OFFICIAL DOCUMENTS

CREDIT NUMBER 6157-ET
(Scale-up Facility Credit)

Financing Agreement

(ETHIOPIA ELECTRIFICATION PROGRAM)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) by an agreement of the same date as the Signature Date between the Recipient and the Association ("Regular Credit Financing Agreement"), the Association is agreeing to provide an amount equivalent to SDR 176,900,000 ("Regular Credit") to further assist in the financing of the Program on the terms and conditions of said agreement ("Regular Credit No. 6158-ET"); and

(B) Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h) of the Program will be carried out by the Ethiopian Electric Utility ("EEU" or "Program Implementing Entity") with the Recipient’s assistance and for which the Recipient shall enter into a Subsidiary Agreement with the Program Implementing Entity and the Association shall enter into a Program Agreement with the Program Implementing Entity.

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, deemed by the Association to be on non-concessional terms, as set forth or referred to in this Agreement, in the amount of one hundred twenty-five million Dollars ($125,000,000), as such amount may be converted from time to time through a Currency Conversion ("Credit"), to assist in financing the program described in Schedule 1 to this Agreement ("Program").
2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Credit Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

2.03. The Front-end Fee is one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The Payment Dates are April 1 and October 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall carry out Parts 3(b) and 3(e) of the Program and cause Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h) of the Program to be carried out by the Program Implementing Entity/EEU in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Program Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) the Program Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Program Implementing Entity to perform any of its obligations under the Program Agreement; and

(b) the Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Program Implementing Entity of its obligations under the Program Agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, the Subsidiary Agreement has been executed on behalf of the Recipient and the Program Implementing Entity.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the Signature Date.

ARTICLE VI— REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is its Minister of Finance and Economic Cooperation.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Finance and Economic Cooperation
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia; and

(b) the Recipient’s Electronic Address is:

Telex: 21147
Facsimile: (251-11) 1551355

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s Address is:

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

(b) the Association’s Electronic Address is:

Telex: 248423 (MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By

[Signature]

Authorized Representative

Name: Abraham Tekestë (PhD)

Title: Minister

Date: March 9, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Carolyn Turk

Title: Country Director for Ethiopia

Date: Sudan and South Sudan March 9, 2018
SCHEDULE 1

Program Description

The objectives of the Program are to increase access to electricity in Ethiopia and to enhance institutional capacity for planning and implementation of the Government’s electrification program.

The Program consists of the following activities which form a subset of the NEP:

1. Increase access to on-grid electricity in areas covered by the power grid through, *inter alia*, large scale and programmatic densification of electricity connections, including installation of short low voltage ("LV") extensions, service drops, metering and limited installations or rehabilitation of medium voltage ("MV") lines.

2. Increase access to off-grid electricity through, *inter alia*, provision of support for pilot-scale off-grid service delivery activities, including off-grid electrification of communities using renewable energy mini-grids (such as solar and hybrid), as well as installation of stand-alone solar systems for beneficiaries in these communities.

3. Support sector capacity and institutional reform in the government’s electrification program, specifically improving the planning capacity of EEU and MoWIE to implement the Program through, *inter alia*: (a) preparation of annual connection and roll-out plans; (b) establishment of the Department of Electrification ("DoE") and an integrated monitoring and evaluation system; (c) production of International Financial Reporting Standards Compliant Audited Financial Statements (without disclaimer opinion); (d) performance improvements of procurement processes; (e) production of reports on fraud and corruption allegations; (f) preparation of reports on citizen engagement and gender; (g) improvement of customer satisfaction; and (h) establishment and maintenance of an environmental and social management system.
SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Program Implementing Entity’s Respective Parts of the Program, the Recipient shall make part of the proceeds of the Credit available to the Program Implementing Entity under a subsidiary agreement between the Recipient and the Program Implementing Entity, under terms and conditions approved by the Association (“Subsidiary Agreement”), which shall include the following: (a) the principal amount of the Credit made available under the Subsidiary Agreement (“Subsidiary Credit”) shall be: (i) denominated and repayable in Dollar; (ii) charged interest on the principal amount withdrawn and outstanding from time to time at the rate of 6%; and (iii) repayable over a period not exceeding twenty (20) years from the date of the Subsidiary Agreement, inclusive of a grace period not exceeding five (5) years; and (b) the Program Implementing Entity shall: (i) carry out the Program Action Plan; (ii) implement its Respective Parts of the Program in accordance with the Program Operational Manual; (iii) ensure that activities described in Section II of this Schedule are excluded; (iv) provide the necessary information to enable the Recipient to comply with reporting requirements in Section III of this Schedule; and (v) take all actions necessary to achieve the Disbursement Linked Results.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Program Action Plan

