December 30, 2010

Mr. Tomaz A. Salomão
Executive Secretary
Southern African Development Community
Private Bag 0095
Gaborone
Republic of Botswana

TF Grant No. GEF TF055090
(SADC: Groundwater and Drought Management Project)
Amendment to the Letter Agreement

Dear Mr. Salomão:

We refer to the Letter of Agreement (the “Agreement”) entered into between the International Bank for Reconstruction and Development (“IBRD”) (the “World Bank”), acting as implementing agency of the Global Environmental Facility (“GEF”), and the Southern African Development Community (the “Recipient”) for the above-captioned Project dated September 16, 2005. We also refer to the Recipient’s letter dated October 7, 2010 requesting: (i) the extension of the Project’s Closing Date; and (ii) a reallocation of the Grant proceeds. Capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Agreement.

We are pleased to inform you that the Bank hereby proposes to amend the Agreement as follows:

1. Section 2.03 of the Agreement is amended to read as follows:

   “Section 2.03. The Closing Date shall be October 31, 2011 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.”
2. The table under Part A of Schedule 1 to the Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>750,702</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>287,186</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultants’ services and Project Services</td>
<td>5,324,051</td>
<td>100%</td>
</tr>
<tr>
<td>Agency’s fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) Training and Workshops</td>
<td>309,805</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Operating costs</td>
<td>328,256</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,000,000</td>
<td></td>
</tr>
</tbody>
</table>

3. Paragraph 2. d (ii) under Part B of Schedule 1 to the Agreement is amended to read as follows:

“(ii) the amount which the Bank has determined, based on the Financial Monitoring Report accompanying said application, is required to be deposited in order to finance Eligible Expenditures during the six-month period following the date of such report; provided, however, that the amount so deposited, when added to the amount indicated by said report to be remaining in the Deposit Account, shall not exceed the equivalent of US$1,500,000. Each such deposit into the Deposit Account shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under one or more of the Deposit Account’s Eligible Categories.”

All other provisions of the Agreement, except as amended herein, shall remain in full force and effect.
This notice will be considered as an amendment to the Agreement.

Please note that it is the Bank’s policy to make publicly available this Amendment Letter and any information related thereto, after this Amendment Letter has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Amendment Letter, confirms its consent to such disclosure.

Sincerely yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

/s/ Yusupha Crookes
By: ________________________
Yusupha Crookes
Director, Regional Integration
Africa Region