
CREDIT NUMBER 7074-DJ

Financing Agreement

(Second Djibouti-Ethiopia Power System Interconnection Project)

between

REPUBLIC OF DJIBOUTI

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 7074-DJ

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF DJIBOUTI (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty-nine million five hundred thousand Special Drawing Rights (SDR 39,500,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are May 1 and November 1 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall cause the Project to be carried out by *Electricité de Djibouti* (variously “Project Implementing Entity” or “EDD”) in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement and the Project Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement;
 - (b) the Power Purchase Agreement (once signed) has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement;
 - (c) the Protocol Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement;
 - (d) the First Power Purchase Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement; and
 - (e) the Co-financing Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely that any of event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:

- (a) The Recipient has entered into a Subsidiary Agreement with the Project Implementing Entity in terms and conditions acceptable to the Association.
 - (b) The Recipient has prepared and adopted the Project Operational Manual in form and substance satisfactory to the Association.
 - (c) The Recipient has caused the Project Implementing Entity to adopt the Project Operational Manual in form and substance satisfactory to the Association.
 - (d) The Recipient has caused the Project Implementing Entity to hire the Project Deputy Coordinator, the gender-based violence specialist, a biodiversity specialist; all with terms of reference and in a manner satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred-eighty (180) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is fifteen (15) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its minister in charge of finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:
- (a) the Recipient's address is:
Ministry of Economy and Finance in charge of Industry
BP 13
Djibouti City
Republic of Djibouti; and
 - (b) the Recipient's Electronic Address is:
Email: cabinet@economie.gouv.dj
- 6.03. 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) Facsimile: 1-202-477-6391 Email: mwes@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF DJIBOUTI

By



Authorized Representative

Name: _____
Ilyas Moussa Dawaleh

Title: _____
Minister

Date: _____
18-avr.-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: _____
Marina Wes

Title: _____
Country Director

Date: _____
15-Apr-2022

SCHEDULE 1

Project Description

The objective of the Project is to enhance the trade of reliable, low-cost, and clean electricity between Ethiopia and the Recipient.

The Project consists of the following parts:

Part 1. Transmission Line from Galafi to Nagad Substation and Nagad Substation Extension

1. Carrying out a program of civil works to construct a new double circuit 230 kV transmission line from Galafi to Nagad substation, with a rated power of 280 MVA in each circuit.
2. Extension of the Nagad substation for the creation of two 230 kV bays including the control and command cabinets and protections as well as the associated compensation equipment .

Part 2. Project Management, Owner's Engineer, Operating Costs and Technical Assistance

1. Supporting the Recipient and EDD in the areas of Project implementation, coordination, supervision, financial management, communication and outreach, monitoring and evaluation, procurement, and supervision of the implementation of Environmental and Social Standards.
2. Supporting EDD in the recruitment of the Owner's Engineer to be in charge of: (i) supervision of the works included under the Project; and (ii) carrying out the bidding process, including, *inter alia*, preparation of bid documents, including technical specifications, incorporating Environmental and Social Standards requirements, evaluation criteria, pre-bid clarifications, bids evaluation, and contract finalization.
3. Supporting EDD to carry out the Spring Biodiversity Field Survey, environmental studies updates as well as a Third Party Monitoring, in relation to biodiversity data on avian, bats and terrestrial fauna and their types of habitats.
4. Enhancing the Recipient and EDD's capacity, through the provision of technical assistance to prepare action plan(s) and studies to improve the performance of advanced metering infrastructure.

Part 3. Contingent Emergency Response

Providing immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall cause EDD to be responsible for the implementation of the Project and shall take all actions, including the provision of funding, personnel and other resources necessary, to enable EDD to perform its functions and obligations, in accordance with the provision of this Agreement, the Project Agreement, the Subsidiary Agreement and the Project Operational Manual.

2. Project Joint Steering Committee

The Recipient shall maintain its participation and shall cause EDD to maintain its participation, throughout the Project implementation period, in the Project Joint Steering Committee with composition, mandate and resources satisfactory to the Association, to be comprised of, *inter alia*, representatives of the Recipient's ministries responsible for the Project.