The Recipient shall carry out, and cause the Program Implementing Entity to carry out, the Program Action Plan, in accordance with the schedule set out therein and in a manner satisfactory to the Association. Except as the Association may agree after consultation with the Recipient, the Recipient shall not amend, waive, suspend, terminate or abrogate the Program Action Plan or any provision thereof.
C. Program Operational Manual

1. The Recipient shall:

   (a) prepare and furnish to the Association for its review, a draft program operational manual setting out detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program and Program Action Plan, including: (i) detailed safeguards (including Environmental and Social Management System guidelines prepared in accordance with Section I.D.2 below), financial management (including funds flow and budgeting) and procurement arrangements; and (ii) a monitoring and verification system for the Program; and

   (b) within one (1) month after the Effective Date, adopt (through MoWIE) and cause EEU to adopt, such Program Operational Manual as shall have been approved by the Association ("Program Operational Manual") and thereafter, implement the Program in accordance with the Program Operational Manual.

2. The Recipient shall not amend, abrogate or suspend, or permit to be amended, abrogated or suspended any provision of the Program Operational Manual without the prior written agreement of the Association.

3. Notwithstanding the foregoing, if any provision of the Program Operational Manual is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall prevail.

D. Additional Arrangements

1. The Recipient shall:

   (a) Appoint and thereafter maintain, at all times during the implementation of the Program, independent verification agents under terms of reference acceptable to the Association ("Verification Agents"), to verify the data and other evidence supporting the achievement of one or more DLIs as set forth in the table in Section IV.A.2. of this Schedule 2 and recommend corresponding payments to be made, as applicable.

   (b) (i) Ensure that the Verification Agents carry out verification and process(es) in accordance with the Verification Protocol; and (ii) submit to the Association the corresponding verification reports in a timely manner and in form and substance satisfactory to the Association.
(c) In the event there is a need for verification services prior to the appointment of the Verification Agents in accordance with sub-paragraph (a) above, put in place adequate interim arrangement satisfactory to the Association and approved in writing by the Association for verification of the DLIs.

2. Within one (1) month from the Effective Date, the Recipient shall cause EEU to establish at the national and regional level, and thereafter maintain, a system for environmental and social management ("ESMS") of Program-related activities, including: (a) policy and procedural guidelines, prepared in accordance with terms of reference acceptable to the Association, and finalized taking into account the Association’s comments thereon (finalized guidelines to be annexed to the POM); and (b) having in place staff, and other resources, satisfactory to the Association.

Section II. **Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

(a) in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

(b) involve the procurement of: (i) works, estimated to cost $50,000,000 equivalent or more per contract; (ii) goods, estimated to cost $30,000,000 equivalent or more per contract; (iii) non-consulting services, estimated to cost $20,000,000 equivalent or more per contract; or (iv) consulting services, estimated to cost $15,000,000 equivalent or more per contract.

Section III. **Program Monitoring, Reporting and Evaluation**

The Recipient shall furnish to the Association each Program Report not later than six (6) months after the end of each EFY covering the EFY.
Section IV. Withdrawal of Credit Proceeds

A. General

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Credit to:

   (a) pay: (i) the Front-end Fee; and (ii) each Interest Rate Cap or Interest Rate Collar premium; and

   (b) finance the results (“Disbursement Linked Results” or “DLRs”) achieved by the Recipient and the Program Implementing Entity, as measured against specific indicators (“Disbursement Linked Indicators” or “DLIs”) as set forth in the table in paragraph 2 of this Part A.

