

March 12, 1993

His Excellency
Ato Alemayehu Daba
Minister of Finance
The Ministry of Finance
P.O. Box 1905
Addis Ababa, Ethiopia

Dear Mr. Minister:

ETHIOPIA - Transport Project (Cr. 2002-ET)
Amendment of the Development Credit Agreement

We refer to the Development Credit Agreement (Transport Sector Project) dated May 30, 1989 between the People's Democratic Republic of Ethiopia (the Borrower) and the International Development Association (the Association) as amended by letter agreement dated May 12, 1992 between Ethiopia and the Association. We also refer to the discussions between officials of Ethiopia and the Association regarding amendments to the Development Credit Agreement. On the basis of said discussions, the Association hereby proposes that the Development Credit Agreement be amended as follows:

1. in Section 1.02 (q) by the deletion of the definition "Letter Agreement";

2. in Section 3.01:

(a) by the deletion of paragraph (a) and the substitution therefor of the following new paragraph:

"Section 3.01 (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall: (i) carry out through MOTAC and MOF Parts A (3), C, D (1), (2), (5) and (6), E and F of the Project; and (ii) cause (A) CBE to carry out Part A (2) (b) of the Project, (B) EFTC to carry out Parts A (1) and (2) (a) and (c), and (D) (3) of the Project, and (C) MTSC to carry out Parts B and D (4) of the Project, all with due diligence and efficiency and in conformity with appropriate administrative and financial practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project"; and

(b) by the deletion in paragraph (e) of the provisions "and an interest rate of 4 % per annum" occurring in that paragraph and the substitution therefore of the following new provisions "and provisions requiring an adequate spread for CBE acceptable to the Association";

3. by the deletion of Section 3.02 and the substitution therefor of the following new Section:

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"Section 3.02. The Borrower shall by June 30 of each year, review with the Association the rates charged by CBE for on-lending of the proceeds of the Credit under Part A (2) (b) of the Project";

4. by the addition next after Section 3.04 of the following new Section:

"Section 3.05. The Borrower shall establish, within MOTAC, a Project Implementation Unit with functions, organization and staffing satisfactory to the Association;" and

5. in Schedule 2 by the deletion of Part A (2) of the Project and the substitution therefor of the following new Part:

"(2) Assistance to private truckers for:

- (i) acquisition of spare parts to rehabilitate about 475 trucks;
- (ii) provision of credit for the acquisition and utilization of about 130 trucks and trailers with loading capacity of about 27 tons each; and
- (iii) acquisition and utilization of spare parts and tires."

Please indicate your agreement with the amendments proposed above by signing the form of confirmation on this letter and the enclosed copy and returning the copy to the Association.

Sincerely,

Francis X. Colaco
Director
Eastern Africa Department

CONFIRMED:

By: _____
Authorized Representative
Date: _____

Cleared with and cc: "Jiessrs./Mmes. Boubacar (LEGAF), Reedy
(LOAAF), Roberts (AF2CO),
Weissman, Goris (o/r) (AF21N)

cc: Messrs. Lethem (AF2DR), Thomas (AF2IN), Carter (AF2CO), Femando
(o/r) (LOAAF)

