Dr William T. Muhairwe  
Managing Director  
National Water and Sewerage Corporation  
Kampala,  
UGANDA

Dear Dr. Muhairwe,

**Re: Kampala Water Connections for the Poor Project (Grant No. TF091510): Amendment of GPOBA-funded Grant Agreement and Extension of Closing Date**

We refer to the Grant Agreement for the aforementioned project, between the National Water and Sewerage Corporation (“NWSC” or “Recipient”) and the International Development Association (“World Bank”) dated February 19, 2008. We also refer to your letter with action plan dated September 7, 2010 requesting amendment to the Agreement.

After careful consideration, we are pleased to inform you that the World Bank has acceded to your requests:

a) Schedule 1 of the Agreement (Project Description) is amended to read as follows:

**Provision of output-based subsidies:**

Provision of subsidies to increase piped water supply through:

i. approximately 6,000 connections of new shared and domestic yard taps, estimated to serve about 90,000 people;

ii. establishment of approximately 200 new public water points or water kiosks, estimated to serve in total about 30,000 people;

iii. establishment of approximately 2,333 public water points with pre-paid meters, estimated to serve in total about 349,951 people; and

iv. 12 months of continued reliable water supply service through the connections specified above to the best NWSC standards.

b) Schedule 2, Section I. C. is amended to read as follows:

“For the purposes of the Project, the Recipient shall: (i) open and thereafter maintain, until the completion of the Project, an account (the Designated Project Account) on terms and conditions satisfactory to the World Bank; and (ii) ensure that amounts deposited into the account, by the Bank or the Recipient, shall be used exclusively to make payments to meet expenditures
made in respect of the reasonable cost of making the connections in accordance with Schedule 1.”

c) Schedule 2, Section I. E.2. is deleted in its entirety.

d) Schedule 2, Section II. B.3. is amended as follows:

“The Recipient shall, upon the World Bank's request, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one or more fiscal years of the Recipient. The audited Financial Statements for each request shall be furnished to the World Bank not later than 6 months from the date of the Bank's request.”

e) The closing date of the Grant is extended for an additional 23 months, and the new Closing Date is now December 1, 2013, for purposes of the Section IV.B.2. of Schedule 2 to the Agreement.

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

Please indicate your agreement with the foregoing amendments to the Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. The amendments to the Agreement shall become effective as of the date of countersignature of this letter.

Sincerely,

/s/ Kundavi Kadiresan
Kundhavi Kadiresan
Country Manager

AGREED:

NATIONAL WATER AND SEWERAGE CORPORATION

/s/ William Muhairwe

Name: Dr. William Muhairwe
Title: Managing Director