Dear Sirs,

Re: Federal Democratic Republic of Ethiopia: IFAD Loan No. 200000426 (Pastoral Community Development Project III)

1. I refer to the Agreement dated 20 May 1978 between the International Bank for Reconstruction and Development and the International Development Association (the "Association") and the International Fund for Agricultural Development (the "Fund").

2. I also refer to the Pastoral Community Development Project III (the "Project") which is to be partly financed by a loan from the Fund together the "Fund Financing" under an Agreement between The Federal Democratic Republic of Ethiopia (the "Borrower") and the Fund dated 16 December 2013 (the "Fund Financing Agreement"). Copies of the Fund Financing Agreement have been furnished to you under separate cover.

3. For the purpose of the Project, and with the agreement of the Borrower, as set forth in Section D of the Fund Financing Agreement, the Fund hereby appoints the Association to act as the Cooperating Institution within the meaning of Article III (The Cooperating Institution) of the Fund's "General Conditions for Agricultural Development Financing" dated 29 April 2009 (the "General Conditions"), subject to and in accordance with the contractual terms and conditions on which the Fund provides financing for the Project. The Association hereby accepts such appointment.

4. In this Letter of Appointment, unless the context otherwise requires, the term "Fund Financing Agreement" also refers to the General Conditions, as incorporated therein.

5. The Fund and the Association shall fully cooperate to ensure an effective coordination of their respective actions in connection with, and the achievement of, the purposes of the Fund Financing. To this end, inter alia:

(a) the Fund shall promptly inform the Association about the progress made towards the effectiveness of the Fund Financing Agreement and shall notify the Association when the Fund Financing Agreement enters into force and effect;

(b) the Fund shall promptly inform the Association and exchange views whenever it is proposed:

(i) to modify materially the Loan Documents related to the Fund Financing; or

(ii) to take any action under Sections 12.01 (Suspension by the Fund), 12.02 (Cancellation by the Fund), 12.05 (Acceleration of Maturity) of the General Conditions or Section E of the Fund Financing Agreement.

International Development Association
Washington, D.C. 20433
(c) the Fund shall promptly inform the Association of any suspension, cancellation or acceleration or repayment in advance of maturity of any amount of the Fund Financing;

(d) notwithstanding sub-paragraph (b), above, the Fund shall retain its independent right of decision and action under the Loan Documents with respect to any such matter; and

(e) on request from the Fund, the Association shall furnish to the Fund reports on the execution of the Project.

6. The Association shall administer all procurement financed from the proceeds of the Fund Financing, in accordance with Schedule 4 to the Fund Financing Agreement.

7. (a) The Association shall process each application for withdrawal from the Fund Financing submitted by the Borrower to the Association to determine the amounts which the Borrower is entitled to withdraw from the Fund Financing in conformity with the relevant provision(s) of the Fund Financing Agreement.

(b) The Association shall promptly advise the Fund of the amount which the Borrower is entitled to withdraw from the Fund Financing. The Fund shall make appropriate arrangements to make the necessary payments of such amounts.

(c) From time to time, the Fund shall inform the Association of the amounts available for withdrawal from the Fund Financing.

8. The Fund hereby authorises the Association to enter into special commitments, on behalf and for the account of the Fund, to pay amounts out of the proceeds of the Fund’s Financing in respect of the cost of goods or services required for the Project and to be financed out of the Fund Financing. Any such special commitment shall, once it has been notified to the Fund, constitute an obligation on the part of the Fund to pay, notwithstanding any subsequent suspension or cancellation of the Fund Financing, the amount to be disbursed out of the proceeds of the Fund Financing in fulfilment of such special commitment.

9. The Fund and the Association shall each be entitled to terminate this appointment at any time by written notice to the other party, whereupon this appointment shall terminate six months after the date of such notice.

10. This Letter of Appointment shall enter into full force and effect as from the date of countersignature hereof.

11. Please confirm your agreement with the foregoing by signing the two copies of this Letter and returning one signed original to the Fund for its records. Additionally, once countersigned, please send copies of this Letter to the Borrower and the Lead Project Agency as set forth on the first page of this Letter.
Yours sincerely,

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

[Signature]

Adolfo Brizzi
Acting Associate Vice President
Programme Management Department

CONFIRMED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Authorized Representative

Date: June 3, 2014
CC: His Excellency
Minister for Finance and
Economic Development of the
Federal Democratic Republic of Ethiopia
Addis Ababa

Embassy of the Federal Democratic
Republic of Ethiopia
Rome