2. The following table specifies each category of withdrawal of the proceeds of the Credit (including the Disbursement Linked Indicators as applicable) (“Category”), the Disbursement Linked Results for each Category (as applicable), and the allocation of the amounts of the Credit to each Category:
<table>
<thead>
<tr>
<th>Category (including Disbursement Linked Indicator)</th>
<th>Disbursement linked Result</th>
<th>Amount of Credit (expressed in SDRs)</th>
<th>Amount of Credit (expressed in Dollars)</th>
<th>DLR allocation and disbursement formula (expressed in SDR or Dollars)</th>
</tr>
</thead>
</table>
| (1) DLI #1: Establish On-grid Electricity Connections | DLR #1.1: 1,080,000 On-grid Electricity Connections established (baseline 0) | 141,510,000 | 124,000,000 | DLR #1.1:  
**SDR 141,510,000 from Regular Credit as follows:**  
SDR 424.61 per connection for first 50,000 connections;  
SDR 353.76 per connection for next 100,000 connections;  
SDR 283.01 per connection for next 150,000 connections; and  
SDR 212.26 per connection for next 200,000 connections.  
**Thereafter S$124,000,000 from Scale-Up Credit Facility as follows:**  
$232 per connection for next 250,000 connections; and  
US$200 per connection for final 330,000 connections |
| (2) DLI #2: Establish off grid electricity access | DLR #2.1: Five (5) Mini Grids installed (baseline 0) | 10,260,000 | 0 | DLR #2.1: SDR 5,306,000 of which:  
SDR 1,061,200 per Mini Grid installed |
<p>| DLR #2: 50,000 Stand Alone Systems installed (to close 0) | DLR #3: 1. DOE is established and has in place in Integrated M&amp;E System, System are maintained for period July 8, 2018 | DLR #3: 2. DOE and the Integrated M&amp;E System are maintained for period July 8, 2019 | DLR #3: 3. DOE and the Integrated M&amp;E System are maintained for period July 7, 2020 | DLR #3: 4. DOE and the Integrated M&amp;E System are maintained for period July 7, 2021 | DLR #3: 5. DOE and the Integrated M&amp;E System are maintained for period July 7, 2022 | DLR #3: 6. DOE and the Integrated M&amp;E System are maintained for period July 7, 2023 | (g) DLR #4: Strengthen sector institutional capacity | 3,540,000 | 3,540,000 | 687,500 | 687,500 |
| Category (including Disbursement Indicator) | Amount of Credit (expressed in SDRs) | Amount of Credit (expressed in SDRs) | Amount of Credit (expressed in SDRs) | Amount of Credit (expressed in SDRs) | Amount of Credit (expressed in SDRs) | Amount of Credit (expressed in SDRs) | Regular Credit | Regular Credit |
| $1.5 million | $1.5 million | $1.5 million | $1.5 million | $1.5 million | $1.5 million | $1.5 million |
| DL #2: 50,000 Stand Alone Systems installed (to close 0) | DL #3: 1. DOE is established and has in place in Integrated M&amp;E System, System are maintained for period July 8, 2018 | DL #3: 2. DOE and the Integrated M&amp;E System are maintained for period July 8, 2019 | DL #3: 3. DOE and the Integrated M&amp;E System are maintained for period July 7, 2020 | DL #3: 4. DOE and the Integrated M&amp;E System are maintained for period July 7, 2021 | DL #3: 5. DOE and the Integrated M&amp;E System are maintained for period July 7, 2022 | DL #3: 6. DOE and the Integrated M&amp;E System are maintained for period July 7, 2023 | (g) DLR #4: Strengthen sector institutional capacity | 3,540,000 | 3,540,000 | 687,500 | 687,500 |</p>
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<td>DLR #4.3: Annual Connection Rollout Plan for period July 8, 2019 through July 7, 2020 adopted by July 7, 2019</td>
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<td>DLR #4.3: SDR 708,000 from Regular Credit</td>
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<td>DLR #4.6: Annual Connection Rollout Plan for period July 8, 2022 through July 7, 2023 adopted by July 7, 2022</td>
