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## Ethiopia Country Office

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September 21, 2016

Ref: WB/CD/365/09/21/2016

H.E. Ato Abdulaziz Mohammed  
Minister  
Ministry of Finance and Economic Cooperation  
Addis Ababa

Dear Ato Abdulaziz,

***Subject: Federal Democratic Republic of Ethiopia: Additional Financing for Irrigation  
and Drainage Project (Credit No. 4976-ET)  
Amendment to the Financing Agreement***

We refer to the Financing Agreement dated September 15, 2011 (“Additional Financing Agreement”), between the Federal Democratic Republic of Ethiopia (“Recipient”) and the International Development Association (“Association”), for the purpose of providing additional financing for the Irrigation and Drainage Project (“Project”). We also refer to the letter dated November 16, 2015 from the Recipient’s Ministry of Finance and Economic Cooperation requesting certain amendments to the Project.

Accordingly, we propose to amend the Additional Financing Agreement in respect of the provisions below:

1. The development objective of the Project in Schedule 1 is amended to read as follows:  
  
“The objective of the Project is to improve access to irrigation and drainage services and build farmers’ capacity in irrigated agriculture in the Project Area.”
2. The table in paragraph 2 of Section IV.A of Schedule 2 is deleted in its entirety and replaced by the following table:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods and equipment	0	100% of foreign expenditures and 90% of local expenditures
(2) Civil works	31,300,000	95%
(3) Consultants' services and audits	0	90%
(4) Training	0	100%
(5) Grants	0	100% of goods, works, and services under Grants
(6) Operating Costs	0	70% for expenditures incurred before June 30, 2014, 50% for expenditures incurred before June 30, 2015 and 40% thereafter
(7) Refund of Project Preparation Advance	0	Amount payable pursuant to Section 2.07 of the General Conditions
(8) Unallocated	0	
(9) Management Services	5,800,000	100% for expenditures incurred before June 30, 2014; 80% for expenditures incurred before June 30, 2015; and 50% thereafter
<b>TOTAL AMOUNT</b>	<b>37,100,000</b>	

3. Paragraph 5 of the Appendix is amended to read as follows:

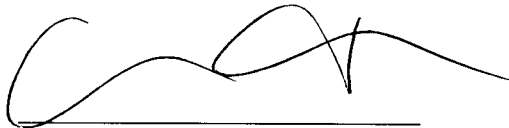
“5. “Original Financing Agreement” means the financing agreement for the Irrigation and Drainage Project between the Recipient and the Association, dated July 13, 2007, (Credit number 4333-ET), as amended through September 21, 2016.”

All the terms and conditions of the Additional Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments to the Additional Financing Agreement on behalf of the Recipient by countersigning and dating two (2) original copies of this letter and returning one countersigned original to us. Upon receipt by the Association of the countersigned copy, these amendments shall become effective as of the date of the countersignature.

Sincerely,


**INTERNATIONAL DEVELOPMENT ASSOCIATION**



Carolyn Turk  
Country Director for Ethiopia, Sudan and South Sudan  
Africa Region

AGREED:

**FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA**

By:  \_\_\_\_\_  
AHMED SIDE  
State Minister

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: 29-09-2016