
CREDIT NUMBER 6856-ET

Financing Agreement

(Ethiopia Digital Foundations Project)

between

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6856-ET

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). 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 one hundred thirty-eight million nine hundred thousand Special Drawing Rights (SDR 138,900,000) (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 The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.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 April 15 and October 15 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 carry out the Project through the Ministry of Innovation and Technology (MInT) and the Ministry of Finance (MoF), in accordance with the provisions of Article V of the General Conditions, Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Coordination Agreement has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Recipient has prepared and adopted, a Project Implementation Manual, in form and substance satisfactory to the Association.
 - (b) The Recipient has established the Project Implementation Unit (PIU), in form and substance satisfactory to the Association, and said PIU is fully staffed with technical staff, satisfactory to the Association, including the Project Coordinator, a procurement officer, a financial officer or an accountant, and an environmental and social management officer, all recruited in accordance with the provisions of the Procurement Regulations.
- 5.02. The Effectiveness Deadline is the date ninety (90) 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 twenty (20) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Minister of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Finance
P. O. Box 1905
Addis Ababa
Federal Democratic Republic of Ethiopia

Cable:	Telex:	Facsimile:
MINFIN	21147	(251-111) 551355

- (b) the Recipient's Electronic Address is:

Facsimile:
(251-111) 551355

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

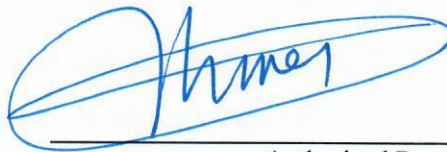
- (b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

By:



Authorized Representative

Name: H.E. Ato Ahmed Shide

Title: Minister

Date: May 7, 2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Ousmane Dione

Title: Country Director

Date: May 7, 2021

SCHEDULE 1

Project Description

The objective of the Project is to increase the inclusiveness and affordability of digital services and digital job creation in Ethiopia.

The Project consists of the following parts:

Part A. Digital Economy, Enabling Legal and Regulatory Environment

Strengthening the analog foundations of the digital economy, in particular:

1. Provision of technical advisory services to support the partial privatization of Ethio Telecom, through hiring of a transaction advisor to manage the restructuring process and search for a strategic partner.
2. Strengthening the capacity of Ethiopian Communications Authority (“ECA”) to effectively function as an independent, transparent, efficient and accountable regulatory body, through the provision of technical advisory services.
3. Developing a vibrant, inclusive and safe digital economy, including provision of legal and regulatory technical advisory service to facilitate the implementation of the Digital Ethiopia 2025 Strategy, development of a digital economy policy, development of an enabling policy, legal and regulatory environment for digital business and entrepreneurship, and digital identification.

Part B. Digital Government and Connectivity

Developing the capacity of relevant government ministries, departments and agencies (MDAs) and *Woredas* to deliver digital services, in particular:

1. Building the capacity of the government’s MDAs and *Woredas* to deliver digital services, and to respond to the COVID-19 pandemic, including (a) developing a government ePortal accessible by citizens and firms; (b) designing an overall enterprise architecture for IT within government; (c) improving government facilities in MDAs and *Woredas* for remote working; and (d) building the digital skills of government officials in MDAs and *Woredas*.
2. Enhancing the level of digital connectivity to government MDAs offices and public institutions, including an upfront commitment for the pre-purchase of internet bandwidth from telecom operators under Indefeasible Right of Use (IRU) Contracts, through a competitive bidding process, over a period of five to ten (5-10) years.

3. Connecting selected educational institutions to high-speed internet services, including universities, teachers' education colleges, research institutions and technical and vocational education training institutes, and selected secondary schools, an upfront commitment for the pre-purchase of internet bandwidth from telecom operators, provision of a network operations center, and acquisition of network equipment.

