



30-Jul-2021, 2021

Lasha Khutsishvili
Minister of Finance
Ministry of Finance
16 Gorgasali Street
Tbilisi, Georgia

**Re: GEORGIA: Loan No. 8599-GE
(Secondary Road Asset Management Project)
Amendment No. 1 to the Loan Agreement**

Dear Minister,

We refer to the Loan Agreement for the above-referenced Loan between Georgia (the Borrower) and the International Bank for Reconstruction and Development (the Bank) dated March 28, 2016 (the Loan Agreement). We also refer to your letter dated February 10, 2021 and other subsequent communication requesting certain amendments to the Loan Agreement.

We are pleased to inform you that the Bank, after due consideration, has accepted your request. Accordingly, the Loan Agreement is amended as follows:

1. **Part 1 of Schedule 1** (Secondary Road Assets Improvement and Preservation) is deleted entirely and amended to read as follows:

- “1. Rehabilitation of Selected Secondary Road sections in Guria region.
2. Rehabilitation of Selected Secondary Road sections in Mtskheta-Mtianeti, Racha-Lechkhumi and Shida Kartli regions.
3. Monitoring and supervision of works contracts.”

2. **Part 2 of Schedule 1** (Enhanced Secondary Road Assets Planning and Management) is deleted entirely and amended to read as follows:

- “1. Capacity strengthening of RD to enhance its multi-year programming and annual planning through provision of technical assistance to support the enhancement of RAMS to improve: (i) data collection practices and quality; and (ii) assets programming and planning through the procurement of Goods, Works, and Services.
2. Capacity strengthening of RD to integrate road safety into road asset management through provision of technical assistance to support and expand International Road Assessment Program (iRAP) on 900 kilometers of international and secondary roads network in Georgia.
3. Capacity strengthening of RD to integrate climate resilience practices into road asset management through provision of technical assistance to support: (i) assessment of vulnerability of Selected Secondary Roads in Racha region to climate change; and (ii) development and implementation of priority climate resilience measures including preparation of technical designs

and procurements documents for implementation of identified climate resilience works on secondary road network in Racha.”

3. **Paragraph 3 of Section II Part C of Schedule 2** is amended to read as follows:

“3. No later than one hundred twenty days (120) after the end of each calendar year during Project implementation starting in calendar year 2021, and 30 days before the Closing Date, the Borrower shall furnish to the Bank a complete Independent Performance Audit Report including all the findings and results from the Independent Performance Audit, as well as the certifications from the Project Audit Consultant.”

4. New **paragraph 4 is added to Section II Part C of Schedule 2** to read as follows:

“4. The Borrower shall furnish to the Bank a complete Independent Performance Audit Report including all the findings and results from the Independent Performance Audit, as well as the certifications from the Project Audit Consultant, no later than August 31, 2021 for the calendar years 2018, 2019 and 2020.”

5. **Section IV.B.7 of Schedule 2** is amended to read as follows:

“The Closing Date is June 30, 2023.”

6. **Schedule 4 (DLI Table)** to the Loan Agreement is deleted entirely and amended to read as set forth in Attachment 1 to this Amendment Letter.

Except as specifically amended in this letter, all other provisions of the Loan Agreement remain in full force and effect. Please confirm your agreement to the amendments set out above by countersigning this Amendment Letter. This Amendment Letter shall become effective upon: (i) receipt by the Bank of the countersigned and validated copy of this Amendment Letter through DocuSign; (ii) receipt by the Bank of the Borrower’s confirmation of completion of all internal procedures under the laws of Georgia; and (iii) notification by the Bank of the effectiveness of this Amendment Letter.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Sebastian Molineus
Regional Director for the South Caucasus

AGREED:

GEORGIA

By: Lasha Khutsishvili
Name: Lasha Khutsishvili
Title: Minister
Date: 30-Jul-2021

**SCHEDULE 4
DLI Table**

DLI	Unit of Measurement	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total amount allocated to each achieved DLI
		From Effective Date to December 31, 2017	From January 1, to December 31, 2018	From January 1, to December 31, 2019	From January 1, to December 31, 2020	From January 1, to December 31, 2021	From January 1, 2022 to June 30, 2023	
Target								
1.1. Project Roads rehabilitated and periodically maintained under OPRC	Share (%) of Project Roads rehabilitated and/or periodically maintained under OPRC	Consultant for preparation of detailed design and bidding documents for rehabilitation and maintenance of project roads under OPRC and provision of supervision/monitoring services selected	Detailed design and bidding documents for rehabilitation and maintenance of project roads under OPRC prepared	-	-	-	-	
	Loan amount, US\$	395,200	395,200	0.00	0.00	0.00	0.00	790,400
1.2. Project Roads Rehabilitated in Guria Region	Share (%) of Project Roads rehabilitated in Guria	-	-	-	-	55%	45%	100%
	Loan amount, US\$	0.00	0.00	0.00	0.00	10,725,000	8,775,000	19,500,000
1.3. Targets of the Design-build Sub-program achieved	Length (Km) of roads rehabilitated under Design-build Sub-program	Six Design-build contracts, signed and design phase commenced	60	40	-	-	-	100
	Loan amount, US\$	1,810,000	9,927,000	6,223,000	0.00	0.00	0.00	17,960,000

2.1. Preparation of fully-costed Five-Year Rolling Program using the improved methodology	Preparation of fully-costed Five-Year Rolling Program	Update of a Five-Year Rolling Program and preparation of Yr2 plan	Update of a Five-Year Rolling Program and preparation of Yr3 plan	Update of a Five-Year Rolling Program and preparation of Yr4 plan	Update of a Five-Year Rolling Program and preparation of Yr5 plan	Update of a Five-Year Rolling Program and preparation of Yr6 plan	Update of a Five-Year Rolling Program and preparation of Yr7 plan	
	Loan amount, US\$	79,800	79,800	79,800	79,800	79,800	79,800	478,800
2.2. Integration of road safety in asset management	iRAP study conducted on international and secondary roads networks (Km) ¹	-	-	-	500	200	200	900
	Loan amount, US\$	0.00	0.00	0.00	239,400	119,700	119,700	478,800
2.3. Introduction of climate resilience practices in RD's road asset management	Introduction of climate resilience practices in RD's road asset management	-	-	-	-	Detailed design and bidding documents for climate resilience measures in Racha completed	Implementation of priority climate resilient measures in Racha	
	Loan amount, US\$	0.00	0.00	0.00	0.00	180,000	512,000	692,000
PROPORTION OF LOAN AMOUNTS FOR EACH DLI PER YEAR, US\$		2,285,000	10,402,000	6,302,800	319,200	11,104,500	9,486,500	39,900,000

¹ In order to implement Georgia Road Assessment Program (GeoRAP), methodology needs to be developed based on the International Road Assessment Program (iRAP) and the system adjusted in a way that the RD could use it easily to monitor, plan and manage road safety on its network. As iRAP system has not been adapted to GeoRAP yet, the RD will proceed with iRAP in the frame of the SRAMP.