

Dated: 09-oct-2023

H.E. Ahmed Shide
Minister
Ministry of Finance
Addis Ababa
Ethiopia

Excellency:

Ethiopia: Urban Productive Safety Net and Jobs Project
Second Amendment to the Financing Agreement (Grant No. D732-ET)
First Amendment to the UPSNP MDTF Grant Agreement (UPSNP MDTF Grant No. TF0B8808)

We refer to: (1) the Financing Agreement dated October 7, 2020, between the Federal Democratic Republic of Ethiopia (“Recipient”) and the International Development Association (“Association”) for the above-mentioned Project (“FA”) as amended to date; and (2) the Urban Productive Safety Net Program Multi-Donor Trust Fund Grant Agreement (“UPSNP MDTF GA”) dated October 14, 2022, between the Recipient and the Association acting as administrator of Urban Productive Safety Net Program Multi-Donor Trust Fund (UPSNP MDTF Grant Number TF0B8808).

We also refer to the activation of the CERC under the FA dated July 19, 2022 and the subsequent restructuring of the above-mentioned Project.

Accordingly, the Association proposes to: (1) amend the FA as set forth in Annex 1 to this letter; and (2) amend the UPSNP MDTF GA as set forth in Annex 2 to this letter.

All the other provisions of the FA and the UPSNP MDTF GA except as herein amended, shall remain in full force and effect.

Please confirm your agreement with these proposed amendments, on behalf of the Recipient, by countersigning and dating this amendment letter. Upon receipt by the Association of the countersigned and dated Amendment, these amendments shall become effective as of the date of countersignature.

The Association will disclose this Amendment Letter and related information in accordance with the World Bank’s Policy on Access to Information. By entering into this Amendment Letter, the Recipient consents to disclosure of this Amendment Letter and related information.

Yours sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

Ousmane Dione

Ousmane Dione
Country Director for
Ethiopia, Eritrea, Sudan and South Sudan
Africa East Region

AGREED:

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: H.E. Semereta Sewasew
Authorized Representative

Name: H.E. Semereta Sewasew

Title: State Minister of Finance

Date: 17-oct-2023

Second Amendment to the FA

1. Schedule 1 (Project Description) of the FA is amended as follows:

(a) Part 1.4 is amended to read as follows:

“Part 1. Expand the Urban Productive Safety Net to Improve the Urban Environment

Carry out a program of activities to provide public works and livelihood support to selected urban poor households, including...:

4. **Support for:** (a) *Internally Displaced Persons (“IDPs”)* through provision of Unconditional Cash Transfers and Recovery Grants to IDPs Beneficiaries living in temporary shelters and in host communities in the proximity of selected cities and financing of Operating Costs for the purpose; (b) *Returnees* through provision of Unconditional Cash Transfers and Reintegration Grants to Returnee Beneficiaries and financing of Operating Costs for the purpose.”

(b) Part 2.2 is amended to read as follows:

“Part 2: Foster Urban Youth Employment

Carry out a program of activities to provide first work experience for disadvantaged urban youth, and job search services, including:...

2. **Strengthen Employment and Intermediation Services.** Provision of support to strengthen Public Employment Services (“PES”) through, *inter alia*, provision of technical assistance, goods, materials and small works for: (a) development of policy necessary to guide the legal framework for a strengthened PES system; (b) piloting different models of service delivery, reporting and monitoring at job centers and cluster centers, including investment in physical infrastructure, and provision of technical assistance and training for institutional development and capacity building.”

2. Schedule 2 (Project Execution) to the Financing Agreement is amended as follows:

(a) Paragraph 1(a) of Section I.A is amended to read as follows:

“Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall designate:

(a) the Ministry of Urban Development and Infrastructure to be responsible for overall Project coordination and for the implementation of activities under Part 1 of the Project, in collaboration with other ministries, departments and agencies responsible for implementing Project activities, as further stipulated in the Project Implementation Manual.”

- (b) Section I.A.2 (d) of Schedule 2 to the Financing Agreement is amended to read as follows:

“the Federal Project Coordination Office (FPCO) will be responsible for the implementation of activities under Part 4 of the Project as well as for supporting Project supervision, coordination and providing technical, fiduciary and safeguard support to federal agencies, regions and cities on planning, budgeting, financial management, procurement, quarterly and annual reporting, monitoring and evaluation.”

