

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to improve water treatment services in Borjomi Municipality through (A) the implementation of the PIP to include raw water treatment plant construction, reservoirs and network rehabilitation; (B) the enhancement of financial, managerial, operational performance and customer relations of the Project Entity through the implementation of the CDCSP; and (C) the enhancement of the capacity of the Borjomi Municipality as a beneficiary of the Project Entity's services to monitor the Project Entity's service delivery through the implementation of the CDCSP.

2. The Project consists of the following parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:

- Part 1:
- Construction of the Sadgeri water treatment plant;
 - Construction of a 7 kilometre trunk main from the Sadgeri water treatment plant to the reservoirs;
 - Re-equipment of the Sadgeri water intake and pumping station;
 - Rehabilitation of the water supply network, supply and installation of meters, workshop rehabilitation and equipment, wastewater repairs; and
 - Reconstruction of water reservoirs.

Part 2: Implementation of the CDCSP.

3. The Project is expected to be completed by November 2011.