November 26, 2013

Ref: WB/CD/404/11/26/2013

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

Dear Ato Sufian,

RE: Electricity Access (Rural) Expansion Phase II Project
Credit No.4344-ET
Amendment to Financing Agreement
Termination of EREDPC 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, (the Financing Agreement) and to the EREDPC Project Agreement between the International Development Association and the Ethiopia Rural Energy Development Promotion Center of the same date (the EREDPC Project Agreement). We also refer to your letters, dated July 2 and July 16, 2013, 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 Part 1 and 3(a) of the Project to be carried out by EEPCo in accordance with the provisions of the EEPCo 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. The number of rural towns and villages to be connected to the interconnected EEPCo grid under Part 1 (a) of the Project as set forth in Schedule 1 is revised to read “about 365”.

3. Part 2 of the Project as set forth in Schedule 1 is revised to read:
“Part 2  Off-Grid Access Expansion

(a) Carrying out of an off-grid electrification program based on solar photo-voltaic energy systems, through the provision of technical assistance and sub-loans from the REF to eligible Beneficiaries for the implementation of qualifying sub-projects.

(b) Installing about 38,000 solar photo-voltaic systems in remote, off-grid areas.”

4. Sub-paragraphs (c), (d), (e) and (g) of Part 3 in Schedule 1 are deleted and sub-paragraph (f) is re-numbered as sub-paragraph (c).

5. Part C of Section I of Schedule 2 is revised to read:

“C. Institutional Arrangements for Parts 2, 3(b) and 3(c) of the Project

The Recipient shall cause MOWIE to assign and thereafter to maintain during the entire Project implementation period, competent staff in adequate numbers, and with qualifications and experience satisfactory to the Association and allocate financial resources necessary for successful implementation of Parts 2, 3(b) and 3(c) of the Project.”

6. The term “Project Implementing Entities” in Part D of Section I and Parts A and B of Section II of Schedule 2 is replaced with the term “Project Implementing Entity”.

7. References to Part 3(f) of the Project in paragraph 2 of Part B of Section III of Schedule 2, paragraph 1(c) of Part B of Section IV of Schedule 2 and paragraphs 2, 16 and 22 of the Annex shall be deemed as references to Part 3(c) of the Project.

8. References to Part 3(g) of the Project in Part C of Section I of Schedule 2, paragraph 2 of Part B of Section III of Schedule 2 and paragraphs 2, 16 and 22 of the Annex are deleted.

9. The table in paragraph 2 of Part A of Section IV of Schedule 2 is revised as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to Be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) for Part 1(a) of the Project</td>
<td>59,500,000</td>
<td>100% of Foreign Expenditures and 85% of Local Expenditures</td>
</tr>
<tr>
<td>(b) for Part 2 of the Project</td>
<td>13,100,000</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Credit Allocated (expressed in SDR)</td>
<td>Percentage of Expenditures to Be Financed</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>(2) Sub-projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) under Part 2(a) of the Project (the Off-Grid Electrification Program), to be disbursed from the REF</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(b) under former Part 3(f) of the Project re-numbered as Part 3(c) of the Project</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>(a) Under former Part 3(g) of the Project (cancelled)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(3) Consultants’ Services (including training)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) for Part 3 (a) of the Project</td>
<td>1,300,000</td>
<td></td>
</tr>
<tr>
<td>(b) for Part 3(b) of the Project</td>
<td>570,000</td>
<td></td>
</tr>
<tr>
<td>(c) for former Parts 3(c), 3(d) and 3(e) of the Project (cancelled)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(b) For former Part 3(f) of the Project re-numbered as Part 3 (c) of the Project and former Part 3 (g) of the Project (cancelled)</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>(4) Unallocated</td>
<td>2,200,000</td>
<td></td>
</tr>
<tr>
<td>Cancelled amount</td>
<td>7,130,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>86,000,000</td>
<td></td>
</tr>
</tbody>
</table>

10. Sub-paragraph 1(d) of Part B of Section IV of Schedule 2 is deleted.

11. The Closing Date set forth in paragraph 2 of Part B of Section IV of Schedule 2 is revised to read “December 31, 2014”.
12. Paragraph 11 of the Appendix is revised to read:


13. In the definition of the term “Project Implementing Entity” in paragraph 14 on the Appendix the words “or EREDPC, as the case may be” are deleted.

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

15. “Project Implementing Entity’ Legislation” means the Regulation No. 18/1997 dated July 7, 1997 of the Recipient, and Proclamation No. 90/2003 of the Recipient, as the same shall have been amended to the date of this Agreement.”

15. In the definition of the term “Sub-loan” in paragraph 20 on the Appendix the words “any Project Implementing Entity” are replaced with the words “the Project Implementing Entity”.

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

In addition, please be advised that due to the fact that the Ethiopia Rural Energy Development and Promotion Center 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 EREDPC Project Agreement with regard to implementation of Parts 2, 3(b) and 3(c) of the Project have been assumed by the Ministry of Water, Irrigation and Energy of the Recipient the EREDPC 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.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Amendment Letter, and returning it to the Association.
Upon receipt by the Association of this countersigned copy, this Amendment Letter shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By
Guang Z. Chen
Country Director for Ethiopia
Africa Region

AGREED:
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By: Sufian Ahmed
Authorized Representative

Name: Sufian Ahmed
Title: Minister of Finance and Economic Development

Date: ________________________