Part C. Digital Business and Entrepreneurship

Enhancing digital entrepreneurship and incentivizing digital businesses in particular:

1. Carrying out of a program of activities to support entrepreneurship and business development activities for digital start-ups and digital businesses through the provision of matching grants ("Matching Grants"), including:
 - (a) stimulating digital start-ups to operate as viable businesses by facilitating said digital start-ups gain access to risk capital, knowledge and networks, through the provision of co-investment Matching Grant ("Digital Start-Up Stimulation Grant"); and
 - (b) incentivizing established digital businesses to provide training, digital and other support to encourage wider participation in the digital economy, including supplying goods and services for productive purposes, through the provision of business incentive Matching Grant ("Digital Business Incentive Grant").
2. Building the capacity of MInT to facilitate harmonization of the Recipient's digital systems with the regional digital single market initiative under the Horn of Africa Initiative, including conforming to regional standards for e-transactions, e-customs, e-signatures, cross-border data managements, consumer protection, and cybersecurity, and implementing the Digital Ethiopia 2025 Strategy.

Part D. Project Management

1. Building the institutional capacity for Project implementation, management and coordination, including:
 - (a) strengthening the capacity of Channel One Programs Coordinating Directorate (COPCD) within the MoF as the interim Project Implementing Unit to establish and staff a Project implementing unit (the "Project Implementing Unit", or "PIU") within MInT, manage the transition of Project management and implementation responsibilities to the PIU; and
 - (b) strengthening the capacity of the PIU for Project implementation, management and coordination, including building the capacity of said PIU

for procurement and financial management, environmental and social management, monitoring and evaluation, and recruitment of key staff, all through the provision of technical advisory services, training, operating costs, and acquisition of goods.

Part E. **Contingent Emergency Response Component (CERC)**

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

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Ministry of Innovation and Technology (MInT)

The Recipient shall at all times during the implementation of the Project, ensure that funds, facilities and resources, are available to MInT for the purpose of ensuring prompt and efficient oversight, and overall coordination, administration, contract management, monitoring, reporting and communication of the Project.

2. Project Implementing Unit (PIU); Transition Arrangements; EthERNet

- (a) The Recipient shall maintain Channel One Programs Coordinating Directorate (COPCD) within the MoF as an interim Project Implementing Unit with the responsibility for operationalizing and staffing the PIU in the MInT; managing the transition of Project management, implementation and coordination responsibility to the PIU, in form and substance satisfactory to the Association, and responsible for day-to-day management, implementation, coordination and planning of Part A.1 of the project.
- (b) The Recipient shall, at all times during implementation of the Project, maintain the PIU within the MInT with terms of reference, resources and technical staff with expertise in ICT and digital technology, satisfactory to the Association, including a Project coordinator, a financial management officer or an accountant, a procurement officer, a monitoring and evaluation officer and an environmental and social officer, all with terms of reference, qualifications, and experience, satisfactory to the Association.
- (c) Without limitation to the provisions of sub-paragraph 2(a) immediately above, the PIU shall be responsible for day-to-day management, implementation, coordination and planning of the Project, fiduciary aspects (*i.e.*, procurement and financial management), environmental and social management aspects, communication, reporting, monitoring and evaluation, all in accordance with the Project Implementation Manual.
- (d) The Recipient shall, for purpose of Part B.3 of the project, maintain, at all times during the implementation of the Project, a Project focal point and accountant within EthERNet, *inter alia*, to provide technical support to the PIU in the implementation and management of Part B.3 of the Project.

3. Project Steering Committee

- (a) The Recipient shall, maintain the Project Steering Committee throughout the Project implementation period.
- (b) Without limitation to the provisions of paragraph 1(a) immediately above, the Project Steering Committee shall, *inter alia*, be responsible for: (i) providing overall policy and strategic guidance for the Project; (ii) reviewing progress made towards achieving the Project's objective; and (iii) approving the Digital Business Plans, which fall above the threshold established, in accordance Project Implementation Manual.

4. Technical Committee

- (a) The Recipient shall, maintain three (3) Technical Committees, throughout the Project implementation period, respectively, for Parts A, B and C of the project. To this end, the pertinent Technical Committee shall, *inter alia*, be responsible for providing advice to the MInT and the PIU in respect to the pertinent component, as detailed in the Project Implementation Manual.

B. Coordination Agreement

- 1. To facilitate the carrying out of the Part A.2 of the Project, the Recipient shall not later than thirty (30) days after the Effective Date, through MInT, enter into a coordination agreement with ECA, under terms and conditions approved by the Association ("Coordination Agreement").
- 2. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Coordination Agreement or any of its provisions.
- 3. The Recipient shall maintain, at all times during the implementation of the Project, a Project focal point and accountant within the ECA, *inter alia*, to provide technical support to the PIU in the implementation and management of Part A.2 of the Project.

