Mr. Charles Boamah  
Vice President  
Finance  
African Development Bank  
15 Avenue de Ghana  
BP 323, 1002 Tunis Belvedere  
Tunisia

Re: a) Additional Debt Relief Trust Fund Grants for Debt Relief to:
   (i) Federal Democratic Republic of Ethiopia (TF No. 050557),  
   (ii) Republic of Madagascar (TF No. 027957), and  
   (iii) Democratic Republic of Congo (TF No. 051064), respectively; and

b) Partial Cancellations of Debt Relief Trust Fund Grants for Debt Relief to:
   (i) the Islamic Republic of Mauritania (TF No. 027818),  
   (ii) the Republic of Guinea-Bissau (TF No. 027814),  
   (iii) the Republic of Senegal (TF No. 027822),  
   (iv) the Republic of Uganda (TF No. 027858),  
   (v) the Republic of Zambia (TF No. 027824), and  
   (vi) the United Republic of Tanzania (TF No. 027823), respectively.

Dear Mr. Boamah:

I am writing on behalf of the International Development Association (the Association), as administrator (the Administrator) of the Debt Relief Trust Fund (previously, HIPC Debt Initiative Trust Fund) (the Trust Fund) to indicate the Administrator’s agreement to make additional grants from the Trust Fund to the African Development Bank and the African Development Fund (each individually, a Recipient and collectively, the Recipients) on the terms set out hereunder and in the amounts not exceeding:

1. US$307,352 for debt relief to the Federal Democratic Republic of Ethiopia (Ethiopia) (the Additional Grant for Ethiopia);

2. US$4,107 for debt relief to the Republic of Madagascar (Madagascar) (the Additional Grant for Madagascar); and

3. US$114,317,610 for debt relief to the Democratic Republic of Congo (DRC) (the Additional Grant for DRC) (together with the Additional Grant for Ethiopia, the Additional Grant for Madagascar, collectively, the Additional Grants, and each individually, an Additional Grant).
The Additional Grant for Ethiopia and the Additional Grant for Madagascar shall be funded from the proceeds of partial cancellations of the Trust Fund debt relief grants previously provided to the Recipients for the following country as follows:

(a) the Republic of Guinea-Bissau (Guinea-Bissau) under the agreement dated April 14, 2011 between the Administrator and the Recipients, with the cancellation amount of US$311,459.

To that end, the Recipients and the Administrator agree that the debt relief grant under (a) above shall be cancelled in the amount specified above, of which US$307,352 shall be reallocated to the Additional Grant for Ethiopia, and US$4,107 to the Additional Grant for Madagascar.

The Additional Grant for DRC shall be partially funded from the proceeds of cancellations, in the aggregate amount of US$7,684,413, of the Trust Fund debt relief grants previously provided to the Recipients for the following countries as follows:

(i) the Islamic Republic of Mauritania (Mauritania) under the agreement dated November 11, 2002, between the Administrator and the Recipients, with the cancellation amount of US$2,185,220,
(ii) Guinea-Bissau under the agreements dated April 14, 2011 between the Administrator and the Recipients, with the cancellation amount of US$13,574,
(iii) the Republic of Senegal (Senegal) under the agreement dated December 10, 2004 between the Administrator and the Recipients, with the cancellation amount of US$2,036,244,
(iv) the Republic of Uganda (Uganda) under the agreements dated June 26, 2001, between the Administrator and the Recipients, with the cancellation amount of US$405,040,
(v) the Republic of Zambia (Zambia) under the agreement dated July 25, 2005 between the Administrator and the Recipients, with the cancellation amount of US$2,630,295, and
(vi) the United Republic of Tanzania (Tanzania) under the agreement dated April 23, 2002 between the Administrator and the Recipients, with the cancellation amount of US$414,040.

To that end, the Recipients and the Administrator agree that the debt relief grants under (a) through (f) above shall be cancelled in the respective amounts specified above, and the full amount of which shall be reallocated to the Additional Grant for DRC.

The remaining balance of the Additional Grant for DRC in the amount of US$106,633,197 shall be funded with a new debt relief grant from the Trust Fund.