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<td>DLR #4.6: $687,500 from Scale-up Facility Credit</td>
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<td>(5) DLI #5: Strengthen fiduciary systems</td>
<td>DLR #5.1: Submission of EEU audited financial statements for period July 8, 2017 through July 7, 2018 by January 7, 2019.</td>
<td>11,324,000</td>
<td>0</td>
<td>DLR #5.1: SDR 850,000</td>
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<td>DLR #5.2: Submission of EEU IFRS compliant audited financial statements for period July 8, 2018 through July 7, 2019 by January 7, 2020.</td>
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<td>DLR #5.2: SDR 850,000</td>
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<td>DLR #5.3: Submission of EEU IFRS Compliant Audited Financial Statements for period July 8, 2019 through July 7, 2020 with no disclaimer by January 7, 2021.</td>
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<td>DLR #5.3: SDR 850,000</td>
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<td>DLR #5.5: SDR 850,000</td>
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<td>DLR #5.6: Establishment of Minimum Entry Conditions by July 7, 2018</td>
<td>DLR #5.6: SDR 708,000</td>
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<tr>
<td>DLR #5.7: Minimum Entry Conditions maintained during period July 8, 2017 through July 7, 2018 and internal and external procurement audits completed by January 7, 2019.</td>
<td>DLR #5.7: SDR 565,200</td>
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<td>DLR #5.8: Acceptable performance (according to criteria set out in POM) of procurement processes and (internal and external) audit system during period July 8, 2018 through July 7, 2019.</td>
<td>DLR #5.8: SDR 565,200</td>
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<td>DLR #5.9: Acceptable performance of procurement processes and (internal and external) audit system during period July 8, 2019 through July 7, 2020.</td>
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<td>DLR #5.10: Acceptable performance of procurement processes and (internal and external) audit system during period July 8, 2020 through July 7, 2021.</td>
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<td>DLR #5.11: Acceptable performance of procurement processes and (internal and</td>
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<td>external) audit system during period July 8, 2021 through July 7, 2022.</td>
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<td>DLR #5.12: MoWIE provides, and FEACC verifies, report on F&amp;C allegations related to the Program for period July 8, 2017 through July 7, 2018 by January 7, 2019.</td>
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<td>DLR #5.14: MoWIE provides, and FEACC verifies, report on F&amp;C allegations related to the Program for period July 8, 2019 through July 7, 2020 by January 7, 2021.</td>
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<td>DLR #5.15: MoWIE provides, and FEACC verifies, report on F&amp;C allegations related to the Program for period July 8, 2020 through July 7, 2021 by January 7, 2022.</td>
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<td>DLR #5.16: MoWIE provides, and FEACC verifies, report on F&amp;C allegations related to the Program for period July 8, 2021 through July 7, 2022 by January 7, 2023.</td>
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<td>(6) DLI #6: Improve gender and citizen engagement and safeguards systems</td>
<td>DLR #6.1: EEU adopts a 5-year citizen engagement and gender work program in Priority Areas Identified under Program by July 7, 2018</td>
<td>3,186,000</td>
<td>0</td>
<td>DLR # 6.1: SDR 354,000</td>
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<td></td>