C. Project Implementation Manual; Matching Grants Manual

- 1. The Recipient shall carry out the Project in accordance with the provisions of manuals satisfactory to the Association (the "Project Implementation Manual", and "Matching Grants Manual").
- 2. The Project Implementation Manual shall include the following provisions:
 - (a) disbursement and financial management arrangements; (b) institutional administration, coordination and day-to-day execution of activities of the Project;
 - (c) monitoring, evaluation, reporting and communication; (d) fiduciary aspects

(i.e., procurement and financial management); (f) Project impact and implementation indicators, including the procedures for monitoring and evaluation of the Project; (g) arrangements for management and monitoring of environmental and social management aspects; (vii) the modalities for handling personal data (i.e., updating personal data collection and processing) in accordance with good international practice; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

3. The Matching Grants Manual for Part C.1 of the Project shall include the following provisions: (a) arrangements and procedures for management, supervision, monitoring, evaluation and reporting of the respective Digital Business Plans; (b) disbursement and funds flow arrangements for Matching Grants ; (d) procedures for procurement and financial management setting forth, *inter alia*, the procurement and financial management responsibilities of the respective Beneficiaries; (d) guidelines for the carrying out of the respective Digital Business Plans, including, the eligibility criteria for determining the Beneficiaries, and detailed procedures for the selection, approval and implementation of respective Business Plans; and (e) a sample format of a Matching Grant Agreement.
4. In case of any conflict between the arrangements and procedures set out in either the Project Implementation Manual, or the Matching Grants Manual, and the provisions of this Agreement, the provisions of this Agreement shall prevail and, except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision thereof without the prior written agreement of the Association.

D. Matching Grants under Part C.1 of the Project

1. General

The Recipient shall appraise, approve and monitor the respective Digital Business Plans and administer the Digital Start-Up Grants and Digital Business Incentive Grants (together, "Matching Grants") in accordance with the provisions and procedures set forth or referred to in this Part C and in more detail in the Project Implementation Manual.

2. Eligibility Criteria for Digital Business Plans

Prior to financing of any Digital Business Plan, said plan shall be reviewed and approved by the Project coordinator and Technical Committee, on the basis of an appraisal conducted by the Technical Committee in accordance with this sub-

paragraph and the guidelines set forth in the Matching Grants Manual, which shall include, *inter alia*, the following:

- (a) The proposed Digital Business Plan shall fall within the areas described under Part C.1 of the Project, and shall exclude any activities and expenditures specified as ineligible in the Matching Grants Manual;
- (b) The proposed Digital Business Plan shall be initiated by a Beneficiary which has the capacity to enter into a binding contract under the laws of the Recipient, and which has met the other eligibility criteria specified or referred to in the Matching Grants Manual, including the Beneficiary's agreement and ability to provide a minimum contribution in cash or in kind as specified in the Project Implementation Manual;
- (c) the Beneficiary has adequate technical, financial management and procurement capacity to implement the proposed Digital Business Plan in compliance with the guidelines set forth in the Matching Grants Manual; and
- (d) the Beneficiary shall be eligible to receive a subsequent Matching Grant if it has completed the preceding Digital Business Plan to the satisfaction of the Technical Committee, in accordance with the terms of the Matching Grant Agreement.

3. **Terms and Conditions of Digital Business Grants**

A Digital Business Plan shall be carried out pursuant to a Matching Grant Agreement, to be concluded between the Project Coordinator, on behalf of the Recipient, and the respective Beneficiary, prior to commencement of any activity under such Digital Business Plan, all under terms and conditions described or referred to in more detail in the Matching Grants Manual and satisfactory to the Association, which, shall include the following:

- (a) the description of the activities to be implemented, including the outputs and performance targets to be achieved, and the arrangements for monitoring, evaluating and reporting on the implementation of the Digital Business Plan;
- (b) the obligation of the respective Beneficiary to contribute, in cash a minimum percentage of the projected Digital Business Plan cost as specified in the Matching Grants Manual;
- (c) the modalities of transfer of funds by the Project Coordinator to the respective Beneficiary for the financing of the Digital Business Plan;
- (d) the obligation of the respective Beneficiary to: (i) carry out the Digital

