

23-Sep-2022, 2022

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

Excellency:

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

We refer to 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 (“Agreement”). We also refer to the Urban Productive Safety Net Program Multi-Donor Trust Fund Grant Agreement (“UPSNP MDTF Grant Agreement”) dated 23-Sep-2022/of even date between the Recipient and the Association and the ~~Multi-Donor~~ Trust Fund on Forced Displaced Grant Agreement (“MDTFFD Grant Agreement”) dated 23-Sep-2022/of even date between the Recipient and the Association pursuant to which the Bank provided Additional Financing to the Recipient for scaling up activities under the above referenced Project.

Accordingly, the Association proposes to amend this Agreement as set forth in the Annex to this letter. All other provisions of this Agreement, except as herein amended, shall remain in full force and effect.

Please confirm your agreement with this proposed amendment, on behalf of the Recipient, by countersigning and dating the two original copies of this amendment letter and returning one countersigned and dated original to us. Upon receipt by the Association of the countersigned and dated original copy, this amendment 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*

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

**AGREED:**

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

By: SS  
Authorized Representative

Name: HE Semerita Sewasew

Title: State Minister

Date: 14-Oct-2022

### First Amendment to the Financing Agreement

- Schedule 1 (*Project Description*) of the Financing Agreement is amended to read as follows:

#### “Project Description

The objective of the Project is to support the Recipient in improving the incomes of the urban poor and the labor market inclusion of disadvantaged urban youth.

The Project consists of Original Project as scaled up below and the following additional parts:

#### **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:

- Scaling up Public Works:** (a) Carrying out of labor-intensive public works sub-projects (“Public Works Sub-projects” or “PW Sub-projects”) in selected cities and through participatory community planning processes, focused on, *inter alia*: (i) urban greenery and beautification; (ii) urban integrated solid waste management; (iii) urban integrated watershed management; (iv) social infrastructure; and (v) creating a conducive environment for urban agriculture; and (b) payment of cash transfers (“Public Works Cash Transfers” or “PW Cash Transfers”) to selected households (“Public Works Beneficiaries” or “PW Beneficiaries) for their participation in PW Sub-projects.
- Scaling up Livelihood Development:** Provision of: (a) a package of livelihood services to selected households (“Livelihood Development Beneficiaries” or “LD Beneficiaries”), including training in financial literacy and soft skills, support in business plan development, and coaching and mentoring; and (b) grants to LD Beneficiaries (“Livelihood Development Grant” or “LD Grant”) who complete said training and develop business plans.
- Integration of refugees and host communities:** Carrying out of Parts 1.1 and 1.2 activities with selected Refugees and host communities as PW Beneficiaries and LD Beneficiaries living in the proximity of selected cities.
- Support for Internally Displaced Persons (“IDPs”):** Piloting provision of Unconditional Cash Transfers to IDP Beneficiaries living in temporary shelters in the proximity of selected cities.

#### **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:

1. **Scaling up First Work Experience for Less Educated Youth:** (a) Provision of a package of services to selected unemployed youth (age 18 through 25 years) for their acquisition of, *inter alia*, training in basic life, digital, financial literacy and job search skills, and internships to gain work experience; and (b) payment of stipends to the selected youth to cover the costs of local transport and meals (“Youth Stipends”).
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 information systems, and provision of technical assistance and training for institutional development and capacity building; and (c) development of complementary private employment and intermediation services, including building capacity of private sector providers.

### **Part 3. Strengthen Social Assistance and Services for the Urban Poor and Destitute**

Carry out a program of activities to strengthen urban social assistance by expanding direct income support and services, including:

1. **Expanding Permanent Direct Support (“PDS”).** Scaling up provision of PDS Grants to PDS Beneficiaries (including households with limited or no capacity to engage in wage labor or self-employment activities or public works activities) and support linkages of PDS beneficiaries with social services, such as health, education, and health insurance services.
2. **Services for Urban Destitute.** Provision of basic social and livelihood services (such as temporary shelter and protection, access to basic social service, psychosocial support, life skills training, addiction treatment and cash transfers) to homeless women with children, unaccompanied children, homeless adults and homeless elderly (“Urban Destitute”) to facilitate their reintegration into families and communities.