With these Additional Grants and the relating cancellations and reallocations of debt relief grants hereof, the total amount of grants provided from the Trust Fund to Recipients for debt relief to DRC, Ethiopia, Guinea-Bissau, Madagascar, Mauritania, Senegal, Tanzania, Uganda and Zambia shall be as follows:

(i) DRC: US$741,490,054;
(ii) Ethiopia: US$371,678,088;
(iii) Guinea-Bissau: US$103,259,597;
(iv) Madagascar: US$69,713,874;
(v) Mauritania: US$78,144,843;
(vi) Senegal: US$64,908,987;
(vii) Tanzania: US$137,789,367;
(viii) Uganda: US$84,676,929; and

Annex II to this Letter Agreement provides details concerning the reallocation of debt relief grant proceeds by the Recipients from the account opened by the Recipients on their books in the name of Guinea-Bissau to the respective account opened by the Recipients on their books in the name of Ethiopia and Madagascar. Annex III to this Letter Agreement provides details concerning the reallocation of debt relief grants proceeds by the Recipients from the accounts opened by the Recipients on their books in the name of Guinea-Bissau, Mauritania, Senegal, Tanzania, Uganda and Zambia to the account opened by the Recipients on their books in the name of DRC.

The Additional Grants are made for the purposes and on the terms and conditions set forth in the Annexes to this Letter Agreement. The Recipients represent, by confirming their agreement below, that they are authorized to contract and withdraw the Additional Grants for the said purposes and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipients, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Administrator of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION
As Administrator of the Debt Relief Trust Fund

By
Jechyang So
Director
Trust Fund and Partnerships
Development Finance

AGREED:
AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

By: Mr. Charles Boamah
Vice President
Finance

Date: 15/12/14
ANNEX I

Purposes, Terms, and Conditions of the Additional Grants

1. **Purpose**

1.1. The purpose of the Additional Grant for DRC, the Additional Grant for Ethiopia and the Additional Grant for Madagascar respectively is to finance the debt relief to be provided by the Recipients to the DRC, Ethiopia and Madagascar, as applicable (each individually, a Beneficiary Country and collectively, the Beneficiary Countries) following the completion point for the Beneficiary Country concerned under the enhanced HIPC Debt Initiative (Initiative).

2. **Withdrawal of Grant Proceeds**

2.1. With respect to the Additional Grant for Ethiopia, the Recipients shall, promptly after the countersignature of this Agreement by the Recipients, reallocate and transfer the proceeds of the cancellation made pursuant to this Letter Agreement in the amount of US$307,352 in respect of Trust Fund debt relief grants for Guinea-Bissau, from the account opened by the Recipients on their books in the name of Guinea-Bissau to the account opened by the Recipients on their books in the name of Ethiopia.

2.2. With respect to the Additional Grant for Madagascar, the Recipients shall, promptly after the countersignature of this Agreement by the Recipients, reallocate and transfer the proceeds of the cancellation made pursuant to this Letter Agreement in the amount of US$4,107 in respect of Trust Fund debt relief grants for Guinea-Bissau, from the account opened by the Recipients on their books in the name of Guinea-Bissau to the account opened by the Recipients on their books in the name of Madagascar.

2.3. With respect to the Additional Grant for DRC:

   (a) the Recipients shall, promptly after the countersignature of this Agreement by the Recipients, reallocate and transfer the proceeds of the cancellations made pursuant to this Letter Agreement in the aggregate amount of US$7,684,413 in respect of Trust Fund debt relief grants for Guinea-Bissau, Mauritania, Senegal, Tanzania, Uganda and Zambia, from the accounts opened by the Recipients on their books in the name of Guinea-Bissau, Mauritania, Senegal, Tanzania, Uganda and Zambia, respectively, to the account opened by the Recipients on their books in the name of DRC; and

   (b) the balance of US$106,633,197 shall be credited to an account opened by the Administrator on its books in the name of the Recipients (the Grant Account). Following the countersignature of this Agreement by the Recipients, the Administrator shall promptly withdraw the amount and transfer it to an account designated by the Recipients.

2.4 No portion of the Additional Grants shall be applied to payments for any fees, penalties or other charges whatsoever that may be due to the Recipients from any Beneficiary Country in respect of the prepayment of the debts on which debt relief is provided by the Recipients.
3. **Accounts and Audits**

3.1. (a) The Recipients shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Administrator, adequate to reflect the use of the proceeds of the Additional Grants and reallocated amounts. Such financial statements may be consolidated with financial statements reflecting the use of proceeds of other grants provided by the Administrator from the Trust Fund.

(b) The Recipients shall: (i) have the financial statements referred to in subparagraph (a) above for each fiscal year audited, in accordance with auditing standards acceptable to the Recipients' external auditors; (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements and report of such audit, by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and (iii) furnish to the Administrator such other information concerning said financial statements and the audit thereof, and concerning said auditors, as the Administrator shall from time to time reasonably request, including, without limitation, copies of the Recipients' debt relief agreements with the Beneficiary Countries and other relevant information on the provision of debt relief on debts owed to the Recipients by the Beneficiary Countries and the use of the proceeds of the Additional Grants.

