

***Supplemental Arrangement between the Government of the Italian Republic, represented
By the Ministry of Foreign Affairs and International Cooperation, and the
International Development Association concerning the
Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II
(TF072612 parallel to original TF072206)***

1. Reference is made to the Administration Arrangement between the Government of the Italian Republic, represented by the Ministry of Foreign Affairs and International Cooperation (formerly, Ministry of Foreign Affairs) (the "Donor") and the International Development Association (collectively, the "Bank" and together with the Donor, the "Participants" and each a "Participant"), regarding the Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II, effective as of September 5, 2014, as may have been amended (the "Administration Arrangement");
2. In connection with the Administration Arrangement, and in support of the Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II, the Bank acknowledges that the Donor agrees to provide a contribution in the amount of one million Euro (EUR 1,000,000) (the "Contribution") in accordance with the terms of this Supplemental Arrangement (the "Supplemental Arrangement").
3. In order to apply the Bank's new cost recovery provisions, the Bank has established a new parallel trust fund account (TF072612) (the "Parallel Account") for purposes of receiving contributions for the Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II, which will be administered in parallel with the original trust fund account (TF072206) (the "Original Account"), both of which accounts constitute the Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II.
4. The Donor, through the Italian Agency for Development Cooperation, will deposit the Contribution in the currency specified in Section 2 above into such bank account designated by the Bank promptly following countersignature of this Supplemental Arrangement and submission of a payment request by the Bank.
5. When making a deposit, the Italian Agency for Development Cooperation will instruct its bank to include in its deposit details information (remittance advice) field of its SWIFT deposit message, information indicating: the amount deposited, that the deposit is made by the Donor, through the Italian Agency for Development Cooperation, for TF072612 (Multi Donor Trust Fund for the Ethiopia General Education Quality Improvement Project II), and the date of the deposit (the "Deposit Instructions"). In addition, the Donor will provide a copy of the Deposit Instructions to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.
6. The Parallel Account, including with respect to the Contribution funds and any other funds contributed thereto, will be governed by the terms of the Administration Arrangement, except that the revisions specified in the Schedule attached to this Supplemental Arrangement will apply.
7. For clarity, (a) subject to Section 6 above, all other terms of the Administration Arrangement, as such terms may be amended from time to time, will apply to the funds in the Parallel Account; and (b) all funds in the Original Account will be governed by the terms of the Administration Arrangement, as such terms may be amended from time to time, without regard to this Supplemental Arrangement.

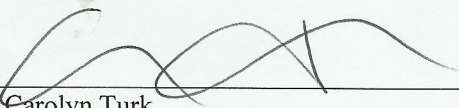
8. At the date of Bank's signature of this Supplemental Arrangement, the Indirect Rate (as defined in the Schedule to this Supplemental Arrangement) is 17%.

9. The Bank will disclose this Supplemental Arrangement in accordance with the Bank's Policy on Access to Information. By entering into this Supplemental Arrangement, the Donor consents to such disclosure.

10. It is understood that this Supplemental Arrangement, including its Schedule, is not an international treaty and is not eligible for registration as a treaty under Article 102 of the United Nations Charter. It is an administrative arrangement between the Bank and the Donor.

11. Each of the Donor and the Bank represents, by confirming its acceptance below, that it is authorized to enter into this Supplemental Arrangement and act in accordance with its provisions. The Donor and the Bank are each requested to sign and date this Supplemental Arrangement, and upon possession by the Bank of this fully signed Supplemental Arrangement, this Supplemental Arrangement will become into effect as of the date of the last signature.