### **Part 4. Institutional Strengthening, Project Management and Monitoring and Evaluation**

Scaling up provision of support for institutional strengthening of agencies implementing the Project at the federal and city levels, including in Project management (including, *inter alia*, piloting of a gender-based violence hotline and environmental and social standards management), implementation, monitoring and evaluation (including gender inclusiveness), as well as the financing of consulting services, non-consulting services, Operating Costs and Training.

### **Part 5. Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.”

2. Section I.A.1 of Schedule 2 to the Financing Agreement 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 Parts 1.1, 1.2 and 1.3 of the Project, as further stipulated in the Project Implementation Manual;
  - (b) the Ministry of Labor and Skills to be responsible for implementation of Part 2 of the Project in collaboration with one stop shop centers at the city and sub-city levels, as further stipulated in the Project Implementation Manual;
  - (c) the Ministry of Women and Social Affairs to be responsible for Project implementation of Part 3 of the Project in collaboration with the bureaus of women and social Affairs at the city and regional levels, as further stipulated in the Project Implementation Manual; and
  - (d) the Ministry of Finance to be responsible for overall financial management of the Project.”
3. 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 Parts 1.4 and 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.”
4. Section I.E of schedule 2 to the Financing Agreement is renumbered as Section I.G. of schedule 2 to the said Agreement.
5. “A new Section I.E to Schedule 2 of the Financing Agreement is added to read as follows:

**E. Third Party Implementation Arrangements; Output Agreement**

1. For purpose of carrying out Project activities in the Tigray Region, the Recipient shall, not later than forty-five (45) days after the Effective Date, or such later date as agreed upon with the Bank in writing, enter into an agreement with a Third Party Implementation Agent (“TPIA”), under terms and conditions approved by the Bank (the “Output Agreement”), whereby the Recipient shall: (a) hire the services of the TPIA to implement the Project in the Tigray Region in accordance with the provisions of the PIM, and the requirements of the ESS and ESCP; (b) agree as appropriate to the direct payment of the proceeds of the Financing from the Bank to TPIA, under modalities, payment schedule, documentation of transactions, and financial reporting and auditing requirements acceptable to the Bank; (c) ensure clear rules of involvement, roles and responsibilities for TPIA under the Project, including acceptable collection and processing of Personal Data under the Project, compliance with the Anti-Corruption Guidelines and the ESCP; and (d) ensure TPIA shall: (i) upon receipt of the list of Beneficiaries, provide direct

instructions to the financial service provider(s) to provide relevant Cash Transfers for Beneficiaries, following procedures approved by the Bank and further described in the PIM; (ii) monitor financial transactions; and (iii) carry out monitoring and handling questions and complaints pertaining to Cash Transfers.

2. The Recipient shall exercise its rights under the Output Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Financing. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the agreements or any provision contain therein (whether in whole or in part).
3. In the event of any conflict between the provisions of the Output Agreement and this Agreement, the provisions of this Agreement shall prevail.”

6. Section II of Schedule 2 to the Financing Agreement is amended to read as follows:

**“Project Reports**

1. The Recipient shall ensure that each Project Report is furnished to the Bank not later than sixty (60) days after the end of each calendar quarter, covering the calendar quarter.
  2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.”
7. The Appendix to the Agreement is amended by the insertion of the following new definitions, and subsequent renumbering of remaining definitions as appropriate:

A new paragraph 17 to read as follows:

“Ethiopian Statistics Service” means the Recipient’s central statistical authority, established and operating pursuant to Proclamation No. 442/2005 of the Recipient, and any successor thereto.”

A new paragraph 18 to read as follows:

“FPCO” means the Recipient’s Federal Project Coordination Office referred in Section I.A.2(d) of Schedule 2 to this Agreement.”

A new paragraph 33 to read as follows:

“Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification

number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.”

A new paragraph 44 to read as follows:

“Third Party Implementation Agent” or “TPIA” means the agent referred to in Section I.E of Schedule 2 to this Agreement.”