3. Project Joint Coordination Unit

The Recipient shall cause the Project Implementing Entity to maintain for the duration of the Project implementation, its participation in the Project Joint Coordination Unit under the co-leadership of the Project Deputy Coordinator to ensure an effective and efficient implementation of the Project; all in accordance with the First Power Purchase Agreement and the Project Operational Manual.

4. EDD/EEP Joint Committee

The Recipient shall cause the Project Implementing Entity to maintain for the duration of the Project implementation (or until the PPA is executed), its participation in the EDD/EEP Joint Committee to conduct the necessary discussions with EEP on the PPA and on general collaboration terms for the signing of the PPA; all in accordance with the Project Operational Manual.

5. Project Implementation Unit

The Recipient shall cause EDD to maintain, throughout the Project implementation period, a project implementation unit ("PIU"), with composition, mandate and resources satisfactory to the Association as detailed in the Project Operational Manual. To this end, the PIU shall:

- (a) maintain, key staff including a project director, a transmission engineer, a substation engineer, a procurement officer, a financial management specialist, a social safeguards specialist, and an environmental safeguards specialist, all with qualifications, experience and terms of reference acceptable to the Association;
- (b) be responsible for day-to-day coordination of the Project activities, including: (i) carrying out Project financial management and procurement activities; (ii) monitoring and evaluating Project activities and preparing Project progress reports and monitoring and evaluation reports; (iii) preparing the Annual Work Plans and Budgets; (iv) ensuring compliance with the Environmental and Social Commitment Plan (“ESCP”) and the Environmental and Social Standards for Project activities; and (v) coordinating, with other stakeholders, Project implementation; and
- (c) recruit no later than six (6) months after the Effective Date, and thereafter maintain, an external auditor, with qualifications, experience and terms of reference acceptable to the Association.

B. Subsidiary Agreement.

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing allocated from time to time to Categories (1) and (2) of the table set forth in Section III.1 of this Schedule available to EDD under a subsidiary agreement between the Recipient and EDD (“Subsidiary Agreement”), under terms and conditions approved by the Association, which shall include, *inter alia*, the following:
 - (a) the on-lending terms and conditions, including the principal amount of the credit, the denomination and repayment terms, and all charges; all in a manner acceptable to the Association;
 - (b) the obligation of the EDD to maintain, throughout Project implementation, adequate staffing and personnel for the implementation of the Project, as further detailed in the Project Operational Manual;
 - (c) the obligation of the EDD to carry out the Project with due diligence and efficiency, in conformity with appropriate administrative, economic, managerial, financial, environmental, social and technical standards and practices, including, but not limited to, Anti-Corruption Guidelines, Procurement Regulations, Social and Environmental Standards, and provide promptly as needed, the facilities, services and other resources required for the Project;

- (d) the obligation of the EDD to: (i) exchange views with the Recipient, and the Association with regard to the progress of the Project, and the performance of its obligations under the Subsidiary Agreement; and (ii) assist the Recipient in complying with its obligations referred to in Section II of this Schedule;
 - (e) the obligation of the EDD to promptly inform the Recipient and the Association of any condition which interferes or threatens to interfere with the progress of the Project;
 - (f) the obligation of the EDD to: (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and (ii) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and
 - (g) the right of the Recipient to take remedial actions against the EDD, in case the EDD shall have failed to comply with any of its obligations under the Subsidiary Agreement, which actions may include, *inter alia*, the partial or total suspension and/or cancellation or refund of all or any part of the proceeds of the Subsidiary Financing transferred to the EDD pursuant to the Subsidiary Agreement (as the case may be).
2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operational Manual

- (a) The Recipient shall comply and shall cause EDD to comply with the Project Operational manual ("Project Operational Manual" or "POM") as prepared and adopted by the Recipient and by EDD, containing, *inter alia*, detailed arrangements and procedures for: (i) implementation and institutional arrangements; (ii) administrative aspects; (iii) procurement; (iv) Environmental and Social Standards; (v) Annual Work Plans and Budgets (including sources of funding between the Association and the Co-financier for Project activities) and financial management and accounting; (vi) monitoring and evaluation; (vii) codes of conduct, citizen engagement and grievance resolution mechanisms; and

(viii) such other technical, administrative, fiduciary or coordination arrangements as may be necessary to ensure effective Project implementation.

