CREDIT NUMBER 4107-VN

Development Credit Agreement

(Second Transmission and Distribution Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated March 16, 2006

CREDIT NUMBER 4107-VN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated March 16, 2006, between SOCIALIST REPUBLIC OF VIETNAM (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Association to assist in the financing of the Project;

(B) The Project will be carried out by Electricity of Vietnam and the Power Companies (as defined below) with the Borrower's assistance and, as part of such assistance, the Borrower will make the proceeds of the credit provided for in Article II of this Agreement (the Credit) available to Electricity of Vietnam and the Power Companies, as set forth in this Agreement; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit to the Borrower upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association and Electricity of Vietnam and the Power Companies (the Project Agreement);

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through May 1, 2004), with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) Section 5.08 of the General Conditions is amended to read as follows:

"Section 5.08. *Treatment of Taxes*

Except as otherwise provided in the Development Credit Agreement, the proceeds of the Credit may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower on the goods or services to be financed under the Credit, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits. To that end, if the Association

shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Credit is excessive or otherwise unreasonable, the Association may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Development Credit Agreement as required to be consistent with such policy of the Association."

(b) Section 6.03 (c) of the General Conditions is amended by replacing the words "corrupt or fraudulent" with the words "corrupt, fraudulent, collusive or coercive".

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Category" means a Category of items set forth in the table in Paragraph 1 of Schedule 1 to this Agreement.

(b) "CPPMB" and the "Central Power Projects Management Board" mean the Power Projects Management Board (as defined below) responsible for managing the implementation of EVN's investment activities in high-voltage power transmission in the central region of Vietnam, and any successor thereto.

(c) "Displaced Person" means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and "Displaced Persons" means, collectively, all such Displaced Persons.

(d) "EMS" means energy management system.

(e) "Environmental Guidelines" means the Environmental Guidelines dated May 2005, satisfactory to the Association, adopted by EVN through Instruction 2764-EVN-HTQT dated June 2, 2005, and referred to in paragraph 3 of Schedule 2 to the Project Agreement, which sets forth policies and procedures for the preparation of Environmental Assessments for Project activities under Part A of the Project.

(f) "Environmental Management Plan" means each plan, satisfactory to the Association, prepared, or, as the case may be, to be prepared, by or on behalf of EVN or, as the case may be, the relevant Power Company, in accordance with the Environmental Guidelines and as part of the Environmental Assessment of a Sub-project or Sub-projects

(as defined below) under Part A of the Project, and referred to in paragraph 3 of Schedule 2 to the Project Agreement, which sets out the environmental protection measures in respect of said Sub-project or Sub-projects, as well as administrative and monitoring arrangements to ensure the implementation of said Plan, as said Plan may be revised from time to time with the prior concurrence of the Association.

(g) "Ethnic Minorities Development Framework" means the Policy Framework for Ethnic Minorities Development Plans, dated May 2005, satisfactory to the Association, adopted by EVN through Instruction 2764-EVN-HTQT dated June 2, 2005, and referred to in paragraph 5 of Schedule 2 to the Project Agreement, which sets out the policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minorities within the Project area who are affected by the Project, and principles for the preparation of ethnic minorities development plans as may be required during implementation of the Project, as said Strategy may be revised from time to time with the prior concurrence of the Association.

(h) "Ethnic Minorities Development Plan" and "EMDP" mean each plan, satisfactory to the Association, prepared, or to be prepared, by or on behalf of EVN or, as the case may be, the relevant Power Company pursuant to the policies and procedures set forth in the Ethnic Minorities Development Framework, to ensure that ethnic minority communities within the Project area benefit from the Project in a socially and culturally acceptable manner.

(i) "EVN" means Electricity of Vietnam, an enterprise established pursuant to Decision No. 562/TTg of the Prime Minister of the Socialist Republic of Vietnam, dated October 10, 1994, operating under the EVN Charter, responsible for developing, operating and maintaining, directly or indirectly, facilities for the generation, transmission and distribution of electricity throughout the Borrower's territory, and any successor thereto.