Business Plan with due diligence and efficiency and in accordance with sound technical, engineering, environmental, financial, and managerial practices, and in accordance with the provisions of the Anti-corruption Guidelines and the pertinent provisions of this Agreement; and (ii) maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Digital Business Plan;

- (e) the right of the Recipient, to: (i) inspect by itself, or jointly with the Association, if the Association shall so request, the goods, included in the Digital Business Plan, the operations thereof and any relevant records and documents; (ii) obtain all information as the Recipient, or the Association, shall reasonably request regarding the administration, operation and financial conditions of the respective Digital Business Plan; and (iii) suspend or terminate the right of the pertinent Beneficiary to use the proceeds of the Matching Grant upon failure by said Beneficiary to perform any of its obligations under the Matching Grant Agreement; and
- (g) the obligation of the Project Coordinator, on behalf of the Recipient, to ensure that the Digital Business Plan is carried out in accordance with the Anti-Corruption Guidelines.

E. Annual Work Plan and Budget

- 1. Not later than May 31 in each calendar year or thirty (30) days after the Effective Date for the first year of Project implementation), the Recipient shall prepare and furnish to the Association a draft annual work plan and budget for the Project for the subsequent calendar year of Project implementation, of such scope and detail as the Association shall have reasonably requested.
- 2. The Recipient shall afford the Association a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Association ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Financing.
- 3. The Annual Work Plan and Budget may be revised as needed during Project implementation subject to the Association prior written approval.

F. Environmental and Social Standards

- 1. The Recipient shall, 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, 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, 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 2 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 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, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 6. The Recipient shall 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 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.

G. Establishment of the Grievance Redress Mechanism

The Recipient shall, not later than sixty (60) days of the Effective Date, establish, operationalize, and thereafter, maintain throughout Project implementation, a grievance mechanism, in form and substance satisfactory to the Association.

H. Contingency Emergency Response Component

- 1. In order to ensure the proper implementation of Part C of the Project ("Contingent Emergency Response") ("CERC Part"), the Recipient shall ensure that:
 - (a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing

amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;

- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Association.
2. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
3. The Recipient shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

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 six calendar months, covering the six calendar months.

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; and (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 Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training for the Project (except Part C.1 of the Project)	110,410,000	100%
(2) Matching Grants (for goods non-consulting services, and training under Part C.1 of the Project)	24,310,000	100%
(3) Refund of Preparation Advance	4,180,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
(4) Emergency Expenditures under Part E of the Project	0	100%
TOTAL AMOUNT	138,900,000	

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) under Category (2) unless the Recipient has prepared and adopted the Matching Grants Manual, and a policy relating to the implementation of Matching Grant program, in form and substance satisfactory to the Association; or

- (c) for Emergency Expenditures under Category (4) unless and until all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (4); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.

- 2. The Closing Date is October 31, 2026.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 15 and October 15, commencing October 15, 2027 to and including April 15, 2059	1.5625%

* 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. “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.
2. “Annual Work Plan and Budget” means the annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.E of Schedule 2 to this Agreement.
3. “Beneficiary” means an individual operator of an ICT, IT or ITES start-up, a public or private sector entity (including technology training center), a small medium enterprise engaged in ICT, IT or ITES, established and operating under the laws of the Recipient, which has met the eligibility criteria specified in the Matching Grants Manual and, as a result, has been extended, or is to be extended, a Matching Grant to implement a Digital Business Plan.
4. “Channel One Programs Coordinating Directorate” or “COPCD” means a project coordination and implementation unit within the Ministry of Finance.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “Contingent Emergency Response Component Manual” and “CERC Manual” each means the operations manual referred to in Section I.H of this Agreement, to be adopted by the Recipient for the CERC Part of the Project in accordance with the provisions of said Section.
7. “Coordination Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement, as such agreement may be modified or amended with the concurrence of the Association.
8. “Digital Start-Up Plan” means the grant referred to in Part C.1(a) of the Project.
9. “Digital Business Incentive Grant” means the grant referred to in Part C.1(b) of the Project.
10. “Digital Business Plan” means a program or set of activities carried out or to be carried out by a Beneficiary under Part C.1 of the Project, and financed or proposed to be financed out of the proceeds of the Financing through a Matching Grant.