- (b) The Recipient: (i) shall ensure that the Project is carried out in accordance with the POM; and (ii) shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM or any provision thereof, without the prior written agreement of the Association.
- (c) Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM, and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards.

1. The Recipient shall and shall cause the Project Implementing Entity to, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph (b) above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deemed

to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.

4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Recipient shall, and shall cause the Project Implementing Entity to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
7. The Recipient shall, and shall cause the Project Implementing Entity to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

E. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project (“Emergency Response Part”), the Recipient shall:
 - (a) prepare and furnish to the Association for its review and approval, a Contingency Emergency Response Manual (“CER Manual”) which shall set forth detailed implementation arrangements for the Emergency Response Part, including: (i) any additional institutional structures or arrangements for coordinating and implementing the Emergency Response Part; (ii) specific activities which may be included in the Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Emergency Response Part; (iv) procurement methods and procedures for the Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social management arrangements and instruments for the Emergency Response Part adopted in accordance with the Environmental and Social Standards of Section I.D of this Schedule 2; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Emergency Response Part;
 - (b) afford the Association a reasonable opportunity to review the proposed CER Manual;
 - (c) promptly adopt the CER Manual for the Emergency Response Part as shall have been approved by the Association and integrate it as an annex to the Project Implementation Manual;
 - (d) ensure that the Emergency Response Part is carried out in accordance with the CER Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Manual and this Agreement, the provisions of this Agreement shall prevail; and
 - (e) not amend, suspend, abrogate, repeal or waive any provision of the CER Manual without the prior written approval by the Association.
2. The Recipient shall, throughout the implementation of the Emergency Response Part, maintain the institutional structures and arrangements established in accordance with the CER Manual, with adequate staff and resources satisfactory to the Association.
3. The Recipient shall undertake no activities under the Emergency Response Part unless and until the following conditions have been met in respect of said activities:

- (a) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the Emergency Response Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
- (b) the Recipient has ensured the preparation and disclosure of all environmental and social instruments as may be required for said activities in accordance with the CER Manual, the Association has approved all said instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.

F. Use of Military and Security Actors

- 1. Without limitations to the provisions of Section D of this Schedule and if during Project implementation, the Recipient decides to use its military or security forces, the Recipient shall: (a) prior to any involvement of its military and/or security forces in the carrying out of Project activities, send a written notice to the Association (in accordance with Section 11.01(b) of the General Conditions) communicating such decision, including the name of the military or security unit; and (b) all activities carried out by said military or security unit under the Project shall be under the control of the Recipient and shall be undertaken exclusively for the purposes related to the Project. All goods, services, Operating Costs, and Training financed by the Financing proceeds may be used by said military or security unit under the direction and control of the Recipient and strictly in accordance with the Project Operational Manual and other arrangements or protocols that the Association may require for carrying out these activities.
- 2. Except as the Association may otherwise agree, the Recipient shall ensure that the ownership of any assets generated, goods procured, and works constructed by the military or security unit referred to in paragraph 1 of this Section out of the Financing proceeds shall be transferred to, or shall vest, with the Recipient or any equivalent or appropriate line ministry or agency agreed with the Association.

G. Annual Work Plans and Budget

- 1. Without limitation to the obligations set forth in Section I.C above, the Recipient shall carry out the Project or cause the Project to be carried out in accordance with the Annual Work Plans and Budgets to be prepared and furnished to the Association not later than October 31 of each calendar year during the implementation of the Project (the first such Annual Work Plan and Budget being due as part of the Project Operational Manual on or before the Effective Date), and containing all activities proposed for inclusion in the Project for the next calendar year, including: (a) detailed