(j) "EVN Charter" means the Charter of EVN issued under Decree 14/CP of the Government of the Socialist Republic of Vietnam, dated January 27, 1995.

(k) "EVN Special Account" means the account established for purposes of Parts A.1, B and C of the Project, and referred to in Section 2.02 (b)(i) of this Agreement.

(l) "Financial Monitoring Report" and "FMR" mean each report prepared in accordance with Section 4.02 of the Project Agreement.

(m) "HCMC PC" means Ho Chi Minh City Power Company, established and operating pursuant to the HCMC PC Charter, and responsible for power transmission and/or distribution in the area of Ho Chi Minh City, and any successor thereto.

(n) "HCMC PC Charter" means the Charter of HCMC PC dated March 27, 1995, as amended to the date of this Agreement.

(o) "HCMC PC Special Account" means the account established for purposes of Part A.2 of the Project, and referred to in Section 2.02 (b)(ii) of this Agreement.

(p) "National Load Dispatch Center" means the unit within EVN responsible for the dispatch of electric power and operation of the transmission system, and any successor thereto.

(q) "MOF" means the Borrower's Ministry of Finance, and any successor thereto.

(r) "MOI" means the Borrower's Ministry of Industry, and any successor thereto.

(s) "MPI" means the Borrower's Ministry of Planning and Investment, and any successor thereto.

(t) "PCs" and "Power Companies" mean the wholly-owned subsidiaries of EVN, established and operating pursuant to their respective charters, and responsible for the implementation of investment activities in power distribution and/or transmission within their defined geographical areas, including HCMC PC and PC3 (as defined below), and any other PC as the Borrower and the Association may agree to from time to time; and a "PC" and a "Power Company" means any of such subsidiaries of EVN.

(u) "PC3" means Power Company No. 3, established and operating pursuant to the PC3 Charter, responsible for power distribution and/or transmission in the central region of Vietnam, and any successor thereto.

(v) "PC3 Charter" means the Charter of PC3 dated June 17, 1995, as amended to the date of this Agreement.

(w) "PC3 Special Account" means the account established for purposes of Part A.3 of the Project, and referred to in Section 2.02 (b)(iii) of this Agreement.

(x) "Phase I" means the period of Project implementation approximately from 2005 through 2008.

(y) "Power Master Plans" means, collectively, (i) EVN's Fifth Master Plan for Power Sector Development covering the period 2001-2010 under implementation as of the date hereof, and (ii) EVN's Sixth Master Plan for Power Sector Development covering the period 2006-2015 under preparation as of the date hereof, as said Plans may be updated from time to time.

(z) "PPMBs" and "Power Projects Management Boards" mean those units within EVN responsible for managing the implementation of EVN's investment activities in high-voltage power transmission within their respective defined geographical areas of

Vietnam; and a "PPMB" and a "Power Projects Management Board" means any of said units.

(aa) "Procurement Plan" means the procurement plan dated June 23, 2005 covering the initial 18 month period (or longer) of Project implementation, which is a consolidation of the procurement plans of EVN, HCMC PC and PC3 in respect of their Respective Parts of the Project, as said Plan shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

(bb) "Project Agreement" means the agreement between the Association and Electricity of Vietnam and Ho Chi Minh City Power Company and Power Company No. 3, of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(cc) "Resettlement Plan" and "RP" mean each action plan, satisfactory to the Association, prepared, or, as the case may be, to be prepared, by or on behalf of EVN or, as the case may be, the relevant Power Company, in accordance with the provisions of the Resettlement Policy Framework (as defined below), and referred to in paragraph 4 of Schedule 2 to the Project Agreement, said Plan setting forth the policies and procedures for the acquisition of land and/or other assets, resettlement, compensation and rehabilitation of Displaced Persons in connection with a Sub-project or Sub-projects under Part A of the Project, as said Plan may be revised from time to time with the prior concurrence of the Association.

