October 2, 2015

Hon. Mohamed Adan Ibrahim
Minister of Finance
Villa Somalia
Mogadishu

SOMALIA: Recurrent Cost and Reform Financing Project Phase II
(SMPF Grant Number TF0A0534)
Amendment to the Grant Agreement

Dear Honorable Ibrahim:

We refer to the Grant Agreement (the “Agreement”) between the Federal Republic of Somalia (the “Recipient”) and the International Development Association (the “World Bank”) dated 29 June, 2015 with respect to the above-captioned Project.

We propose to amend the Agreement to increase the amount of the grant by fourteen million United States dollars (US$14 million) as follows-

1. Article 3.01 of the Agreement is amended to read as follows:

   “3.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty four million United States Dollars (US$24,000,000.00) ("Grant") to assist in financing the Project.”

2. The table set forth under Section IV.A.2 of Schedule 2 to the Agreement is deleted in its entirety and replaced with the table as shown in the Annex to this Amendment Letter.

Please confirm your agreement with the foregoing amendments by signing and dating this Amendment Letter in the spaces provided below. Henceforward, all other provisions of the Agreement, except as amended through this Amendment Letter shall remain in full force and effect. This Amendment Letter shall be executed in two counterparts each of which shall be an original.
Upon confirmation, please return one fully executed original to us. The provisions set forth in this Amendment Letter shall become effective as of the date of countersignature upon receipt by the World Bank of the countersigned original of this Amendment Letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Bella Bird
Country Director for Somalia
Africa Region

CONFIRMED:

FEDERAL REPUBLIC OF SOMALIA

By: ____________________________
Name: Mohammed Bashir
Date: 2/10/15
## Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Salaries for Eligible Civil Servants and Eligible Staff and Young Graduates, Eligible Non-Salary Recurrent Costs, goods, non-consulting services, consultants’ services, Training and Operating Costs under Part A, B.2, C.1 and D.1 of the Project</td>
<td>17,600,000</td>
<td>100% of the amount disbursed</td>
</tr>
<tr>
<td>(2) Sub-Project Grants for Salaries for Eligible Civil Servants and Eligible Staff and Young Graduates, Eligible Non-Salary Recurrent Costs, goods, non-consulting services, consultants’ services, Training and Operating Costs under Part B.1, C.2 and D.2 of the Project</td>
<td>6,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>24,000,000</td>
<td></td>
</tr>
</tbody>
</table>