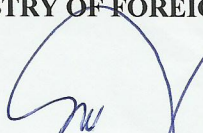
INTERNATIONAL DEVELOPMENT ASSOCIATION

By: 
Carolyn Turk
Country Director for Ethiopia, Sudan and South Sudan

Date: 28 Feb. 2017



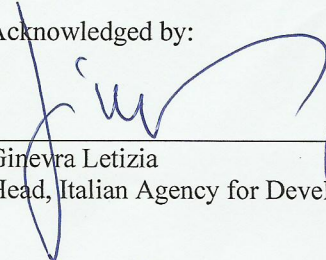
**ITALIAN REPUBLIC, represented by the
MINISTRY OF FOREIGN AFFAIRS AND INTERNATIONAL COOPERATION**

By: 
Giuseppe Mistretta
Ambassador of Italy
Addis Ababa – Ethiopia

Date: 28 FEB - 2017



Acknowledged by:


Ginevra Letizia
Head, Italian Agency for Development Cooperation (AICS) Addis Abeba



Schedule

Revisions to the Administration Arrangement for Purposes of the Parallel Account Only

- (A) Section 3 (Trust Fund Fees and Costs) of Annex 2 of the Administration Arrangement is hereby eliminated.

- (B) Section 3.1 of Annex 1 of the Administration Arrangement is hereby substituted with the following terms:

“3.1 The following eligible expenditures categories may be used to finance Bank-executed activities:

- (a) staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries);
- (b) extended term consultants and temporaries;
- (c) short-term consultants and temporaries;
- (d) contractual services;
- (e) media, workshops, conferences and meetings;
- (f) travel expenses; and
- (g) equipment and office premises lease cost.

For purposes of the above expenditure categories: (i) “staff costs (excluding short term consultants and temporaries, and also excluding extended term consultants and temporaries)” includes salaries, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; (ii) “extended term consultants and temporaries” includes fees, benefits and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures; and (iii) “short term consultants and temporaries” includes fees and indirect rates charged to the Trust Fund as applicable under Bank policies and procedures.

The “Indirect Rate” means the indirect rate, defined as a percentage of personnel costs and available at the *World Bank’s Donor center secure website*, as such rate may be revised from time to time by the Bank and applied to this Trust Fund, in accordance with its policies and procedures.”

- (C) The following activities may also be financed as Bank-executed activities by the Trust Fund:

Program management and administration activities for the Trust Fund, including but not limited to, supporting any program governance arrangements and Trust Fund related meetings; planning and executing work plans and budgets; managing communications and conducting outreach; disseminating lessons learned; regularly monitoring the Project activities and providing progress reports to the contributing partners on implementation of Trust Fund and GEQIP at a technical and financial level, all in agreement with Ethiopia and the contributing partners; carry out jointly with the Bank and the contributing partners a mid-term review of the Trust Fund; ensuring fiduciary compliance via regular financial and procurement reviews on behalf of the contributing partners and provision of no-objection letters, managing regular transactions, and ensuring timely disbursement of funds to Ethiopia.

(D) The following Section is added to Annex 2 of the Administration Arrangement:

“8.4 Trust Fund Fee

The Bank shall calculate a fee each time funds (the “Grant Amount”) from the Trust Fund become committed under a Grant Agreement. Such commitment shall occur when such Grant Agreement is fully countersigned (the “Calculation Date”). The fee so calculated by the Bank shall be based on the cumulative total of funds from the Trust Fund committed under all Grant Agreements that have been fully countersigned on or prior to the Calculation Date (the “Cumulative Grant Total”). The calculated fee shall depend on where the Cumulative Grant Total stands as the Grant Amount is added and shall be determined in accordance with the following schedule:

- (i) 5% of any portion of the Grant Amount that results in a Cumulative Grant Total below or equal to US\$ 50 million or equivalent; plus
- (ii) 4% of any portion of the Grant Amount that results in a Cumulative Grant Total above US\$ 50 million or equivalent and below or equal to US\$ 500 million or equivalent; plus
- (iii) 3% of any portion of the Grant Amount that results in a Cumulative Grant Total above US\$ 500 million or equivalent and below or equal to US\$ 1 billion or equivalent; plus
- (iv) 2% of any portion of the Grant Amount that results in a Cumulative Grant Total above US\$ 1 billion or equivalent.

Following each Calculation Date, the Bank shall deduct from the trust fund account, TF07612, and retain for its own account, the fee as set forth above. Grant Amounts may not exceed the balance of uncommitted funds in such account net of the related fee.”