<td>DLR #6.2: EEU publishes a report on citizen engagement and gender report for period July 8, 2017 through July 7, 2018 in Priority Areas Identified under Program and conducts customer satisfaction Survey in Key Aspects by January 7, 2019</td>
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<td>DLR #6.2: SDR 354,000</td>
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<td>DLR #6.3: SDR 354,000</td>
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<td>Regular Credit</td>
<td>Scale-up Facility Credit</td>
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<td>July 8, 2021 through July 7, 2022 in Priority Areas Identified under Program by January 7, 2023</td>
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<td>DLR #6.7: SDR 354,000</td>
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<td>DLR #6.7: During period July 8, 2019 through July 7, 2020, customer satisfaction in Survey in Key Aspects was equal or higher than last year per survey completed by January 7, 2021</td>
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<td>DLR #6.7: SDR 354,000</td>
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<td>DLR #6.8: During period July 8, 2020 through July 7, 2021 customer satisfaction in Key Aspects was equal or higher than last year per survey completed by January 7, 2022</td>
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<td>DLR #6.8: SDR 354,000</td>
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<td>DLR #6.9: During period July 8, 2021 through July 7, 2022, customer satisfaction in Survey in Key Aspects was equal or higher than last year per survey completed by January 7, 2023</td>
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<td>DLR #6.9: SDR 354,000</td>
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<tr>
<td>(7) DLR#7: Strengthen safeguards systems</td>
<td>DLR #7.1: ESMS established at the national and regional levels not later than 1 months after the Effective Date</td>
<td>3,540,000</td>
<td>0</td>
<td>DLR #7.1: SDR 991,000</td>
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<tr>
<td></td>
<td>DLR #7.2: ESMS maintained during period July 8, 2018 through July 7, 2019, as per Adopted Guidelines</td>
<td></td>
<td></td>
<td>DLR #7.2: SDR 991,000</td>
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<td>Amount of Credit (expressed in SDRs)</td>
<td>Amount of Credit (expressed in Dollars)</td>
<td>DLR allocation and disbursement formula (expressed in SDR or Dollars)</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>---------------------------</td>
<td>-------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>DLR #7.3: ESMS maintained during period July 8, 2019 through July 7, 2021, as per Adopted Guidelines</td>
<td><strong>Not applicable</strong></td>
<td><strong>Not applicable</strong></td>
<td><strong>312,500</strong></td>
<td><strong>Not applicable</strong></td>
</tr>
<tr>
<td>DLR # 7.4: ESMS maintained during period July 8, 2021 through July 7, 2023, as per Adopted Guidelines</td>
<td><strong>Not applicable</strong></td>
<td><strong>Not applicable</strong></td>
<td><strong>0</strong></td>
<td><strong>Not applicable</strong></td>
</tr>
<tr>
<td>(8) Front-end Fee to be paid pursuant to Section 2.03 of this Agreement in accordance with Section 3.08 (b) of the General Conditions</td>
<td><strong>Not applicable</strong></td>
<td><strong>Not applicable</strong></td>
<td><strong>125,000,000</strong></td>
<td><strong>Not applicable</strong></td>
</tr>
<tr>
<td>(9) Interest Rate Cap or Interest Rate Collar premium due pursuant to be paid pursuant to Section 4.06 (c) of the General Conditions</td>
<td><strong>Not applicable</strong></td>
<td><strong>Not applicable</strong></td>
<td><strong>0</strong></td>
<td><strong>Not applicable</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>176,900,000</strong></td>
<td><strong>125,000,000</strong></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
   