11. “Digital Ethiopia 2025 Strategy” means the Recipient’s digital transformation strategy as set forth in the document titled: “A Digital Strategy for Ethiopia Inclusive Prosperity”.
12. “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.
13. “Emergency Action Plan” means the plan referred to in Section I.H of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
14. “Emergency Expenditure” means any of the Eligible Expenditures set forth in the CERC Manual in accordance with the provisions of Section I.H of Schedule 2 to this Agreement and required for the activities included in the CERC Part of the Project.
15. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 1, 2021, 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.
16. “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.

17. “Ethio Telecom” means the institution established and operating pursuant to Ethio Telecom Establishment, Council of Ministers Regulation No. 197/2010 of the laws of the Recipient.
18. “Ethiopia Communications Authority” means the authority established and operating pursuant to the *Communications Services Proclamation* No. 1148/2019 of the laws of the Recipient, and any successor thereto.
19. “Ethiopian Research and Education Network” or “EthERNet” means a department within the Ministry of Science and Higher Education, or any successor thereto.
20. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020).
21. “Horn of Africa Initiative” means an agreement among the ministers responsible for finance in the Republic of Djibouti, Republic of Eritrea, Federal Democratic Republic of Ethiopia, Republic of Kenya and Federal Republic of Somalia, announced on October 18, 2001 (at the World Bank/IMF Annual Meetings), to take forward discussions on fostering economic integration and regional cooperation in the Horn of Africa.
22. “ICT” and “IT” mean information communications technology, and information technology, respectively.
23. “Indefeasible Right of Use (IRU) Contracts” means long-term (5 years plus) contracts for the supply of telecommunications capacity, usually internet bandwidth, and typically provided over fiber optic networks; sometimes referred to as “dark fiber”.
24. “ITES” means information technology enabled services.
25. “Matching Grant Agreement” means an agreement entered into, or to be entered into, between the Project Coordinator on behalf of the Recipient, and a Beneficiary, for the purpose of extending a Digital Grant to such Beneficiary on the terms and conditions, satisfactory to the Association.
26. “Matching Grant” means either a Digital Start-Up Stimulation Grant or a Digital Business Incentive Grant, all made or proposed to be made under out of the proceeds of the Financing by the Recipient, to a Beneficiary for the purpose of financing a Digital Business Plan in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.
27. “Matching Grants Manual” means the Recipient’s manual referred to in Section I.C.3 of Schedule 2 to this Agreement, as such manual may be amended from time to time with the agreement of the Association.

28. "MDAs" means the Recipient's government ministries, departments and agencies.
29. "Ministry of Innovation and Technology" or "MInT" means the Recipient's Ministry responsible for information communication technology, and any successor thereto.
30. "Operating Costs" means the incremental operating costs under the Project, based on the Annual Work Plan and Budget approved by the Association, and incurred by the Recipient, on account of utilities and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related media expenses, travel and supervision, and salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.
31. "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 and the Recipient on October 22, 2019.
32. "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.
33. "Project Coordinator" means an individual to be recruited by the Recipient in accordance with the provisions of Section III of Schedule 2 to this Agreement as the head of the PIU.
34. "Project Implementation Manual" means the Recipient's manual referred to in Section 5.01(a) of this Agreement, and Section I.C.2 of Schedule 2 to this Agreement, as said manual may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.
35. "Project Implementing Unit" or "PIU" means the unit referred to Section I.A.2 of Schedule 2 to this Agreement.
36. "Project Steering Committee" means the steering committee referred to in Section I.A.3 of Schedule 2 to this Agreement.
37. "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.
38. "Technical Committee" means the advisory committee referred to in Section I.A.4 of Schedule 2 to this Agreement.

39. "Training" means the costs of training under the Project, based on the Annual Work Plan and Budget approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities.
40. "*Woreda*" means the regional authority established and operating pursuant to the relevant regional legislation, and "*Woredas*" means, collectively, more than one such *Woreda*.