November 10, 2014

Hon. Hussein A Halane
Minister of Finance
Villa Somalia
Mogadishu

SOMALIA: Recurrent Cost and Reform Financing Project Phase 1
(SMPF Grant Number TF017917)

Amendment to the Grant Agreement

Dear Honorable Halane:

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 August 19, 2014 with respect to the above-captioned Project.

We propose to amend the Agreement to increase the amount of the grant by ten million United States dollars (US$10 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 sixteen million United States Dollars (US$16,000,000.00) (“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

Preeti Arora
Acting Country Director for Somalia
Africa Region

CONFIRMED:

FEDERAL REPUBLIC OF SOMALIA

By: Hussein A Halaw

Name: Hussein A Halaw

Date: 20 July 2014
<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>
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</thead>
<tbody>
<tr>
<td>(1) Salaries for Eligible Civil Servants and Subject Matter Experts, goods, non-consulting services, consultants' services, Training and Operating Costs under Part A of the Project</td>
<td>14,000,000</td>
<td>100% of the amount disbursed</td>
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<td>(2) Goods, non-consulting services, consultants' services, Training and Operating Costs under the Project (except under Part A)</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,000,000</td>
<td></td>
</tr>
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