

Public Disclosure Authorized

CR 5149-ET

**OFFICIAL
DOCUMENTS**

October 28, 2015

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H.E Ato Abdulaziz Mohammed
Minister of Finance and Economic Cooperation
Ministry of Finance and Economic Cooperation
Addis Ababa
Federal Democratic Republic of Ethiopia

**Ethiopia Financing Agreement Credit Number 5149- ET
(Eastern Electricity Highway Project under the First Phase of the Regional Eastern Africa Power
Integration Program)
Amendment to the Finance Agreement
Termination of EEPKO Project Agreement**

Excellency:

We refer to the Finance Agreement dated December 14, 2012, (the "Agreement") between the Federal Democratic Republic of Ethiopia (the "Recipient") and the International Development Association (the "Association"), for the above mentioned project (the "Project") and to the EEPKO Project Agreement between the Association and the Ethiopian Electric Power Corporation (the "EEPKO Project Agreement") of same date. We also refer to your letter, dated December 23, 2013, informing the Association about institutional restructuring of the Ethiopian energy sector and requesting certain changes to the Agreement.

We are pleased to inform you that the Association has agreed to your request and we hereby propose to amend the Agreement as follows:

1. Paragraph "D" of the preamble is amended to read as follows:

"the Project will be carried out in Ethiopia by the Ethiopian Electric Power ("EEP" or "Project Implementing Entity", as further defined in the Appendix to this Agreement) with the Recipient's assistance and, as part of such assistance, the Recipient will make the proceeds of the credit provided for in Article II of this Agreement available to EEP as set forth in this Agreement;"

2. The last paragraph of the preamble is amended to read as follows:

"WHEREAS the Association has also agreed, on the basis, *inter alia*, of the foregoing, to extend the credit provided for in Article II of this Agreement to the Recipient upon the terms and conditions set forth in this Agreement and in the EEP Project Agreement of even date herewith between the Association and EEP ("EEP Project Agreement");"

3. In light of the above amendments, amend all and every reference to the Ethiopian Electric Power Corporation ("EEPKO") to the Ethiopian Electric Power ("EEP" or "Project Implementing Entity") throughout the Agreement including the Appendix of the list of definitions, wherever applicable.

4. Part A.2. of Schedule 1 to the Agreement is amended to read as follows:

"(a) Engineering design, and (b) construction and commissioning of one (1) converter substation on each end (in the territory of the Recipient and in the territory of Kenya) of the transmission line to be constructed under Part A.1 of the Project, and provision of goods required for such construction and for the maintenance and surveillance of the transmission network."

5. Paragraph 1 of Section I.B of Schedule 2 to the Agreement is amended to read as follows:

“1. In order to facilitate the carrying out of the Project, the Recipient shall make available to the EEP, the proceeds of the Credit allocated from time to time to Categories (1) (a) , (b) and (c) of the table set forth in Section IV.A.2 of this Schedule under a Subsidiary Credit Agreement to be entered into between the Recipient and EEP under terms and conditions approved by the Association.”

6. Section II.B of Schedule 2 to the Agreement is amended to read as follows:

“The Recipient shall cause EEP:

- (a) to prepare, under terms of reference satisfactory to the Association, and furnish to the Association, not later than twelve (12) months after the Effective Date, a report integrating the results of the monitoring and evaluation activities referred to in paragraph A.1 of this Section II and setting out the measures recommended to ensure the efficient carrying out of the Project and achievement of the objectives thereof during the period following such date; and
- (b) to review with the Association, not later than fourteen (14) months after the Effective Date, or such later date as the Association shall request, the report referred to in the preceding paragraph (a), and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Association’s views on the matter.”

7. The disbursement table in Paragraph 2 of Section IV.A of Schedule 2 to the Agreement is amended to read as follows:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Turnkey Contract Payments:		
(a) for the advance payment under Part A.2 of the Project	30,000,000	100%
(b) for consulting services under Part A.2 (a) of the Project	16,000,000	100%
(c) for goods, works and non-consulting services under Part A.2 (b) of the Project	110,800,000	100%
TOTAL AMOUNT	156,800,000	

8. Paragraph 1(b) of Section IV.B of Schedule 2 to the Agreement is amended to read as follows:

“Under Category (1) (C), until and unless the Recipient shall have adopted, consulted Project Affected Persons and disclosed the RAP for the converter substation to be constructed in Ethiopia under Part A.2 of the Project, as approved by the Association, and all the Project Affected Persons have been compensated in accordance with the provisions of the RAP.”

9. Paragraph 2 of Section V.A. of Schedule 2 to the Agreement is amended to read as follows:

“2. Not later than January 31 of each year during Project implementation, starting in calendar year 2016, the Recipient shall cause EEP to prepare and furnish to the Association, an annual progress report on the implementation of the Financial Viability Plan referred to in the preceding paragraph 1, including measures recommended to ensure the continued financial viability of EEP. The Recipient shall afford the Association and EEP a reasonable opportunity to exchange views with the Recipient and EEP and make recommendations on the proposed measures.”

10. Paragraphs (1) and (2) under Section V. B of Schedule 2 to the Agreement are hereby deleted in their entirety.

11. Paragraph 7 of the Appendix is amended to read as follows:

“EEP” or “Project Implementing Entity” means the Ethiopian Electric Power, a public enterprise established by the Regulation of the Council of Ministers of the Recipient No. 302/2013 or any successor thereto.”

12. Paragraph 8 of the Appendix is amended to read as follows:

“EEP’s Legislation” or “Project Implementing Entity’s Legislation” means the Regulation of the Council of Ministers of the Recipient No. 302/2013.”

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

In addition, please be advised that due to the fact that the Ethiopian Electric Power Corporation has ceased to exist in the same legal form as that prevailing as of the date of the Agreement, and that its responsibilities under the Agreement and the EEP/CO Project Agreement have been assumed by EEP through a Project Agreement to be entered into between the Association and EEP (the EEP Project Agreement), the EEP/CO Project Agreement is terminated.

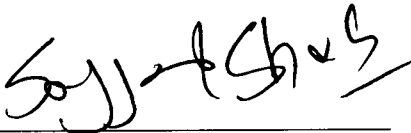
The Association will disclose this Amendment letter and related information on the Project in accordance with the World Bank Policy on Access to Information. By entering into this Amendment Letter, the Recipient consents to disclosure of this Amendment Letter and related information on this Project.

The following events are specified as conditions of effectiveness of this Amendment Letter: (i) a Subsidiary Credit Agreement governing the transfer of resources and the obligations of each party to the other and the implementation of the Project is executed between the Recipient and EEP; (ii) a legal opinion, satisfactory to the Association, has been furnished to the Association showing that the Subsidiary Credit Agreement has been duly authorized or ratified by and executed and delivered on behalf of the parties and is legally binding upon the Recipient and EEP; and (iii) a legal opinion, satisfactory to the Association, has been furnished to the Association showing the EEP Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of EEP and is legally binding upon EEP in accordance with its terms.

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. The Amendment Letter will become effective as of the date on which the Association dispatches to the Recipient notice of its acceptance of the evidence that this Amendment Letter's effectiveness conditions set forth above have been satisfied (the "Effective Date").

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Authorized Representative

AGREED:

ON BEHALF OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: 
Authorized Representative

Name: H.E. Ato Abdulaziz Mohammed

Title: Minister

Date: Nov. 6, 2015