timetables for the sequencing and implementation of proposed Project activities; (b) the types of expenditures required for such activities and a proposed financing plan and sources of funding for such expenditures; and (c) any Operating Costs or Training that may be required under the Project.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views on each such proposed Annual Work Plan and Budget; and, thereafter ensure that the Project is implemented with due diligence during said following calendar year in accordance with such Annual Work Plan and Budget as shall have been approved by the Association.
3. The Annual Work Plans and Budgets may only be amended from time to time in consultation with, and after approval of, the Association. In case of any conflict between the terms of the Annual Work Plans and Budgets and those of this Agreement, the terms of this Agreement shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed inclusive of Taxes
(1) Goods, works, non-consulting services, and consulting services, Operating Costs and Training, for Parts 1 and 2 of the Project	36,300,000	Up to 100% as defined in the relevant Annual Work Plan and Budget
(2) Emergency Expenditures under Part 3 of the Project	0	100%
(3) Refund of Preparation Advance	3,200,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
TOTAL AMOUNT	39,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

- (a) for payments made prior to the Signature Date, or
- (b) for Emergency Expenditures under Category (2), unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
 - (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include the proposed activities in the Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has ensured that all safeguard instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in

accordance with the provisions of Section I.E.3(b) of this Schedule;

- (iii) the entities in charge of coordinating and implementing the Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.E.2 of this Schedule, for the purposes of said activities; and
- (iv) the Recipient has adopted the CER Manual, in form and substance acceptable to the Association, and the provisions of the CER Manual remain in accordance with the provisions of Section I.E.1(a) of this Schedule so as to be appropriate for the inclusion and implementation of said activities under the Emergency Response Part.

2. The Closing Date is December 31, 2026.

Section IV. Other Undertakings

- 1. By September 30, 2022, or such other date as the Association shall agree upon, the Recipient shall cause the Project Implementing Entity to: (i) complete the Spring Biodiversity Field Survey; and (ii) update the ESCP as needed; all in a manner satisfactory to the Association.
- 2. By December 31, 2022, or such other date as the Association shall agree upon, the Recipient shall cause the Project Implementing Entity to present the terms of reference related to the hiring of the Third Party Monitoring, in form and substance satisfactory to the Association.
- 3. By January 31, 2023, or such other date as the Association shall agree upon, the Recipient shall cause the Project Implementing Entity to: (i) hire the Owner's Engineer; and (ii) sign the Power Purchase Agreement; all in form and substance satisfactory to the Association.
- 4. By June 30, 2023, or such other date as the Association shall agree upon, the Recipient shall cause the Project Implementing Entity to hire the Third Party Monitoring, in form and substance satisfactory to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1:	
commencing May 1, 2032 to and including November 1, 2041	1%
commencing May 1, 2042 to and including November 1, 2061_____	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Definitions

1. “Annual Work Plan and Budget” or “Annual Work Plans and Budgets” means any or all work plans prepared annually by the PIU in accordance with the provisions of Section I.G of Schedule 2 to this Agreement, as further detailed in the Project Operational Manual and as approved by the Association.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
4. “Co-financier” means the African Development Bank.
5. “Co-financing” means, for purposes of paragraph 14 of the Appendix to the General Conditions, an amount equivalent to \$11,940,000, to be provided by the Co-financier to assist in financing the Project.
6. “Co-financing Agreement” means the agreement entered into on August 28, 2021 between the Recipient and the Co-financier providing for the Co-financing.
7. “Contingency Emergency Response Manual” and the acronym “CER Manual” means the manual referred to in Section I.E.1(a) of Schedule 2 to this Agreement, to be adopted by the Recipient for the Emergency Response Part (Part 3 of the Project) in form and substance satisfactory to the Association.
8. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.
9. “Emergency Expenditure” means any of the eligible expenditures set forth in the CER Manual in accordance with the provisions of Section I.E of Schedule 2 to this Agreement and required for the Emergency Response Part.
10. “Emergency Response Part” means Part 3 of the Project, as further described in Section I.E of Schedule 2 to this Agreement.
11. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated March 2, 2022, as the same may be amended from time to time in accordance with the provisions

thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

12. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
13. “Ethiopia” means the Federal Democratic Republic of Ethiopia.
14. “Ethiopian Electric Power” or “EEP” means the electrical power public company of Ethiopia as established and operating under Ethiopia’s Council of Ministers Regulation No.302/2013 dated December 27, 2013.
15. “First Power Purchase Agreement” means an agreement signed on April 21, 2006, between the Project Implementing Entity and Ethiopian Electric Power to carry out collaboratively electrical power systems interconnections between Ethiopia and the Recipient, and extensions of electric stations between the two countries, including all annexes and amendments to such agreement.
16. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020 and April 1, 2021, and January 1, 2022).
17. “kV” means kilovolt.
18. “MVA” means megavolt-ampere
19. “Operating Costs” means the reasonable incremental expenses incurred by the Recipient or the Project Implementing Entity on account of Project

implementation, including costs related to office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, *per diem* and supervision costs, bonuses for regular staff of the Project Implementing Entity working on the Project, as well as salaries of contracted employees, but excluding salaries of officials of the Recipient's civil service and regular staff of the Project Implementing Entity.

20. "Owner's Engineer" means a company to be hired under the Project to review and finalize the technical aspects of Part 1.1 of the Project, with terms of reference, expertise and personnel acceptable to the Association (including an ornithologist, anthropologist, resettlement specialist, and gender-based violence specialist), as further detailed in the Project Operational Manual.
21. "Power Purchase Agreement" or "PPA" means the agreement to be signed between the Recipient and Ethiopia for the purchase of power under Part 1.1 of the Project, in form and substance satisfactory to the Association and as further detailed in the Project Operational Manual.
22. "Preparation Advance" means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on August 2, 2021 and on behalf of the Recipient on August 8, 2021.
23. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated November 2020.
24. "Project Agreement" means the agreement between the Association and the Project Implementing Entity.
25. "Project Deputy Coordinator" means the deputy joint coordinator who will co-lead the Project Joint Coordination Unit on behalf of the Recipient and assist the Project joint coordinator representing Ethiopia, as further detailed in the Project Operational Manual.
26. "Project Implementation Unit" or "PIU" means the unit within the administrative authority of the Project Implementing Entity in charge of the implementation, coordination and management of the Project, as referred to in Section I.A.5 of Schedule 2 to this Agreement as further detailed in the Project Operational Manual.
27. "Project Implementing Entity" or "EDD" means the Recipient's National Utility Company, *Electricité de Djibouti*, as established and operating under the Project Implementation Entity's Legislation, or any successor thereto acceptable to the Association.

28. Project Implementing Entity's Legislation means the Recipient's *Délibération* NR 115, dated January 21, 1960.
29. "Project Joint Coordination Unit" means the unit established by EDD and EEP for the preparation, negotiations and signing of the PPA, as further detailed in the Project Operational Manual, or any successor thereto acceptable to the Association.
30. "Project Joint Steering Committee" means the committee established by the Recipient and Ethiopia for the overall oversight of the Project as further detailed in the Project Operational Manual, or any successor thereto acceptable to the Association.
31. "Project Operational Manual" means the manual referred to in Section I.C of Schedule 2 to this Agreement as adopted by the Recipient for the implementation of the Project and as the same may be amended from time to time with the prior written approval of the Association.
32. "Protocol Agreement" means an agreement ("Protocol Agreement on a Second Electric Power Systems Interconnection") signed between the Recipient and Ethiopia in July 2013 to carry out collaboratively electrical power systems interconnections between Ethiopia and the Recipient, and extensions of electric stations between the two countries, as the same may be amended from time to time.
33. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
34. "Spring Biodiversity Field Survey" means a survey to be carried out by the Recipient on biodiversity issues affecting the Project in the spring of 2022 in order to finalize data collection and to update the environmental and social impact assessment as further detailed in the ESCP.
35. "Subsidiary Agreement" means the agreement of same date herewith signed between the Recipient and the Project Implementing Entity.
36. "Third Party Monitoring" means a consultancy to be contracted by the Project Implementing Entity to carry out biodiversity monitoring activities in compliance with the Environmental and Social Standards as they relate to the Project as further detailed in the ESCP and in accordance with terms of reference to be agreed upon.
37. "Training" means expenditures for Project related study tours, tuitions, stipends, scholarships, training courses, seminars, workshops and other training activities not included under goods or service providers' contracts, including costs of

training materials, space and equipment rental, travel and *per diem* costs of trainees and trainers but excluding Consulting Services of trainers.