Honorable Maria Kiwanuka  
Minister of Finance Planning and Economic Development  
Ministry of Finance, Planning and Economic Development  
Kampala, UGANDA

Honorable Minister:

Re: Lake Victoria Environmental Management Project II (Phase I)  
Credit No. 4531-UG  
Amendment to Financing Agreement

We refer to the Financing Agreement dated October 29, 2009 ("Agreement"), between the Republic of Uganda ("Recipient") and the International Development Association ("Association") for the above stated Project. We refer also to your letter from Keith Muhakanizi, Permanent Secretary, Ministry of Finance, Planning and Economic Development, Republic of Uganda, dated April 25, 2012, requesting for the Agreement to be amended.

We are pleased to inform you that the Association concurs with your request and hereby amends the Agreement as follows:

1. Paragraph 1 of Schedule 1 to the Agreement is amended to read as follows:

   "The objectives of the Project are to contribute to: (i) the improvement of the collaborative management of the trans-boundary natural resources of the LVB among the Partner States; and (ii) the improvement of environmental management of targeted pollution hotspots and selected degraded sub-catchments for the benefit of communities who depend on the natural resources of LVB."

2. Part 1(a)(iv) of the Project is deleted in its entirety and replaced with the following:

   "(iv) review of the national policies and regulations in order to identify any legal impediments to the operationalization of the Fish Levy Trust Fund (FLTF); all through the provision of goods, consultants’ services, training and Incremental Operating Costs."

3. Part 1(b)(ii) of the Project is deleted in its entirety.

4. Part 2(a)(i) of the Project is amended to read as follows:

   "(i) construction and rehabilitation of selected wastewater treatment facilities;"
5. A new Part 3(c) of the Project is added to read as follows:

"(c) Watershed Rehabilitation and Conservation

Carrying out a program of activities designed to rehabilitate and conserve natural resources in the LV watersheds, such program to include erosion control, reforestation and protection of water sources."

6. Section I.A.2(b) of Schedule 2 to the Agreement is amended to read as follows:

"(b) The Recipient shall establish and maintain, throughout implementation of the Project, the NPCT, within the MWE’s Directorate of Water Resources Management (‘‘Directorate of Water Resources Management’’), with composition, terms of reference and resources satisfactory to the Association, to be responsible for overall day to day Project implementation, supervision and monitoring and evaluation of the Project. Without limitation on the foregoing, the NPCT shall at all times be supported by competent staff in adequate numbers, including a national Project coordinator, an accountant, a procurement officer, technical specialists/experts in water, fisheries, agriculture, forestry and environment or social sectors, all with qualifications, experience and terms of reference satisfactory to the Association."

7. Sections I.B.3, 4 and 5 of Schedule 2 to the Agreement are deleted in their entirety; Sections I.B.6 and 7 of said Schedule are renumbered as Sections I.B.3 and 4 respectively.

8. Section II.A of Schedule 2 to the Agreement is deleted in its entirety and replaced with the following:

"A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months before the Closing Date."
9. The withdrawal table in Section IV of Schedule 2 to the Agreement is deleted in its entirety and is replaced with the table in Annex 1 to this amendment letter.

    Except as provided herein, all other provisions of the Agreement shall remain in full force and effect.

    Please confirm your agreement to the foregoing by countersigning, dating, and returning to us the enclosed copy of this letter. Upon receipt by the Association of the copy of this letter countersigned by you, this amendment will become effective as of the date of the countersignature.

    Sincerely,

    Sajjad Ali Shah
    Acting Country Director for Tanzania, Uganda and Burundi
    Africa Region

    AGREED:

    REPUBLIC OF UGANDA

    By: Maria Kiwanuka
    Name: Maria Kiwanuka
    Title: Minister of Finance, Planning & Econ Dev
    Date: 10th August 2012
Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and Incremental Operating Costs for the Project (Pro memoria)</td>
<td>955,531</td>
<td>90%</td>
</tr>
<tr>
<td>(2) Consultants’ services, and Training for the Project (Pro memoria)</td>
<td>327,606</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Subprojects for Part 3(a) of the Project</td>
<td>2,250,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Refund of Preparation Advance</td>
<td>470,893</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>(5) Goods, works, consultants’ services, Operating Costs and Training for the Project (except Part 3(a) of the Project)</td>
<td>13,595,980</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>17,600,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a)  for payments made prior to the date of this Agreement.

   (b)  under Category (3), unless the Subgrant Agreement for such Sub-project has been made in accordance with Section 1.D of this Schedule.

   (c)  for payments under Categories (1) and (2) made after the date of the date of countersignature of this amendment letter.

2. The Closing Date is June 30, 2015.”