H.E. Ato Abdulaziz Mohammed  
Minister  
Ministry of Finance and Economic Commission  
Addis Ababa

Dear Ato Abdulaziz

Subject: IDA Financing Number 5814 - ET (Additional Financing for Electricity Network Reinforcement and Expansion Project)  
Additional Instructions: Disbursement

I refer to the Financing Agreement between the International Development Association (the “Association”) and the Federal Democratic Republic of Ethiopia (the “Recipient”) for the above-referenced project, dated June 15, 2016. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of financing IDA - 5814 - ET (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment (only for Disbursement Category 1)
- Special Commitment (only for Disbursement Category 1)

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Financing Agreement.
II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1).
An authorized signatory letter in the Form attached (Attachment 2) should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
P. O. Box 5515
Africa Avenue, Bole Road
Addis Ababa, Ethiopia
Attention: Carolyn Turk, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank, Loan Department,
Delta Center, 13th Floor,
Upper Hill, Menengai Road,
Nairobi, Kenya.
Tel: 254 20 2936 000
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure
Identification Credentials") provided in Attachment 5; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is:
- USD 2,000,000 equivalent for the eligible expenditures under Parts 1, 2 and 4.1 of the Project implemented by EEP, which correspond to Disbursement Category 1 of the Financing Agreement and for which advances to Designated Account A are available;
- USD 300,000 equivalent for the eligible expenditures under Parts 3.1 and 3.2 of the Project implemented by DBE, which correspond to Disbursement Category 2 of the Financing Agreement and for which advances to Designated Account B are available

(vi) Advances (sections 5 and 6).

Designated Account A for EEP – Parts 1, 2 and 4.1 of the project:

- **Type of Designated Account (subsection 5.3):** Segregated – exclusively for proceeds of this Additional Financing.
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** National Bank of Ethiopia
- **Ceiling (subsection 6.1):** 10,000,000

Designated Account B for DBE – Parts 3.1 and 3.2 of the project:

- **Type of Designated Account[s] (subsection 5.3):** Segregated - exclusively for proceeds of this Additional Financing.
- **Currency of Designated Account[s] (subsection 5.4):** USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5):** National Bank of Ethiopia
- **Ceiling (subsection 6.1):** 2,000,000

III. Reporting on Use of Financing Proceeds

(a) For Parts 1, 2 and 4.1 of the Project, which correspond to Disbursement Category 1 of the Financing Agreement, to be implemented by EEP:

- **For requests for Reimbursement and for Reporting Eligible Expenditures paid from Designated Account A:**
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4)
Records evidencing eligible expenditures (Attachment 3A – Statement of Expenditure - with supporting documentation, e.g., copies of receipts, supplier invoices, for payments made under contracts above SOE documentation thresholds: (i) Consulting Firms against contracts valued at USD 100,000 equivalent or more; (ii) Individual Consultants against contracts valued at USD 50,000 equivalent or more; (iii) Goods and Works against contracts valued at USD 200,000 or more;

Statement of Expenditure in the form attached (Attachment 3B – Statement of Expenditure – with no supporting documentation, for payments made under all other contracts, that is below the SOE documentation thresholds (above) and for Training.

- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(b) For Parts 3.1 and 3.2 of the Project, which correspond to Disbursement Category 2 of the Financing Agreement, to be implemented by DBE:

- **For requests for Reimbursement and for Reporting Eligible Expenditures paid from Designated Account B:**

  - Customized Statements of Expenditures (Attachment 3C – Statements of Expenditure – with no supporting documentation) for payments made by PFIs, MFIs to eligible beneficiaries, for credit lines not to exceed USD 5,000 equivalent.

  - With regard to Part 3.2 of the project also financed from Disbursement Category 2, Statements of Expenditure will report actual expenditures incurred by each recipient of a PSE sub-credit. The Statements of Expenditure to be used will be Attachment 3B or 3A depending on the contract amount.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): ‘monthly

IV. Other Disbursement Instructions - With regard to Disbursement Category 2, or Parts 3.1 and 3.2 of the Project, to be implemented by DBE, eligible expenditures are actual payments made by PFIs, MFIs or by DBE to eligible beneficiaries as follows:

For part 3.1 of the project- being MFI/PFI lending to households- Eligible expenditures statement are payments/loans made by the MFI/PFI to the final household. For the purposes of submitting statements of Expenditures, DBE submits lists of payments/loans made by the MFI/PFI to the beneficiaries (eligible final household). DBE will keep accounting records of each sub projects financed through the sub credit, evidencing: (a) amounts advanced to MFI/PFI, (b) amounts further on
lent as eligible expenditures to each household or eligible beneficiary, and (c) amounts remaining with the MFI/PFI.

For part 3.2 of the project—being PSE lending by DBE—Eligible expenditures statement are actual expenditures incurred. Statement of Expenditures will report actual expenditures incurred by DBE for each PSE excluding initial contributions made by the PSE.

V. Other Important Information


From the Client Connection website, you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information.

If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Jose Janeiro, Senior Finance Officer at jjaneiro@worldbank.org using the above reference.

Sincerely,

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

Attachments
1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
3. Form 3A Statement of Expenditure—with supporting documentation; Form 3B – Statement of Expenditure— with no supporting documentation; Form 3C – Customized Statements of
Expenditure – no supporting documentation required, for payments made by PFI to eligible beneficiaries. (Note: the forms currently being used for IDA-5126 are valid for this Additional Financing)

4. Form of Payments Against Contracts Subject to the World Bank’s Prior Review (Note: the forms currently being used for IDA-5126 are valid for this Additional Financing)

5. Form for Terms and Conditions of Use of Secure Identification Device in connection with Use of Electronic Means to Process Applications for Withdrawal and Supporting Documentation ("Terms and Conditions of Use of Tokens")

Cc with copies:

W/o Azeb Asnake
CEO
Ethiopian Electric Power
P.O. Box
Addis Ababa

Ato Eayas Behere
President
Development Bank of Ethiopia
P.O. Box
Addis Ababa
Form of Authorized Signatory Letter

[Letterhead]

Ministry of Finance
[Street address]
[City] [Country]
[DATE]

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Subject: IDA Financing 5814 - ET (Additional Financing for Electricity Network Reinforcement and Expansion Project)

I refer to the Financing Agreement ("Agreement") between the International Development Association (the "Association") and [name of Recipient] (the "Recipient"), dated [ ], providing the above Financing. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Financing.

For the purpose of delivering Applications to the Association, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Association.

[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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1 Instruction to the Recipient: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Association.

2 Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Association.

3 Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Association.

4 Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Association.

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the Association by electronic means. In full recognition that the Association shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC"), the Recipient represents and warrants to the Association that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Association records with respect to this Agreement.

[Name], [position] Specimen Signature: __________________________

[Name], [position] Specimen Signature: __________________________

[Name], [position] Specimen Signature: __________________________

Yours truly,

/ signed /

[Name], [position]

________________________

Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the Association.

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Attachment 5

Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation

March 1, 2013

The World Bank (Bank)\(^6\) will provide secure identification credentials (SIDC) to permit the Borrower\(^7\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification

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\(^6\) “Bank” includes IBRD and IDA.

\(^7\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. **Use of SIDC**

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:

4. **Security**

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.

4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.
5. **Reservation of Right to Disable SIDC**

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User’s Account or both.