OFFICIAL DOCUMENTS

CREDIT NUMBER 6158-ET (Regular Credit)
CREDIT NUMBER 6157-ET (Scale-up Facility Credit)

Program Agreement

(ETHIOPIA ELECTRIFICATION PROGRAM)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

ETHIOPIAN ELECTRIC UTILITY
CREDIT NUMBER 6158-ET (Regular Credit)
CREDIT NUMBER 6157-ET (Scale-up Facility Credit)

PROGRAM AGREEMENT

AGREEMENT between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and ETHIOPIAN ELECTRIC UTILITY (“Program Implementing Entity”) (“Program Agreement”) in connection with each of the Financing Agreement (“Financing Agreement”) of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA (“Recipient”) and the Association for Credit No. 6157-ET and for Credit No. 6158-ET.

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 assist in the financing of the Program on the terms and conditions of said agreement (“Regular Credit No. 6158-ET”);

(B) by an agreement of the same date as the Signature Date between the Recipient and the Association (“Scale-Up Facility Financing Agreement”), the Association is agreeing to provide the amount of $125,000,000 (“Scale-up Facility Credit”) under Credit No. 6157-ET to assist in the financing of the Program on the terms and conditions of said agreement; and

(C) 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 Program Implementing Entity with the Recipient’s assistance and 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 Association and the Program Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the respective Financing Agreement for Credit No. 6157-ET and for Credit No. 6158-ET) 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 respective Financing Agreement for Credit No. 6157-ET and for Credit No. 6158-ET or the General Conditions.
ARTICLE II — PROGRAM

2.01. The Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out Parts 1, 2, 3(a), 3(c), 3(d), 3(f), 3(g) and 3(h) of the Program in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Parts of the Program.

ARTICLE III — TERMINATION

3.01. For purposes of Section 10.05(c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the Signature Date.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Program Implementing Entity’s Representative is its Chief Executive Officer.

4.02. 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) or 1-202-477-6391

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

(a) the Program Implementing Entity’s address is:

   Piasa, de Gaulle Square
   Addis Ababa
   Ethiopia
   P O Box 1233; and
(b) the Program Implementing Entity's Electronic Address is:

Facsimile:
+251 11560028

AGREED, as of the latest of the two dates written below.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Carolyn Turk
Country Director for Ethiopia, Sudan and South Sudan
Title:

Date: March 9, 2018

ETHIOPIAN ELECTRIC UTILITY

By

[Signature]

Authorized Representative

Name: MESPIN BERHANF
Title: Chief Executive Officer

Date: March 9, 2018
SCHEDULE

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entity shall carry out its Respective Parts of the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Association, which are designed to ensure that:

1. the Financing proceeds for the Program Implementing Entity’s Respective Parts of the Program are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program Implementing Entity’s Respective Parts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. 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”).

2. Except as the Association shall otherwise agree, the Program Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Program Action Plan

The Program Implementing Entity shall 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 Program Implementing Entity shall not amend, waive, suspend, terminate or abrogate the Program Action Plan or any provision thereof.
C. **Program Operational Manual**

1. Within one (1) month after the Effective Date, the Program Implementing Entity shall adopt the Program Operational Manual and implement the Program in accordance with the Program Operational Manual.

2. The Program Implementing Entity 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 Recipient and 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**

Within one (1) month from the Effective Date, the Program Implementing Entity shall 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 Associations 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 Program Implementing Entity shall ensure that its Respective Parts of the Program shall exclude 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**

1. The Program Implementing Entity shall monitor and evaluate the progress of its Respective Parts of the Program and prepare Program Reports for its Respective Parts of the Program in accordance with the provisions of Section 5.08 (b) of the General Conditions. Each Program Report shall cover the period of one EFY, and
shall be furnished to the Recipient not later than four (4) months after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Program Report.

2. The Program Implementing Entity shall provide to the Recipient not later than four (4) months, for incorporation in the report referred to in Section 5.08(c) of the General Conditions all such information as the Recipient or the Association shall reasonably request for the purposes of that Section.