Hon. Syda Bbumba  
Minister of Finance, Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
P.O. Box 8147  
Kampala  
Republic of Uganda  

Dear Minister:

Uganda: Kampala Institutional and Infrastructure Development Project  
(Cr. 4367-UG)  

Extension of the Closing Date and Reallocation of Proceeds  
Second Amendment to the Financing Agreement  

We refer to the Financing Agreement (the Agreement) dated February 20, 2008 between the International Development Association (IDA) of the World Bank (referred to as the Association in the Agreement) and the Republic of Uganda (the Recipient), concerning the above mentioned credit for financing the Kampala Institutional and Infrastructure Development Project (the Project). We also refer to a letter from the Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development, dated February 9, 2010, requesting the World Bank to extend the closing Date of the Credit for up to twenty four (24) months.

After consideration of reasons for the delays in the implementation of the civil works, we are pleased to inform you that the World Bank agrees to amend Section IV. A. (2.) and B. (2.) of Schedule 2 to the Agreement and to reallocate the credit proceeds to accommodate the payments of compensation costs for involuntary resettlement to avoid any further delays in implementation of civil works which cannot start before full payment of the associated involuntary resettlement costs. An additional category of eligible expenditure, grants to community, has been added to the project for this purpose. In addition, IDA agrees to a further reallocation of credit proceeds for the Consultant’s Services category to accommodate increased consultancy costs due to the extension of the credit closing date for two years. As a result, we are hereby amending the table under Section IV. A. (2.) of Schedule 2 to the Agreement as presented here below:
<table>
<thead>
<tr>
<th>Category of Expenditure</th>
<th>Amount of Credit Allocation (in SDR)</th>
<th>% of Expenditures to be financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Revised</td>
</tr>
<tr>
<td>(1) Works</td>
<td>14,000,000</td>
<td>10,984,000</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>800,000</td>
<td>1,123,000</td>
</tr>
<tr>
<td>(3) Consultants’ Services including Audit, Training and Workshops</td>
<td>4,400,000</td>
<td>6,700,000</td>
</tr>
<tr>
<td>(4) Operating Costs</td>
<td>530,000</td>
<td>622,000</td>
</tr>
<tr>
<td>(5) Refund of Project Preparation Advance</td>
<td>650,000</td>
<td>680,000</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>1,620,000</td>
<td>736,000</td>
</tr>
<tr>
<td>(7) Grants to Communities</td>
<td>N/A</td>
<td>1,155,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>22,000,000</td>
<td>22,000,000</td>
</tr>
</tbody>
</table>

For the purpose of Section IV. B (2.) of Schedule 2 to the Agreement, the new Closing Date for the project is amended and established as December 31, 2012.

In all respects other than as set forth above, the provisions of the Agreement shall continue to apply with full force and effect.

Please confirm your agreement to the foregoing amendments by signing and dating the two (2) originals of this Amendment Letter and returning one fully signed original to us.

The provisions set forth in this Amendment Letter will become effective upon receipt by the Association of one (1) fully executed original of this Amendment Letter.

Sincerely yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ John Murray McIntire
John Murray McIntire  
Country Director for Tanzania, Uganda and Burundi  
Africa Region

AGREED:  
THE REPUBLIC OF UGANDA

/l/s/. Syda Bbumba
__________________________________
By: Authorized Representative

Name: ____________________________

Title: Minister of Finance, Planning and Economic Development

Date: 3-12-2010 ____________________

Copy to: Mr. Chris Kassami, Permanent Secretary/Secretary to the Treasury, Ministry of Finance, Planning and Economic Development 
Mr. John Kashaka Muhanguzi, Permanent Secretary, Ministry of Local Government 
Mr. David Kigenyi Naluwairo, Town Clerk, Kampala City Council