   (a) for purposes of Section 2.03 of the General Conditions, for DLRs achieved prior to the Signature Date; or/and
   
   (b) for any DLR until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved, including verification reports from the Verification Agent, based on reports prepared by the Recipient certifying the achievement of the DLRs in accordance with the Verification Protocol.

2. Notwithstanding the provisions of Part B.1(b) of this Section, if any of the DLRs has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient:
   
   (a) reallocate all or a portion of the proceeds of the Credit then allocated to said DLR to any other DLR; and/or
   
   (b) cancel all or a portion of the proceeds of the Credit then allocated to said DLR.

3. The Closing Date is July 7, 2023.
SCHEDULE 3

Repayment Schedule

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 1 and October 1</td>
<td></td>
</tr>
<tr>
<td>Beginning April 1, 2027, through April 1, 2047.</td>
<td>2.38%</td>
</tr>
<tr>
<td>On October 1, 2047</td>
<td>2.42%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. "Adopted Guidelines" means guidelines for the ESMS prepared and finalized pursuant to Section I.D.2 of Schedule 2 to this Agreement and annexed to the POM.

2. "Annual Connection Rollout Plan" means a plan, prepared by EEU for each calendar year and to be adopted by EEU Board of Directors, detailing expected electricity connections for the following year, location and budget, justification of selection, and staffing/procurement/logistical arrangements, as well as any needed rehabilitation/extension of the distribution grid to provide such connections.


4. "Category" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

5. "DoE" means the Department of Electrification to be established within MoWIE to ensure coordination of activities under the NEP.

6. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

7. "Disbursement Linked Result" or "DLR" means in respect of a given Category, the result under said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Credit allocated to said result may be withdrawn in accordance with the provisions of said Section IV.

8. "EEU" means the Program Implementing Entity.

9. "Ethiopia Fiscal Year" or "EFY" means Fiscal Year of the Recipient which commences on July 8 and ends on July 7.

10. "ESMS" means the environmental and social management system to be established pursuant Section I.D.2 of Schedule 2 to this Agreement.


13. "General Conditions" means the “International Development Association General Conditions for IDA Financing, Program-for-Results Financing”, dated July 14, 2017, with the modifications set forth in Section II of this Appendix.


15. "Integrated M&E System" means an integrated monitoring and evaluation system that tracks key Program indicators on a monthly basis.

16. "Mini Grids" means a set of electricity generators (including hybrid or solar technologies) and possibly energy storage systems interconnected to a distribution network that supplies electricity to a localized group of customers and is not connected to the national grid.

17. "Minimum entry conditions" means conditions that are established in the POM to ensure satisfactory performance of the procurement system.

18. "MoWIE" means the Recipient’s Ministry of Water, Irrigation, and Electricity and any successor thereto.

19. "NEP" means the Recipient’s National Electrification Program which supports the National Electrification Strategy (NES) endorsed by the Recipient in June 2016 defining the strategic priorities for sustainable energy sector development and scaling-up electrification through the provision of off-grid and on-grid services.


21. "Priority Areas Identified under Program" means the priority areas for gender and citizen engagement set out in the POM, which includes employment, training, sex-disaggregated data collection, customer grievances, media and communication.

22. "Program Action Plan" means the Recipient’s Program Action Plan referred to in Section I.B of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

23. "Program Operational Manual" or "POM" means the manual to be prepared and adopted in accordance with Section I.C of Schedule 2 to this Agreement.

24. "Program Implementing Entity" means Ethiopian Electric Utility established pursuant to the Program Implementing Entity’s Legislation.
25. "Program Implementing Entity’s Legislation” means the Ethiopian Electric Utility Establishment Council of Ministers Regulation No. 303/2013 (as amended by Regulation No. 382/2016) establishing Ethiopian Electric Utility as a public enterprise under the supervision of MoWIE, inter alia, to construct and maintain electric distribution networks, to administer electric distribution networks, to initiate and implement electric tariffs, and to negotiate and sign loan agreements with local and international financial sources.

26. “Regular Credit” means the proceeds of the Financing under Credit Number 6158-ET assigned to Financing Agreement.

27. “Regular Credit Financing Agreement” means the agreement described in paragraph (A) to the preamble of this Agreement.

28. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.

29. “Verification Agents” means independent entities to be engaged by the Recipient for the purposes of certifying the achievement of the DLRs as referred to in Section I.D.1 of Schedule II to this Agreement.

30. “Verification Protocol” means the Recipient’s protocol, acceptable to the Association, setting forth the means by which the achievement of DLRs will be verified under the Program, as such Verification Protocol may be amended from time to time with the prior written agreement of the Association.

31. “Scale-up Facility Credit” means the amount set out in paragraph (A) of the Preamble to this Agreement to be provided under Credit No. 6157-ET pursuant to the Scale-up Facility Agreement.

32. “Stand Alone Solar System” means an off-grid system that is powered by the sun through photovoltaic technology.

33. “Survey in Key Aspects” means a customer survey on key aspects of Program implementation as set out in the POM, including the areas of service provision, handling of grievances, and transparency and dialogue.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows, namely, Article VII is deleted in its entirety and the subsequent Articles are numbered accordingly.