- (b) Section I.B.4 of Schedule 2 to the Financing Agreement is amended to read as follows:

“Selection of Beneficiaries

4. The Recipient shall select Beneficiaries and implement and supervise LD Grants, PDS Grant, PW Cash Transfers, Youth Stipends, Unconditional Cash Transfers, Recovery Grants and Reintegration Grants as well as other benefits to be provided under the Project, all in accordance with the criteria, requirements and procedures set out in the Project Implementation Manual.”

3. The table under Section III.A (*Withdrawal of the Proceeds of the Financing*) of Schedule 2 to the Financing Agreement is deleted in its entirety and replaced by the table below:

“Section III. Withdrawal of the Proceeds of the Financing”

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, Operating Costs, LD Grants, PDS Grants, PW Cash Transfers and Youth Stipends under the Project, but excluding Part 1.3 of the Project	182,805,509	100%
(2) Goods, works, non-consulting services, consulting services, Training, Operating Costs, LD Grants and PW Cash Transfers under Parts 1.3 and 4 of the Project	35,786,000	100%
(3) Emergency Expenditures, Unconditional Cash Transfers, Recovery Grants, Reintegration Grants and Operating Costs under Part 5 of the Project	63,408,491	100%
TOTAL AMOUNT	282,000,000	

4. The Appendix to the Agreement is amended by the insertion of the following new definitions, and subsequent renumbering of remaining definitions as appropriate:

Paragraph 4 is amended to read as follows:

4. “Beneficiary” means an IDP Beneficiary, Returnee Beneficiary, PDS Beneficiary, LD Beneficiary, PW Beneficiary or Youth receiving Youth Stipend.”

A new paragraph 20 is inserted to read as follows:

“20. “Internally Displaced Persons” or “IDPs” means persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized State border.”

A new paragraph 21 is inserted to read as follows:

“21. “IDP Beneficiary” means an IDP selected in accordance with criteria and procedures set out in the Project Implementation Manual to receive Unconditional Cash Transfers and/or Recovery Grants under Part 1.4 of the Project, and “IDP Beneficiaries means two or more such IDPs.”

A new paragraph 41 is inserted to read as follows:

“41. “Recovery Grant” means a grant to be provided to an IDP Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Recovery Grants” means two or more such grants.”

A new paragraph 45 is inserted to read as follows:

“45. “Reintegration Grant” means a grant to be provided to a Returnee Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Reintegration Grants” means two or more such grants.”

A new paragraph 46 is inserted to read as follows:

“46. “Returnee Beneficiary” means a migrant returnee selected in accordance with criteria and procedures set out in the Project Implementation Manual to receive Unconditional Cash Transfers and/or Reintegration Grants under Part 1.4 of the Project, and “Returnee Beneficiaries means two or more such migrant returnees.”

A new paragraph 51 is inserted to read as follows:

“51. “Unconditional Cash Transfer” means a cash transfer to be provided to an IDP Beneficiary or a Returnee Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Unconditional Cash Transfers” means two or more such cash transfers.”

**First Amendment to the Urban Productive Safety Net Program Multi-Donor Trust Fund
Grant Agreement
UPSNP MDTF Grant Number TF0B8808**

1. Section 3.01 of Article III of the UPSNP MDTF Grant Agreement is amended to read as follows:

“3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed twenty-two million United States Dollars (\$22,000,000) (“Grant”) to assist in financing the Project.”

2. Schedule 1 (Project Description) of the UPSNP MDTF Grant Agreement is amended as follows:

- (a) Part 1.4 is amended to read as follows:

“Part 1. Expand the Urban Productive Safety Net to Improve the Urban Environment

Carry out a program of activities to provide public works and livelihood support to selected urban poor households, including...:

4. **Support for:** (a) *Internally Displaced Persons (“IDPs”)* through provision of Unconditional Cash Transfers and Recovery Grants to IDPs Beneficiaries living in temporary shelters and in host communities in the proximity of selected cities and financing of Operating Costs for the purpose; (b) *Returnees* through provision of Unconditional Cash Transfers and Reintegration Grants to Returnee Beneficiaries and financing of Operating Costs for the purpose.”