(dd) "Resettlement Policy Framework" means the Framework dated May 2005, satisfactory to the Association, approved by the Borrower through the Prime Minister's Decision 890/TTg-CN of June 30, 2005 and MOI's Decision No. 2192/QD-NLDK of June 30, 2005, adopted, by EVN through Instruction 2764-EVN-HTQT dated June 2, 2005, and referred to in paragraph 4 of Schedule 2 to the Project Agreement, which sets out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement plans, as may be required, during the implementation of the Project, as said Policy Framework may be revised from time to time with the prior concurrence of the Association.

(ee) "Respective Parts of the Project" means, in regard to: (i) EVN, Parts A.1, B and C of the Project; (ii) HCMC PC, Part A.2 of the Project; and (iii) PC3, Part A.3 of the Project.

(ff) "SCADA" means Supervisory Control and Data Acquisition System.

(gg) "SPPMB" and the "Southern Power Projects Management Board" mean the Power Projects Management Board responsible for managing the implementation of

EVN's investment activities in high-voltage power transmission in the southern region of Vietnam, and any successor thereto.

(hh) "Sub-project" means a specific investment project under Parts A.1, A.2 or A.3 of the Project, as the case may be.

(ii) "Subsidiary Loan Agreements" means, collectively, the agreements to be entered into between the Borrower, through MOF, and each of EVN and the Power Companies pursuant to Section 3.02 of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the Subsidiary Loan Agreements; and a "Subsidiary Loan Agreement" means any of said Agreements.

(jj) "Special Accounts" means, collectively, the EVN Special Account, the HCMC PC Special Account and the PC3 Special Account, referred to, respectively, in clauses (i), (ii) and (iii) of Section 2.02(b) of this Agreement; and a "Special Account" means any of such Accounts.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount in various currencies equivalent to Special Drawing Rights SDR136,700,000.

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may open and maintain in United States Dollars a separate special deposit account:

(i) for the purposes of Parts A.1, B and C of the Project (the EVN Special Account);

(ii) for the purposes of Part A.2 of the Project (the HCMC PC Special Account); and

(iii) for the purposes of Part A.3 of the Project (the PC3 Special Account);

in each case in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment.

Deposits into, and payments out of, each respective Special Account shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2010 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on June 1 and December 1 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 1 and December 1 commencing December 1, 2015 and ending June 1, 2045. Each installment to and including the installment payable on June 1, 2025 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for

Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

(A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and

(B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six (6) months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five (5) years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Development Credit Agreement, shall cause EVN and the Power Companies to perform in accordance with the provisions of the Project Agreement all the obligations of EVN and the Power Companies therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to

enable EVN and the Power Companies to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower, through MOF, shall relend: (i) to EVN, for purposes of Parts A.1, B and C of the Project, the portion of the proceeds of the Credit allocated from time to time to Categories (1)(a), (2)(a) and (3)(a); (ii) to HCMC PC, for purposes of Part A.2 of the Project, the portion of the proceeds of the Credit allocated from time to time to Categories (2)(b) and (3)(b); and (iii) to PC3, for purposes of Part A.3 of the Project, the portion of the proceeds of the Credit allocated from time to time to Categories (1)(b) and (2)(c); in each case under a subsidiary loan agreement to be entered into between the Borrower and each of EVN and the Power Companies, under terms and conditions acceptable to the Association which shall include the following unless otherwise agreed by the Association:

(i) the principal amount of the Subsidiary Loans repayable by EVN and the Power Companies shall be the equivalent in Dollars (determined as of the date, or respective dates of withdrawal from the Credit Account) of the value of the currency or currencies withdrawn from the Credit Account in respect of the Categories referred to above in this Section 3.01 (b);

(ii) EVN and the Power Companies shall repay the Subsidiary Loans over a term of twenty (20) years, including a grace period of five (5) years;

(iii) interest at the rate of four and sixty-six one-hundredths percent (4.66%) per annum shall be charged on the principal amount of the Subsidiary Loans outstanding from time to time; and

(iv) a commitment charge at a rate per annum equal to the rate applicable under Section 2.04 of this Agreement shall be charged on the principal amount of the Subsidiary Loans so made available and not withdrawn from time to time.

