February 24, 2016

Hon. Henry Rotich
Cabinet Secretary
The National Treasury
Treasury Building, Harambee Avenue
Nairobi, Kenya

Dear Hon. Rotich:

Re: KMP Grant No. TF017423 Fund (Kenya Municipal Project)
Amendment to Letter Agreement

We refer to the Letter Agreement ("Agreement") for the above-referenced Trust Fund Grant ("Grant") between the Republic of Kenya ("Recipient") and the International Development Association ("World Bank"), acting as administrator of the Swedish International Development Cooperation Agency (Sida) Cofinancing Kenya Municipal Project Trust Fund (the "Trust Fund"), dated March 31, 2015. We also refer to the need to adjust the Grant amount to reflect exchange rate fluctuations. The Recipient and the World Bank hereby agree to amend the Agreement as follows:

1. Paragraph 3.01 of Article III to the Agreement is modified to read as follows:

"3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in the Agreement, a grant in the amount equal to eleven million nine hundred sixty two thousand and fifty-six United States Dollars ($11,962,156) ("Grant") to assist in financing the Project."

2. The table in Section IV of Schedule II is replaced with the following:

<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) Goods, works, consultants' services and Training</td>
<td>11,722,956</td>
<td>25%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>239,200</td>
<td>25%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>11,962,156</td>
<td></td>
</tr>
</tbody>
</table>
All the terms and conditions of the Agreement, as amended hereby, 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 World Bank 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

Diarietou Gaye
Country Director
Eritrea, Kenya, Rwanda and Uganda
Africa Region

CONFIRMED AND AGREED:

REPUBLIC OF KENYA

By: ____________________________
   
   Authorized Representative
   
   Name: Hon. Henry Rotich
   
   Title: Cabinet Secretary, National Treasury
   
   Date: 8-3-2016