Ref.: WB/CD/97/03/28/2011

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

Re: MDTF Grant No. TF099283
Ethiopian Diaspora Education and Health Professionals Mobilization Project

Excellency:

In response to the request for financial assistance made on behalf of the Federal Democratic Republic of Ethiopia (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “World Bank”), acting as administrator of grant funds provided by Italy, proposes to extend to the Recipient a grant in an amount not to exceed six hundred forty thousand United States Dollars (US$640,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the
World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Yitbarek Tessema
By____________________
Yitbarek Tessema
A/Country Director for Ethiopia
Africa Region

AGREED:
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By____/s/ Ahmed Shide________
Authorized Representative

Name _______________________
Title _____State Minister_______
Date: ____March 31, 2011_______

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of even date herewith, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
(5) Guidelines on “Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the term “Diaspora” means Ethiopians living abroad.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to strengthen the networking internet connection capacity at selected medical education facilities and universities for efficient knowledge transfer between the Diaspora and in-country medical professionals and registered students.

The Project consists of the following part: Support for the implementation of the medical education strategy of the Recipient’s Ministry of Health (“FMoH”) through the: (i) acquisition and installation of new medical equipment (tele-consultation and tele-education) and internet software at selected medical education facilities and universities; and (ii) improvement of access to internet and e-journals at participating departments at the College of Medicine of Addis Ababa (Black Lion Hospital), the Millennium Medical College at St Paul Hospital and selected regional hospitals in the Recipient’s territory.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its FMoH in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** Without limitation upon the provisions of Section 2.02 above, the Recipient shall maintain, throughout the implementation of the Project, a Project’s steering committee chaired by the Recipient’s FMoH vested with the responsibility to monitor the implementation of the Project. The steering committee shall be composed of representatives from: (i) the FMoH; (ii) the participating universities and hospitals, and the Italian Cooperation.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World
Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Section I (excluding paragraph 1.16) of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services; and

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Limited International Bidding; (B) National Competitive Bidding; (C) Shopping; and (D) Direct Contracting.

(d) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for goods estimated to cost the equivalent of $500,000 or more procured on the basis of International Competitive Bidding; and
(b) each contract procured on the basis of ICB or Direct Contracting, irrespective of value. All other contracts shall be subject to Post Review by the World Bank.
Article III
Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods and non-consulting services, inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2012.

Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Recipient’s Minister in charge of finance.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance and Economic Development  
P. O. Box 1905  
Addis Ababa  
Ethiopia  

Cable: MINFIN  
Telex: 21147  
Facsimile: (251-111) 551355

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD  
Telex: INDEVAS 248423 (MCI) or 1-202-477-6391  
Facsimile: 64145 (MCI)