November 26, 2013

H.E. Nikola Spiric
Minister
Ministry of Finance and Treasury
Trg Bih 1 71000 Sarajevo
Bosnia and Herzegovina

Re: Bosnia Water Quality Protection Project: Mostar Water and Sanitation Amendment to Swedish Trust Fund Grant Agreement (TF099534)

Excellency:

We refer to the Grant Agreement for the above mentioned project between Bosnia and Herzegovina (the Recipient) and the International Bank for Reconstruction and Development (the Bank), acting as Administrator of the Swedish Trust Fund, dated July 19, 2011 (the Grant Agreement). We are pleased to inform you that the Bank has received a supplemental contribution from the Swedish Government for this trust fund for purposes of the Project. Therefore, the Grant Agreement is hereby amended as follows:

1. Section 3.01. of the Grant Agreement is amended to increase the total amount of the grant to US$5,667,147 (five million six hundred sixty seven thousand one hundred and forty seven dollars).

2. Schedule 1 of the Grant Agreement is amended as follows:

   “The objective of the Project is (i) to improve the water quality of the Neretva River through connection to a central wastewater collection system of Mostar central valley users, and transportation of wastewater to the waste water treatment plant for further treatment; and (ii) to reduce the flow of untreated wastewater coming from the town of Zivinice. Rehabilitation of the wastewater treatment facility in Zivinice will in turn improve the water quality in the Bosna River.

   “The Project consists of the following parts:

   “Part 1: Mostar

   “Construction and provision of goods (including equipment) for the first phase of a waste water treatment plant at Mostar, including inlet lifting station, screening facilities and an outlet structure, civil, mechanical and electrical works as defined for the first construction phase, including a transformer for power supply.

   “Part 2: Zivinice
“(i) Zivinice Wastewater Treatment Plant, Phase 1. Financing of part of phase 1 of the plant, including biological wastewater and sludge treatment facilities. The facility will include activated sludge basins with aeration equipment for biological treatment and sludge stabilization, a final settling tank, equipped with scraper bridge and sludge storage and drying facilities. A laboratory will be installed for surveying the quality of the effluent and controlling the operation parameters.

“(ii) Technical Assistance and Capacity Building. Supporting enhanced management and operation capacity of the utility staff, improving their financial and operational performance and customer service orientation. A feasibility study developed when the Water Quality Protection Project was prepared identified the need to increase the manpower and capacity at the utility, reduce technical problems such as leakage and losses, introduce computerized asset management system, management information system and customer information system, and improve planning and safety culture.”

3. The disbursement table contained in Schedule 2, Section IV, Part A, paragraph 2 is hereby replaced with the table below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Civil Works under Part 1 of the Project</td>
<td>2,000,000</td>
<td>80%</td>
</tr>
<tr>
<td>(2) Goods under Part 1 of the Project</td>
<td>1,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ Services under Part 1 of the Project</td>
<td>300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Operating Costs under Part 1 of the Project</td>
<td>55,747</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Civil works and goods under Part II of the Project</td>
<td>1,769,120</td>
<td>80%</td>
</tr>
<tr>
<td>(6) Consultants’ Services under Part II of the Project</td>
<td>442,280</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>5,667,147</td>
<td></td>
</tr>
</tbody>
</table>
All the other terms and conditions of the Grant Agreement, as amended, shall remain in full force and effect.

Because of its interest in this matter, a copy of this Amendment is being provided to the Federation.

This Amendment shall come into effect upon our receipt of the countersigned copy. Please confirm your agreement with the foregoing modifications on behalf of the Recipient by signing, dating and returning to us one of the enclosed copies of this Amendment.

Sincerely yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Ellen Goldstein
Country Director, Southeast Europe
Europe and Central Asia Region

CONFIRMED AND AGREED:

BOSNIA AND HERZEGOVINA

By: [Signature]

Name: Nikola Spiric
Title: Minister
Date: 25 March 2014