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

Dear Honorable Kiwanuka,

_Uganda: Local Government Management and Service Delivery Project_  
_(Cr. 4372-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 Local Government Management and Service Delivery 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 March 23, 2011, requesting the World Bank to extend the closing Date of the Credit for up to twelve (12) months.

After consideration of reasons for the delays in the implementation of the project, we are pleased to inform you that the World Bank agrees to amend Section IV. A. (2.) of Schedule 2 to the Agreement and to reallocate the Unallocated credit proceeds to finance the increase in the costs of civil works in Northern Uganda and in addition the cost of goods, consultants’ services, and operating costs associated with the extension of the project closing date by 12 months. 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 Expenditures</th>
<th>Allocation Expressed in SDR</th>
<th>% of Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Revised</td>
</tr>
<tr>
<td>(1) Works for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A of the Project</td>
<td>770,000</td>
<td>770,000</td>
</tr>
<tr>
<td>(b) Part B.1 (a) and B.1(c) of the Project</td>
<td>8,290,000</td>
<td>9,265,570</td>
</tr>
<tr>
<td>(2) Goods, Consultants' services (including audits), Training and Operating Costs for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A of the Project</td>
<td>10,580,000</td>
<td>10,580,000</td>
</tr>
<tr>
<td>(b) Parts B.1(a), B.1(c), B.2 and C of the Project</td>
<td>9,690,000</td>
<td>10,807,830</td>
</tr>
<tr>
<td>(3) CDDGs for Subprojects under Part B.1(b) of the Project</td>
<td>3,190,000</td>
<td>3,190,000</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>2,580,000</td>
<td>486,600</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>35,100,000</td>
<td>35,100,000</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

/s/ Maria Kiwanuka, Minister

By: Authorized Representative

Name: MARIA KIWANUKA
Title: MINISTER
Date: 18 FEB 2011

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

The Program Coordinator/LGMSD, Ministry of Local Government

The Program Coordinator/FINMAP, Ministry of Finance, Planning and Economic Development