4. **Suspension and Cancellation**

4.1. The Administrator may at any time, by notice to the Recipients, suspend the right of the Recipients to receive further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipients have failed to comply with any of their obligations herein specified; (b) the Recipients have suspended the provision of debt relief to the Beneficiary Country; or (c) any donor that is the source of funds which are subject to withdrawal has informed the Administrator that such funds may not be provided to the Recipient, including if the European Community is source of the funds which are subject to withdrawal, the Commission of the European Communities has notified the Administrator that European Community financial cooperation with the Beneficiary Country has been suspended on the basis of Article 366a of the Lome Convention or the equivalent provision of the ACP-EC Partnership Agreement, and no other funds are available under the Trust Fund that can be used to fund such withdrawals.

4.2. The Administrator may, by written notice to the Recipients, terminate the right of the Recipients to make further withdrawals from the Grant Account at any time after the right of the Recipients to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 4.1 above for a continuous period of 30 days.

5. **Refund**
5.1 The Recipients shall ensure that the proceeds of the Additional Grants are used solely for the purpose specified in Section 1.1 above. If the Administrator, in consultation with the Recipients, shall have determined at any time that any proceeds of the Additional Grants have not been or will not be used for such purpose, the Recipients shall, promptly upon notice from the Administrator, refund and credit an amount equal to the amount of such proceeds to an account designated by the Administrator or, if so agreed with the Administrator, reallocate and use such proceeds for debt relief to other eligible HIPC countries under the Initiative based on a written agreement between the Administrator and the Recipients.

6. Additional Debt Relief Requirements

6.1 The Recipients agree that unless the Administrator otherwise agrees, no additional funding from the Trust Fund in support of any future additional debt relief required from the Recipients under the Initiative with respect to the State of Eritrea (Eritrea), the Federal Republic of Somalia (Somalia) and the Republic of Sudan (Sudan) shall be available; except that if any amount of: (a) debt relief grants provided from the Trust Fund to the Recipients prior to the date of this Letter Agreement or (b) the Additional Grants, is cancelled, such amount may be reallocated to Eritrea, Somalia or Sudan, as applicable. Any such arrangement of cancellation and reallocation shall be made based on a written agreement between the Administrator and the Recipients.

6.2 Should the amount of the grants provided from the Trust Fund as of the date of this Letter Agreement, including the Additional Grants, not be sufficient to cover any future additional debt relief required from the Recipients with respect to any countries that have reached the completion point under the Initiative as of the date of this Letter Agreement or with respect to Eritrea, Somalia or Sudan, the Recipients agree that unless any additional funding is made available under Section 6.1 above, any shortfall shall be covered from the Recipients’ own resources and not from the Trust Fund.

7. Disclosure

7.1 The World Bank will disclose this Letter Agreement and any information related on the Letter Agreement in accordance with its policy on access to information. By entering into this Letter Agreement, the Recipients consent to such disclosure.
ANNEX II

Reallocation of Debt Relief Trust Fund Grant Amounts to Ethiopia and Madagascar

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Balance</th>
<th>Reallocation</th>
<th>Final Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guinea-Bissau</td>
<td>325,033</td>
<td>(311,459)</td>
<td>13,574</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>(307,352)</td>
<td>307,352</td>
<td>-</td>
</tr>
<tr>
<td>Madagascar</td>
<td>(4,107)</td>
<td>4,107</td>
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</table>
## ANNEX III

### Reallocation of Debt Relief Trust Fund Grant Amounts to DRC

<table>
<thead>
<tr>
<th>Country</th>
<th>Current Balance</th>
<th>Reallocation</th>
<th>Final Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRC</td>
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<td>7,684,413</td>
<td>(106,633,197)</td>
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<tr>
<td>Guinea-Bissau</td>
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<td>(13,574)</td>
<td>-</td>
</tr>
<tr>
<td>Mauritania</td>
<td>2,185,220</td>
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<td>Senegal</td>
<td>2,036,244</td>
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<tr>
<td>Tanzania</td>
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<td>(414,040)</td>
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</tr>
<tr>
<td>Uganda</td>
<td>405,040</td>
<td>(405,040)</td>
<td>-</td>
</tr>
<tr>
<td>Zambia</td>
<td>2,630,295</td>
<td>(2,630,295)</td>
<td>-</td>
</tr>
</tbody>
</table>