

October 26, 1999

Mr. Dainius Grikinis
Deputy Minister of Finance
Ministry of Finance
Vilnius, Lithuania

Dear Mr. Grikinis:

Loan No. 3866-0-1-2 - LT (Enterprise and Financial Sector
Assistance Project) - Amendments to the Loan Agreement

We refer to the Loan Agreement dated July 19, 1995, for the above-referenced Loan, as amended pursuant to letters of amendment executed between the Borrower and the Bank, dated August 24, 1995, and July 23, 1996. We also refer to the letter from Minister Semeta dated June 2, 1998, requesting that the Loan be amended with a view to replenishing the US Dollar amount of the Loan available for financing Sub-loans to Beneficiaries under Part A of the Project. We are pleased to inform you that the Bank accedes to your request and propose to introduce the following amendments in the Loan Agreement:

1. Section 2.07 of the Loan Agreement shall be modified as follows: "Section 2.07. (a) The Borrower shall repay the principal amount of the Loan disbursed out of Category (1) of the table set forth in paragraph 1 of Schedule 1 to this Agreement on January 15, 2005. (b) The Borrower shall repay the principal amount of the Loan disbursed out of Categories (2) through (5) of the table set forth in paragraph 1 of Schedule 1 to this Agreement in accordance with the amortization schedule set forth in Schedule 3 to this Agreement."

2. A new Category (5) shall be added to the table set forth in paragraph 1 of Schedule 1 to the Loan Agreement (Withdrawal of the Proceeds of the Loan), which shall designate the following items as eligible expenditures:

"Goods, works and services under Part A of the Project (Supplemental)."
Expenditures under such Category (5) shall be eligible to be financed under the Loan in the amount of 100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally for goods; 100% for works; 100% for consultants' services.

3. A reallocation of the Dollar Tranche amounts provided for under the said table shall be made as follows:

Category	(Original Allocation) Amount of the Dollar Tranche of the Loan Allocated (Expressed in Dollar Equivalent)	(New Allocation) Amount of the Dollar Tranche of the Loan Allocated (Expressed in Dollar Equivalent)
(1) Goods, works and services under Part A of the Project	17,500,000	17,500,000
(2) Services under Part B.1 of the Project	4,380,000	3,463,806
(3) Services under Part B.2 of the Project	40,000	32,438
(4) Goods under Part B.2 of the Project	80,000	0
(5) Goods, works and services under		

Part A of the Project - Supplemental	[0]	1,003,756
TOTAL:	22,000,000	22,000,000

* The amount of the Deutsche Mark tranche of the Loan (DEM 4,500,000) allocated to Category (1), as per the original Loan Agreement, is not affected by this amendment, and the obligations applicable thereto shall remain unchanged.

4. Paragraph 1 (a) of Schedule 5 to the Loan Agreement (Implementation Program) is amended to read as follows:

"(a) relend to PFIs the equivalent of the proceeds of the Loan allocated from time to time to Categories (1) and (5) of the table set forth in paragraph 1 of Schedule 1 to this Agreement" etc.

5. Paragraph 1 of Section II of the Annex to Schedule 5 (Terms and Conditions of the Sub-loans and Eligibility Criteria) is amended to read as follows: "1. The principal amount of each Sub-loan made out of the proceeds of the Loan allocated from time to time to Categories (1) and (5) of the table set forth in paragraph 1 of Schedule 1 to this Agreement" etc.

6. Sub-paragraph (a) of Paragraph 1 of Schedule 6 to the Loan Agreement (Special Account A) shall be modified to read as follows:

"(a) the term "eligible Categories" means Categories (1) and (5) set forth in the table in paragraph 1 of Schedule 1 to this Agreement."

Please confirm your agreement to the foregoing by signing and dating the form of confirmation on the enclosed copy of this letter and returning such copy to us. This amendment will become effective as of the date hereof upon receipt of your confirmation copy by the Bank.

Sincerely,

By /s/ Basil Kavalsky
Country Director for Estonia, Latvia, Lithuania and Poland
Europe and Central Asia Region

CONFIRMED:

REPUBLIC OF LITHUANIA

By /s/ Dainius Grikinis
Authorized Representative

Date: November 5, 1999

