MUNICIPAL DEVELOPMENT FUND

November 9, 2012

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Credit No. 5178-GE
(Second Regional Development Project)

Representations

Dear Sirs and Mesdames:

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

1. The financial statements as of December 31, 2011, copies of which have been furnished to the Association, 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 Project Implementing Entity.

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

3. The Project Implementing Entity 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 Project Implementing Entity 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 Project Implementing Entity.

6. The Project Implementing Entity is not in violation of, and execution and delivery of the Project Agreements 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 Project Implementing Entity.
7. The Project Implementing Entity 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 Association true copies of its Charter presently in effect and governing the Project Implementing Entity.

It is our understanding that, in making the Credit and entering into the Project Agreement with the Project Implementing Entity, the Association may rely on the representations contained herein.

Very truly yours,

MUNICIPAL DEVELOPMENT FUND

By

Authorized Representative