May 20, 2015

Ref: WB/CD/0178 /05/20/2015

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

Dear Ato Ahmed,

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA:  
(Water Supply, Sanitation and Hygiene Project)  
(Credit No. 5386-ET)  
Amendment No. 1 to the Financing Agreement

We refer to the Financing Agreement dated April 10, 2014 ("Financing Agreement") between the Federal Democratic Republic of Ethiopia ("Recipient") and the International Development Association ("Association") for the abovementioned Project ("Project"). We also refer to the letter dated October 24, 2014 from the Recipient’s Ministry of Finance and Economic Development requesting certain adjustments to the Project in view of the Recipient’s One Water Supply, Sanitation and Hygiene (WaSH) National Program.

Accordingly, the Financing Agreement is hereby amended as follows:

Appendix (Definitions)

1. Paragraph 5 is amended to read as follows:

"5. “ESMF” means the environmental and social management framework prepared by the Recipient and disclosed within the Recipient’s territory and in the Association’s Infoshop on December 3, 2013, and revised on April 20, 2015, setting forth the modalities and parameters for environmental and social screening and procedures/actions for preparation of Environmental and Social Assessments and Environmental and Social Management Plans for the activities under Parts 1 and 2 of the Project, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document.”
2. Paragraph 14 is amended to read as follows:

"14. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated January 15, 2014, and revised on January 16, 2015, referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs."

3. Paragraph 16 is amended to read as follows:

"16. "Project Implementation Manual" or "PIM" means a document dated April 13, 2015 (also referred to as the Program Operational Manual), adopted by the Recipient pursuant to Section 1.B of Schedule 2 to this Agreement and setting forth the arrangements, procedures and requirements for the implementation of the Project, consistent with the provisions of this Agreement and with applicable laws and regulations of the Recipient, including, among other things, administrative, procurement, accounting, financial management, disbursement, reporting, environmental and other safeguards arrangements, as the same may be amended from time to time upon agreement with the Association."

4. Paragraph 18 is amended to read as follows:

"18. "RPF" means the resettlement policy framework prepared by the Recipient and disclosed within the Recipient’s territory and in the Association’s Infoshop on December 3, 2013, and revised on April 20, 2015, outlining the policies and procedures to be implemented in the event that specific activities implemented under the Project have potentially negative impacts on the livelihoods, assets and land of Affected Persons, as the said framework may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document."

5. Paragraph 19 is amended to read as follows:

"19. "Social Assessment" or "SA" means the document dated September 20, 2013, and revised on April 20, 2015, identifying and assessing the potential social impacts of the Project, evaluating alternatives, and proposing appropriate mitigation, management, and monitoring measures, defining specific measures to be implemented for vulnerable and underserved groups, through free prior informed consultations and broad community support, in order to protect them and to ensure that they be granted equal legal, financial and organizational opportunities under the Project, as the said plan may be amended and/or supplemented from time to time with the prior written consent of the Association, and such term includes any schedules to such document."

All the terms and conditions of the Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.
Please indicate your agreement with the foregoing amendments on behalf of the Recipient by countersigning and dating two original copies of this letter and returning one countersigned original to us. Upon receipt by the Association of the countersigned copy, these amendments shall become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED:
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: [Signature]
Name: AHMED SHIDE
Title: State Minister
Date: 

[Signature]