June 11, 2014

Ref: WB/CD/192/06/11/2014

H. E. Ato Ahmed Shide
State Minister
Ministry of Finance and Economic Development
Addis Ababa

RE: Electricity Access (Rural) Expansion Phase II Project
Credit No. 4344-ET
Amendment to Financing Agreement
Termination of EEPCO Project Agreement

We refer to the Financing Agreement (Electricity Access (Rural) Expansion Phase II Project) between the Federal Democratic Republic of Ethiopia (the Recipient) and the International Development Association (the Association) dated July 13, 2007, as amended (the Financing Agreement) and to the EEPCO Project Agreement between the International Development Association and the Ethiopian Electric Power Corporation of the same date (the EEPCO Project Agreement). We also refer to your letters, dated December 23, 2013 and January 1, 2014, informing the Association about institutional restructuring of the Ethiopian energy sector and requesting certain changes to the Financing Agreement.

We are pleased to inform you that the Association has acceded to your request and propose to amend the Financing Agreement as follows:

1. Section 3.01 is revised to read:

"3.01 The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall, in accordance with the provisions of Article IV of the General Conditions: (i) cause Parts 1 and 3(a) of the Project to be carried out by EEP in accordance with the provisions of the Project Agreement; and (ii) carry out Parts 2, 3(b) and 3(c) of the Project through MOWIE and with the assistance of the REF."

2. In Section 4.01 the words “any of the Project Implementing Entities’ Legislation” are replaced with the words “the Project Implementing Entity’s Legislation” and the word respective” is deleted.

3. In the description of Part 1 (a) of the Project in Schedule 1 the abbreviation “EEPCo” is deleted.

4. In the description of Part 3 (a) of the Project in Schedule 1 the words “the capacity of EEPCo” are replaced with the words “the capacity of EEPCo and EEP".
5. In paragraph 1 of Section I.A and in Section V.A of Schedule 2 and in paragraph 23 of the Appendix the abbreviation “EEPCo” is replaced with the abbreviation “EEP”.

6. A new paragraph 4 is added in Section II.B of Schedule 2 to read:

“4. Notwithstanding the provisions of paragraph 3 above, the Recipient shall cause the Financial Statements of EEPCo for the period from July 8, 2013 to December 9, 2013 to be audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. The audited Financial Statements for this period shall be furnished to the Association not later than June 9, 2014.”

7. Paragraph 14 of the Appendix is revised to read:

“14. “Project Implementing Entity” or abbreviation “EEP” 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.”

8. Paragraph 15 of the Appendix is revised to read:


All other terms of the Financing Agreement shall remain the same.

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 Financing Agreement, and that its responsibilities under the Financing Agreement and the EEPCo Project Agreement with regard to implementation of Parts 1 and 3(a) of the Project have been assumed by EEP the EEPCo 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) the Subsidiary Agreement has been revised according to the provisions of this Amendment Letter; and (ii) On-Granting Agreement has been revised according to the provisions of this Amendment Letter.

Please confirm your agreement on behalf of the Recipient with the above amendment by signing, dating and returning to us one of the original copies of this Amendment 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 the Amendment Letter effectiveness conditions set forth above have been satisfied.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By ___
Guang Z. Chen
Country Director for Ethiopia
Africa Region

AGREED:
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By ___
Authorized Representative

AHMED SHIDE
State Minister

Title: Minister of Finance and Economic Development

Date: _____________________