July 23, 2015

H. E. Sufian Ahmed  
Minister of Finance and Economic Development  
Federal Democratic Republic of Ethiopia  
Addis Ababa  
Ethiopia

Dear Ato Sufian,

**Ethiopia: Promoting Basic Services Program – Phase III Project**  
(*Credit No. 5162 – ET*)  
**Amendment to the Financing Agreement**

We refer to the Financing Agreement (the “Agreement”), dated October 18, 2012, between the Federal Democratic Republic of Ethiopia (“Recipient”) and the International Development Association (“Association”) for the above mentioned Project (“Project”).

We also refer to your letter, dated April 17, 2015, requesting the Association to reallocate Credit proceeds among selected disbursement categories of the Project and add new activities under Sub-program B of the Project.

Therefore, we propose to amend the Agreement as follows:

1. **A new paragraph 4 is added in Schedule 1 of the Agreement to read as follows:**

   **“4. Safeguards and Sector Effectiveness (Subprogram B.4)**

   (a) Provision of safeguards capacity support to boost Woreda level ability to manage environmental and social risks.

   (b) Enhancing sector effectiveness through carrying out capacity building initiatives in basic service delivery including, *inter alia*, training, information mobilization campaigns, and beneficiary outreach.

   (c) Carrying out capacity building activities to enhance the financial management capacities.”

2. **The table in Section IV.A.2 in Schedule 2 to the Agreement is deleted in its entirety and is replaced with the table shown in Annex 1 to this Amendment Letter.**
3. All other provisions of the Agreement, except as amended herein, shall remain in full force and effect.

This letter shall constitute an amendment to the Agreement between the Recipient and the Association. Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing and dating the two originals, retaining one original for your records and returning the other original to the Association. Upon receipt by the Association of the original Amendment Letter countersigned by you, this Amendment Letter will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Greg Toulmin
Acting Country Director for Ethiopia
Africa Region

AGREED:

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By:

Name: AHMED SHAIB
Title: State Minister
Date: ____________________________
<table>
<thead>
<tr>
<th>Categories</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
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<tbody>
<tr>
<td>(1) Subprogram A</td>
<td>341,460,712</td>
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<tr>
<td>(2) Subprogram B.1</td>
<td>9,710,288</td>
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<tr>
<td>(3) Subprogram B.2</td>
<td>19,309,000</td>
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<tr>
<td>(4) Subprogram B.3</td>
<td>15,236,000</td>
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<tr>
<td>(5) Unallocated</td>
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<tr>
<td>(6) Subprogram B.4</td>
<td>12,084,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>397,800,000</strong></td>
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