- (b) Part 2.2 is amended to read as follows:

“Part 2: Foster Urban Youth Employment

Carry out a program of activities to provide first work experience for disadvantaged urban youth, and job search services, including:...

2. **Strengthen Employment and Intermediation Services.** Provision of support to strengthen Public Employment Services (“PES”) through, *inter alia*, provision of technical assistance, goods, materials and small works for: (a) development of policy necessary to guide the legal framework for a strengthened PES system; (b) piloting different models of service delivery, reporting and monitoring at job centers and cluster centers, including investment in physical infrastructure, and provision of technical assistance and training for institutional development and capacity building.”

3. Schedule 2 (Project Execution) of the UPSNP MDTF Grant Agreement is amended as follows:

(a) Paragraph 1(a) of Section I.A is amended to read as follows:

“Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall designate:

(a) the Ministry of Urban Development and Infrastructure to be responsible for overall Project coordination and for the implementation of activities under Part 1 of the Project, in collaboration with other ministries, departments and agencies responsible for implementing Project activities, as further stipulated in the Project Implementation Manual.”

(b) Section I.A.2 (d) of Schedule 2 is amended to read as follows:

“the Federal Project Coordination Office (FPCO) will be responsible for the implementation of activities under Part 4 of the Project as well as for supporting Project supervision, coordination and providing technical, fiduciary and safeguard support to federal agencies, regions and cities on planning, budgeting, financial management, procurement, quarterly and annual reporting, monitoring and evaluation.”

(c) Section I.B.2 of Schedule 2 is amended to read as follows:

“2. Selection of Beneficiaries

The Recipient shall select Beneficiaries and implement and supervise LD Grants, PDS Grant, PW Cash Transfers, Youth Stipends, Unconditional Cash Transfers, Recovery Grants and Reintegration Grants as well as other benefits to be provided under the Project, all in accordance with the criteria, requirements and procedures set out in the Project Implementation Manual.”

4. The table under Section III.A (*Withdrawal of Grant Proceeds*) of Schedule 2 to the UPSNP MDTF Grant Agreement is amended to read as follows:

“A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, Operating Costs, LD Grants, PDS Grants, PW Cash Transfers and Youth Stipends under Parts 1.1, 1.2, 2.1, 3.1 and 4 of the Project	22,000,000	100%
(2) Emergency Expenditures under Part 5 of the Project	0	100%
TOTAL AMOUNT	22,000,000	

- ”
5. The Appendix to the Agreement is amended by the insertion of the following new definitions, and subsequent renumbering of remaining definitions as appropriate:

Paragraph 3 is amended to read as follows:

3. “Beneficiary” means an IDP Beneficiary, Returnee Beneficiary, PDS Beneficiary, LD Beneficiary, PW Beneficiary or Youth receiving Youth Stipend.”

A new paragraph 18 is inserted to read as follows:

“18. “Internally Displaced Persons” or “IDPs” means persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized State border.”

A new paragraph 19 is inserted to read as follows:

“19. “IDP Beneficiary” means an IDP selected in accordance with criteria and procedures set out in the Project Implementation Manual to receive Unconditional Cash Transfers and/or Recovery Grants under Part 1.4 of the Project, and “IDP Beneficiaries means two or more such IDPs.”

A new paragraph 37 is inserted to read as follows:

“37. “Recovery Grant” means a grant to the provide to an IDP Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Recovery Grants” means two or more such grants.”

A new paragraph 41 is inserted to read as follows:

“41. “Reintegration Grant” means a grant to be provided to a Returnee Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Reintegration Grants” means two or more such grants.”

A new paragraph 42 is inserted to read as follows:

“42. “Returnee Beneficiary” means a migrant returnee selected in accordance with criteria and procedures set out in the Project Implementation Manual to receive Unconditional Cash Transfers and/or Reintegration Grants under Part 1.4 of the Project, and “Returnee Beneficiaries” means two or more such migrant returnees.”

A new paragraph 47 is inserted to read as follows:

“47. “Unconditional Cash Transfer” means a cash transfer to be provided to an IDP Beneficiary or a Returnee Beneficiary under Part 1.4 of the Project in accordance with the criteria and procedures set out in the Project Implementation Manual, and “Unconditional Cash Transfers” means two or more such cash transfers.”