(c) The Borrower shall exercise its rights under each Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Subsidiary Loan Agreements or any provision thereof.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Credit shall be governed by the provisions of Schedule 1 to the Project Agreement, as said provisions may be further elaborated in the Procurement Plan.

Section 3.03. The Borrower and the Association hereby agree that the obligations set forth in Sections 9.03, 9.04, 9.05, 9.06, 9.07 and 9.08 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) in respect of the Project shall be carried out by EVN and the Power Companies pursuant to Section 2.03 of the Project Agreement.

Section 3.04. Without limitation to the provisions of paragraph (a) of Section 3.01 above, the Borrower shall take all action necessary, which may include financial restructuring, promotion of private sector participation, promotion of efficiency and adjustment of tariffs, to enable EVN and the Power Companies to comply with the financial covenants set forth in paragraphs 8, 9 and 10 of Schedule 2 to the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall establish and maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations, resources and expenditures related to the Project.

(b) The Borrower shall:

(i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Association), audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association;

(ii) furnish to the Association as soon as available, but in any case not later than six (6) months after the end of each such year (or such other period agreed to by the Association), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or such other period agreed to by the Association), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Association; and

(iii) furnish to the Association such other information concerning such records, accounts and the audit of such financial statements, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one (1) year after the Association has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Credit Account was made;

(ii) enable the Association's representatives to examine such records; and

(iii) ensure that such statements of expenditure are included in any audit that the Association may have requested pursuant to paragraph (b) of this Section.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) EVN or either of the Power Companies shall have failed to perform any of its respective obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of the Development Credit Agreement, an extraordinary situation shall have arisen which shall make it improbable that EVN or either of the Power Companies will be able to perform its obligations under the Project Agreement.

(c) The EVN Charter, the HCMC PC Charter or the PC3 Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of EVN, HCMC PC or PC3, respectively, to perform any of its obligations under the Project Agreement.

Section 5.02. Pursuant to Section 7.01(h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraph (a) Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Association to the Borrower; and

(b) any event specified in paragraph (c) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Development Credit Agreement within the meaning of Section 12.01 (b) of the General Conditions, namely that the Subsidiary Loan Agreement between the Borrower, through MOF, and EVN, acceptable to the Association, has been executed on behalf of the Borrower and EVN, in accordance with the provisions of Section 3.01 (b) of this Agreement.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

(a) that the Project Agreement has been duly authorized or ratified by EVN and the Power Companies, and is legally binding upon EVN and the Power Companies in accordance with its terms;

(b) that the Subsidiary Loan Agreement between the Borrower, through MOF, and EVN has been duly authorized or ratified by the Borrower and EVN and is legally binding upon the Borrower and EVN in accordance with its terms; and

(c) (i) the Resettlement Policy Framework has been duly approved by the Borrower's Prime Minister; (ii) the Resettlement Policy Framework and the Ethnic Minorities Development Framework have been duly adopted by EVN and the Power Companies; and (iii) the Resettlement Policy Framework, the Ethnic Minorities Development Framework, and the Resettlement Plans in respect of the Project activities during Phase I are legally binding upon the Borrower, EVN and the Power Companies in accordance with their respective terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Governor or any Deputy Governor of State Bank of Vietnam is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

State Bank of Vietnam
49 Ly Thai To
Hanoi
Socialist Republic of Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK	412248	(84-4) 8 250 612
Hanoi	NHTWVT	

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS	248423 (MCI) or	(1-202) 477 6391
Washington, D.C.	64145 (MCI)	

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Hanoi, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Credit Allocated (Expressed in SDR equivalent)	% of Expenditures to be Financed
(1) Works		100%
(a) under Part A.1 of the Project	24,330,000	
(b) under Part A.3 of the Project	2,100,000	
(2) Goods		100%
(a) under Parts A.1, B and C of the Project	76,960,000	
(b) under Part A.2 of the Project	26,650,000	
(c) under Part A.3 of the Project	2,900,000	
(3) Consultants' services		100%
(a) under Parts A.1, B and C of the Project	3,010,000	
(b) under Part A.2 of the Project	750,000	
TOTAL	136,700,000	

2. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made:

