Supplemental Letter

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

May 6, 2014

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA:
IDA Credit No.5435-ET (Second Urban Local Government Development Program)
Section 5.01 of the General Conditions - Financial and Economic Data

Dear Sirs and Mesdames:

In connection with the Financing Agreement (Financing Agreement) of this date between the Federal Democratic Republic of Ethiopia (the Member Country) and the International Development Association (Association) providing financing (Financing) for the above-captioned Program, and the General Conditions (General Conditions) made applicable to the Financing Agreement, I am writing on behalf of the Member Country to set forth the following:

We have now been participating in the annual Debt Sustainability Analysis (DSA) for several years. This exercise and the exchange of views which it affords has been invaluable for our mutual understanding of debt dynamics and their most likely evolution as well as the risks posed to the economy by various type of shocks. In this regard it has also played an important role in terms of capacity building and enhancing the technical capability of government staff. I would like to take this opportunity to affirm that in the context of the annual DSA exercise, the Government of Ethiopia will continue to provide all the necessary underlying data, including detailed borrowing plans, to ensure the robustness of the analysis. As part of our continued cooperation, we agree to afford the Association the opportunity to exchange views with us should we be considering incurring any non-concessional borrowing that was not envisaged at the time of the annual DSA exercise.
Please confirm your agreement to the foregoing by having a duly authorized representative of the Association sign in the space provided below.

Very truly yours,

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By _____________________________
Authorized Representative

AGREED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____________________________
Authorized Representative