December 24, 2018

Ref: WB/CD/430/12/24/2018

H.E. Ato Ahmed Shide
Minister
Ministry of Finance
Addis Ababa

Subject: ETHIOPIA: Electricity Network Reinforcement and Expansion Project
Grant No. TF0A2302 and Credit No. 5814
Amendment to the Grant and Financing Agreements

Excellency,

We refer to the Grant Agreement ("Grant Agreement") dated June 15, 2016 between the Federal Democratic Republic of Ethiopia ("Recipient") and the International Development Association ("World Bank"), acting as administrator of the Trust Fund for Energy SME Support in Sub-Saharan Africa, and the Additional Financing Agreement (Financing Agreement) between the Recipient and the International Development Association ("Association") also dated June 15, 2016 both regarding the Electricity Network Reinforcement and Expansion Project. We also refer to your letter dated November 8, 2018 requesting some modifications to the Grant and Financing Agreements.

For the purposes of this amendment letter, the "Association" and the "World Bank" are collectively referred to as the "Bank".

We are pleased to inform you that the Bank proposes to amend the Grant Agreement and the Financing Agreement as follows:

1. Paragraph 3.3 of Part 3 of Schedule 1 to the Grant Agreement and the Financing Agreement is hereby deleted in its entirety and replaced with the following:

"3.3 Establishment and operation of a Collateral Support Facility to cover up to maximum of 90% of collateral required by DBE on its Sub-credits to PSEs under Part 3.2 of the Project that are financed from the proceeds of the Credit provided under the Original Financing Agreement or the Additional Financing Agreement".
2. The table in Section IV.A.2 of Schedule to the Grant Agreement is hereby deleted in its entirety and replaced with the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Collateral Support under Part 3.3 of the Project</td>
<td>4,500,000</td>
<td>50% up to December 31, 2017; 75% up to November 11, 2018 and up to 90% thereafter.</td>
</tr>
<tr>
<td>(2) Good, consulting and non-consulting services, operating costs, Training and workshops under Parts 3.4, 3.5 and 3.6 of the Project</td>
<td>500,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>5,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. Paragraph 2 of the Definitions of the Appendix to the Grant Agreement is hereby deleted in its entirety and replaced with the following:

   “2. “Collateral Support” means collateral provided by the CSF unit of DBE under Part 3.3 of the Project to cover up to a maximum of 90% of the cost of the collateral required by DEB for its exposure to defaults on its Sub-Credits to PSEs that are financed from the proceeds of the Credit provided under the Original Financing Agreement or the Additional Financing Agreement.”

All the terms and conditions of the Grant and Financing Agreements that have not been amended hereby shall remain unchanged and in full force and effect.

Please confirm your agreement with the foregoing amendment, on behalf of the Recipient, by signing, dating and returning to the Bank the enclosed copy of this Amendment Letter. This Amendment Letter shall become effective as of the date of its countersignature upon receipt by the World Bank of a countersigned copy of this letter.
Please also note that the Restructuring Paper dated December 19, 2018, a copy of which is enclosed herewith, will be disclosed on the Association’s external website as per the Association’s policy on Access to Information.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Carolyn Turk  
Country Director for Ethiopia, Sudan and South Sudan  
Africa Region

AGREED:

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: ______________________ Date: January 1, 2018

Authorized Representative

Name: ADMASU NEDEBE

Title: State Minister
cc:

H. E Dr. Eng. Seleshi Bekele
Minister
Ministry of Water, Irrigation and Energy

H.E Ato Admasu Nebebe
State Minister
Ministry of Finance

H.E Dr. Firehiwot Woldehanna
State Minister
Ministry of Water, Irrigation and Energy

Ato Fisseha Aberra
Director, International Financial Institutions Cooperation
Ministry of Finance

Dr. Behailu Kassaye
Director, External Fund and Credit Management Directorate
Development Bank of Ethiopia

Ato Yiheyis Eshetu
A/Director, Alternative Energy Technology Development and Promotion
Ministry of Water, Irrigation, and Energy
Addis Ababa