(a) for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of SDR13,670,000, may be made in respect of Categories (1), (2) and (3), on account of payments made for expenditures before that date but after June 1, 2005;

(b) for expenditures under Categories (2)(b) and (3)(b) until the Subsidiary Loan Agreement between the Borrower, through MOF, and HCMC PC, acceptable to the Association, has been executed on behalf of the Borrower and HCMC PC, in accordance with the provisions of Section 3.01 (b) of this Agreement; and

(c) for expenditures under Categories (1)(b) and (2)(c) until the Subsidiary Loan Agreement between the Borrower, through MOF, and PC3, acceptable to the Association, has been executed on behalf of the Borrower and PC3, in accordance with the provisions of Section 3.01 (b) of this Agreement.

3. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) goods costing less than $150,000 equivalent per contract; (b) works costing less than $500,000 equivalent per contract; (c) services of individual consultants costing less than $50,000 equivalent per contract; and (d) services of consulting firms under contracts costing less than $100,000 equivalent per contract; all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in developing an efficient electricity transmission and distribution system, thus enabling the timely evacuation of power from new electricity generation plants to growing load centers and maintenance of system security, reliability and power quality; and contributing to the restructuring of the power sector.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Transmission and Distribution Systems Expansion and Reinforcement

Carry out a program of expansion and reinforcement of the transmission and distribution networks, consisting of:

1. construction of new or reinforcement of existing segments of 500 kiloVolt (kV) and 220 kV transmission lines to evacuate power from new power generating plants to major load centers; and upgrading or expansion of related substations, including provision of equipment and installation of electrical works;

2. construction and equipping of selected 220/110 kV gas-insulated substations which serve as interface between the transmission and distribution systems; and

3. construction of selected segments of 110 kV lines and related substations.

Part B: Electricity Market and System Operations Modernization

Modernization of the infrastructure for market and systems operations in the national and the three regional load dispatch centers, through the installation of a supervisory control and data acquisition and energy management system; upgrading of the market management system; and upgrading of the telecommunication infrastructure to support these new systems.

Part C: Market Transition Support

Support for the development of EVN's transmission business and the establishment of an internal power market, consisting of: enhancing its capability to manage power market operations; reviewing future investments in transmission and regional interconnections; developing an investment plan for generation expansion; preparing a medium-term business plan for the transmission business; and building capacity for the development of a power market.

* * *

The Project is expected to be completed by June 30, 2010.

SCHEDULE 3

Special Accounts

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means: (i) in respect of Parts A.1, B and C of the Project and of the EVN Special Account, Categories (1)(a), (2)(a) and (3)(a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement; (ii) in respect of Part A.2 of the Project and of the HCMC PC Special Account, Categories (2)(b) and (3)(b) set forth in said table; and (iii) in respect of Part A.3 of the Project and of the PC3 Special Account, Categories (1)(b) and (2)(c) set forth in said table;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Credit allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means:

(i) in respect of the EVN Special Account for Parts A.1, B and C of the Project an amount equivalent to $3,000,000 to be withdrawn from the Credit Account and deposited into the EVN Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to $2,000,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1)(a), (2)(a) and (3)(a), plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Parts A.1, B and C of the Project shall be equal to or exceed the equivalent of SDR10,000,000;

(ii) in respect of the HCMC PC Special Account for Part A.2 of the Project an amount equivalent to $1,000,00 to be withdrawn from the Credit Account and deposited into the HCMC PC Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to $750,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (2)(b) and (3)(b), plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General

Conditions for Part A.2 of the Project shall be equal to or exceed the equivalent of SDR4,000,000; and

(iii) in respect of the PC3 Special Account for Part A.3 of the Project an amount equivalent to $500,000 to be withdrawn from the Credit Account and deposited into the PC3 Special Account pursuant to paragraph 3(a) of this Schedule.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the respective Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the respective Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the respective Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures. All such deposits shall be withdrawn by the Association from the Credit Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the

Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b)(ii) of this Agreement, any of the audit reports required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Accounts;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the related Parts of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in the Special Accounts.

(d) Refunds to the Association made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Credit Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.