars ($10,052,155)

2. The table under paragraph 3.01 of the Annex to the Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, consultants’ services and Training</td>
<td>10,052,155</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>10,052,155</strong></td>
<td></td>
</tr>
</tbody>
</table>
3. Paragraphs (c) and (d) under section 2.03.11 in the Agreement are amended to read as follows:

“(c) The Recipient shall cause the Project Implementing Entity to: (i) ensure that all activities undertaken for the purpose of carrying out of the Project comply with environmental standards and guidelines satisfactory to the World Bank; (ii) ensure that the selection of any Investment Subproject under Part II of the Project is done in accordance with the provisions of the EMP; (iii) ensure the complete implementation of the EMP(s) in a manner acceptable to the World Bank, including all necessary measures to minimize and to mitigate any adverse environmental impacts caused by the implementation of the Project; and (iv) maintain the Project Implementing Entity’s environmental unit with competent staff in adequate numbers and with such responsibilities and functions acceptable to the World Bank as shall enable the Project Implementing Entity to manage, coordinate and monitor the implementation of the EMP(s).

(d) The Recipient shall cause the Project Implementing Entity to: (a) prepare the RAP(s) according to the RPF; (b) maintain and publicize the availability of, grievance procedures to hear and determine fairly and in good faith, in accordance with the RPF, all complaints raised in relation to the implementation of the RAP(s), and take all measures necessary to implement the determinations made under such grievance procedures; and (c) review consistency of the RAP(s) with the RPF and confirm implementation of RAP(s) prior to commencement of works under each Investment Subproject for which a RAP has been prepared.”

4. Section 2.05 is amended to read as follows:

“2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall cause the Project Implementing Entity to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall cause the Project Implementing Entity to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.07 of this Agreement.”

5. Section 2.06 is amended to read as follows:

“2.06. Financial Management. (a) The Recipient shall cause the Project Implementing Entity to ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall cause the Project Implementing Entity to ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.
(c) The Recipient shall cause the Project Implementing Entity to have the Project’s Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

6. Please be advised that the World Bank has established June 30, 2018 as the new Closing Date of the Grant modifying therefore, the date under Section 3.03 of the Annex to the Grant Agreement.

All of the terms and conditions of the Agreement that have not been amended pursuant to this Amendment Letter shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing by signing and dating the confirmation on the enclosed copy of this Amendment Letter and returning it to us. This Amendment Letter shall be executed in two counterparts, each of which shall be an original. The provisions of this Amendment Letter shall become effective as of the date of its countersignature upon receipt by the World Bank of one fully executed original of this Amendment Letter.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: [Signature]

Henry Kerali
Regional Director for South Caucasus
Europe and Central Asia Region

AGREED:

GEORGIA

By: [Signature]

Authorized Representative

Name: Nodar Khaduri
Title: Minister of Finance
Date: June 24, 2018