June 6, 2012

H.E. Ato Sufian Ahmed
Minister
Ministry of Finance and Economic Development
Addis Ababa

Co-financing of Water Supply and Sanitation Project
(Multi Donor Trust Fund Grant No. TF091704)
Seventh Amendment to the Letter Agreement

Dear Ato Sufian,

We refer to the Letter Agreement ("the Agreement") dated April 9, 2008, between the Federal Democratic Republic of Ethiopia ("Recipient") and the International Development Association ("Association" or "World Bank"), acting as administrator of grant funds provided by various donors under the Ethiopia Water Supply and Sanitation Multi Donor Trust Fund ("MDTF") established for the Co-financing of the above mentioned Project.

We also refer to recent funds received from DFID as the last release of their commitment for an amount of US$ 7,967,121 towards the MDTF 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 Democratic Republic of Ethiopia ("Recipient"), I am pleased to inform you that the International Development Association ("Association" or "World Bank"), acting as administrator of grant funds provided by various donors under the Ethiopia Water Supply and Sanitation Multi Donor Trust Fund ("MDTF"), proposes to extend to the Recipient, a grant in an amount not to exceed one hundred six million seven hundred eighty eight thousand four hundred twenty seven United States Dollars (US$ 106,788,427) ("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 above
mentioned trust fund for which the World Bank receives periodic contributions. The MDTF has originally received a total commitment of seventy million Pounds Sterling (£70,000,000) - from the Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (DFID). The total commitment was latter reduced to sixty six million Pounds Sterling (£66,000,000) as four million Pound Sterling (£4,000,000) was reduced by the donor (DFID) to allocate the resource to other development priorities in Ethiopia (per the revised memorandum of understanding dated February 2, 2012). 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 in the MDTF.”

2. The table in Section 3.01 of the Annex to the Agreement is deleted in its entirety to be replaced with the table shown in the Attachment to the amendment letter.

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

Please confirm your agreement with the foregoing on behalf of the Recipient by signing, dating and returning to us the enclosed copy of this letter. Upon receipt by the World Bank of the copy of this letter countersigned by you, this amendment will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Guang Z. Chen
Country Director for Ethiopia
Africa Region

AGREED:

ON BEHALF OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By [Signature]
Authorized Representative

Date: 13th June 2012
## Attachment

<table>
<thead>
<tr>
<th>Category No.</th>
<th>Category Description</th>
<th>Amount of the grant Allocated Expressed in US$</th>
<th>Percentage of Expenditure to be financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>WORKS</td>
<td>40,297,000</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>GOODS</td>
<td>8,739,700</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>CONSULTANTS SERVICES</td>
<td>5,781,100</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>TRAINING</td>
<td>1,359,400</td>
<td>100%</td>
</tr>
<tr>
<td>5</td>
<td>GRANTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5-A</td>
<td>Woreda Water Supply</td>
<td>13,492,327</td>
<td>100% of Amount Disbursed</td>
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<tr>
<td>5-B</td>
<td>Town Water Supply</td>
<td>22,809,700</td>
<td>100% of Amount Disbursed</td>
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<tr>
<td>5-C</td>
<td>Hygiene and Sanitation</td>
<td>8,781,100</td>
<td>100% of Amount Disbursed</td>
</tr>
<tr>
<td>6</td>
<td>OPERATING COSTS</td>
<td>5,528,100</td>
<td>100%</td>
</tr>
<tr>
<td>7</td>
<td>Unallocated</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

**Total Amount**: 106,788,427