August 3, 2012

H. E. John Rwangombwa
Minister of Finance and Economic Planning
Ministry of Finance and Economic Planning
Kigali
Republic of Rwanda

Excellency:

Lake Victoria Environmental Management Project II (Phase II)
(Credit No. 4973-RW)
Amendment No. 1 to the Financing Agreement

We refer to the Financing Agreement ("Agreement") dated September 2, 2011, between the Republic of Rwanda ("Recipient") and the International Development Association ("Association") for the Lake Victoria Environmental Management Project II ("Phase II"). We also refer to your letter dated April 27, 2012, requesting the Association for specific amendments to the Agreement.

We are pleased to inform you that the Association agrees to your request and proposes to amend the Agreement in respect of the provisions below:

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. Section 1. A. 1 in Schedule 2 to the Agreement is amended to read as follows:

   "A. Institutional Arrangements

   1. National Policy Steering Committee

   The Recipient shall establish, and thereafter maintain, at all times during Project implementation, the NPSC, with composition, mandate and resources satisfactory to the Association and with responsibility for: (i) providing national level Project operational policy guidance; (ii) approving Project investments; (iii) reviewing annual work plans and budgets; and (iv) resolving obstacles to Project implementation. Without limitation to the foregoing, the NPSC shall be headed by the permanent
secretary of the MINIRENA, and its composition shall include the director general of REMA; permanent secretaries of the Recipient’s Ministries responsible for agriculture; infrastructure; trade and industry; finance and economic planning; and local government.”

3. Section I.A.4. in Schedule 2 to the Agreement is revised to read as follows:

“4. District Project Coordination Teams

The Recipient shall, prior to implementation of any activities under the Project in participating districts, establish and thereafter maintain, throughout Project implementation, the DPCTs in each participating district with resources and mandate satisfactory to the Association, to be responsible for facilitating and/or implementing Project activities under Parts 2 and 3 of the Project.”

4. Section IV of Schedule 2 to the Agreement is deleted in its entirety 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,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Johannes Zutt
Country Director for Rwanda
Africa Region

AGREED:

REPUBLIC OF RWANDA

By: John Rwangombwa
Name: Ministry of Finance and Economic Planning
Title: Date: 11th 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, and Incremental Operating Costs for Part 1 of the Project</td>
<td>600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, non-consulting services, consultants’ services, and Incremental Operating Costs for Part 2 of the Project</td>
<td>2,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, works, non-consulting services, consultants’ services, Incremental Operating Costs, and Training for Part 3(a), (b) and (c)(i) of the Project</td>
<td>2,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, non-consulting services, consultants’ services, Training and Incremental Operating Costs for Part 4 of the Project</td>
<td>1,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Goods, works and services for Subprojects under Part 3(c)(ii) of the Project and to be financed out of the proceeds of a Sub-Grant</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>800,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,300,000</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; or

   (b) under Category (5) unless the Sub-Grant Agreement for each Subproject has been made in accordance with Section 1.E of this Schedule 2.

2. The Closing Date is June 30, 2017.”