Ref.: WB/CD/413/01/10/2011

H.E. Ato Sufian Ahmed  
Minister,  
Ministry of Finance & Economic Development  
Federal Democratic Republic of Ethiopia  
Addis Ababa

Excellency:

Re: CIDA Grant No. TF090084-ET (Rural Capacity Building Project)

Third Amendment to Letter Agreement

I refer to the Letter Agreement (the “Agreement”), as amended to date, between the Federal Democratic Republic of Ethiopia (the “Recipient”), and the International Development Association (“World Bank”), acting as administrator of grant funds provided by the Canadian International Development Agency (“CIDA”) under the Trust fund established for the co-financing of the Rural Capacity Building Project in Ethiopia, signed by the World Bank on June 11, 2007, and countersigned by the Recipient on June 20, 2007 providing a grant (the “Grant”) for the co-financing of the above mentioned Project.

I also refer to the funds received by the World Bank from CIDA as the Donor’s commitment towards the Grant Activities. In order to provide these funds to the Recipient, we propose to amend the Agreement in respect of the provisions below:

1. First paragraph of the Agreement is amended to read as follows:

In response to the request for financial assistance made on behalf of the Federal Republic of Ethiopia (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”) acting as administrator of grant funds provided by the Canadian International Development Agency (“CIDA”) under the Trust Fund for the Rural Capacity Building Project in Ethiopia (the Trust Fund), proposes to extend to the Recipient a grant in the amount of US$15,794,243.52 (“Grant Amount”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the co-financing of the Rural Capacity Building Project in Ethiopia.
Capacity Building Project ("Project"). This Grant is funded out of the above mentioned trust fund for which the World Bank receives periodic contributions from CIDA. The Recipient may withdraw the Grant proceeds subject to the availability of such funds.

2. The table in Section 3.01 of the Annex to the Agreement is amended as set forth in the Annex to this letter.

All other terms and conditions of the Agreement, except as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments by signing and dating the enclosed copy of the letter and returning it to us. Upon receipt by the World Bank, this amendment shall take effect from the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Kenichi Ohashi

___________________________
Kenichi Ohashi
Country director for Ethiopia and Sudan
Africa Region

AGREED

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

/s/ Ahmed Shide, State Minister

___________________________
Authorized Representative
Date: January 12, 2011
**REVISED DISBURSEMENT TABLE**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in US Dollars)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works and Consultants’ Services, Audits and Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for part 1 of the Project</td>
<td>600,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>(b) for part 2 of the Project</td>
<td>5,694,243.52</td>
<td></td>
</tr>
<tr>
<td>(c) for part 3 of the Project</td>
<td>5,300,000.00</td>
<td></td>
</tr>
<tr>
<td>(d) for part 4 of the Project</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>(e) for part 5 of the Project</td>
<td>2,400,000.00</td>
<td></td>
</tr>
<tr>
<td>(f) for part 6 of the Project</td>
<td>500,000.00</td>
<td></td>
</tr>
<tr>
<td>(2) Grants undr parts 1(b), 2(c)(i), 2(d), and 3(a) of the Project</td>
<td>1,000,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Operating Costs</td>
<td>300,000.00</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Amount</strong></td>
<td>15,794,243.52</td>
<td></td>
</tr>
</tbody>
</table>
Cleared by and CC: MNadeem (LEGAF); RRangachari (TACT); LSchwartz, (CTRFC)

BCC: LScoura, IShuker, KBrooks (AFTAR), DMphande, MTechane (AFTFM)

Program Accountant as listed in the ‘Contacts tab’ in the SAP master data (Rahel please insert correct name).