CREDIT NUMBERS 3680-VN and 4781-VN

Financing Agreement

(AMENDING AND RESTATING DEVELOPMENT CREDIT AGREEMENT)

(System Efficiency Improvement, Equitization, and Renewables Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 13, 2010

CREDIT NUMBER 3680-VN and 4781-VN

FINANCING AGREEMENT

AGREEMENT dated August 13, 2010 entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

(A) WHEREAS the Association had agreed to extend to the Recipient, on the terms and conditions set forth or referred to in the Development Credit Agreement dated October 24, 2002 between the Recipient and the Association, a credit in an amount equivalent to one hundred seventy seven million nine hundred thousand Special Drawing Rights (SDR 177,900,000) (variously, "Original Credit" and "Original Financing") to assist in financing the project described in Schedule 2 to said Agreement ("Original Project") (as amended to the date of this Agreement, "Original Financing Agreement");

(B) WHEREAS the Recipient has requested the Association to provide additional financing to finance completion of Original Project activities given an unanticipated financing gap, and modified activities given that the Original Financing amount is insufficient to cover such activities; and

(C) WHEREAS the Association has agreed to extend to the Recipient such additional financing on the terms and conditions set forth or referred to in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Financing Agreement as amended to date to read as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral 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 the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement:

(a) a credit in an amount equivalent to one hundred seventy seven million nine hundred thousand Special Drawing Rights (SDR 177,900,000) (variously, "Original Credit" and "Original Financing"); and

(b) a credit in an amount equivalent to seventeen million six hundred thousand Special Drawing Rights (SDR 17,600,000) (variously, "Additional Credit" and "Additional Financing").

(the Original Financing and the Additional Financing, collectively, "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 IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are:

(a) in respect of the Original Financing, June 15 and December 15 in each year; and

(b) in respect of the Additional Financing, February 15 and August 15 in each year.

2.06. The principal amounts of the Original and the Additional Credits shall be repaid in accordance with the repayment schedule set forth in Sections I and II, respectively, of Schedule 3 to this Agreement.

2.07. The Payment Currency is the 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 Parts 2 (c) and 3 (c), (d), (e), and (f) of the Project through the MOIT and cause Parts 1, 2 (a) and (b), and 3 (a) and (b) of the Project to be carried out by the Project Implementing Entities as follows, namely, Parts 1, 2 (b) (ii) with respect to EVN, and 3 (a) and (b) (i) by EVN, Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Northern Power Corporation by Northern Power Corporation, Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Southern Power Corporation by Southern Power Corporation, and Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Central Power Corporation by Central Power Corporation, in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Additional Financing Subsidiary Agreements have been executed on behalf of the Recipient and each of the Project Implementing Entities.

4.02. The Additional Legal Matter consists of the following, namely, that the Additional Financing Subsidiary Agreements have been duly authorized or ratified by the Recipient and each of the Project Implementing Entities and are legally binding upon the Recipient and the respective Project Implementing Entity in accordance with their terms.

4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.04. For purposes of Section 8.05 (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 date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Governor, or a Deputy Governor, of State Bank of Vietnam.

5.02. The Recipient's Address is:

State Bank of Vietnam
49 Lý Thái Tổ
Hà Nội
Socialist Republic of Vietnam

Cable:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 3825-0612

6.03. The Association's Address is:

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

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

AGREED at Hanoi, 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

Project Description

The objective of the Project is to assist the Recipient to: (a) enhance electricity system efficiency in Vietnam; (b) provide electric power in selected rural areas of Vietnam; and (c) sustain reform and institutional development of the Recipient's energy sector.

The Project consists of the following parts:

1. Transmission System Efficiency Improvement

(a) (i) Construction of new, and upgrading of selected existing, 500 kV and 220 kV transmission systems, including related substations and associated connections, and installation of 110 kV capacitors;

(ii) compensation, resettlement, and rehabilitation of Affected Persons under Part 1 (a) (i) of the Project; and

(iii) (A) preparation of design and bidding documents under, and management of, Part 1 (a) of the Project; (B) improvement of maintenance work on transmission systems constructed or targeted under Part 1 (a) (i) of the Project; and (C) design and implementation of a joint stock company model for hydroelectric power.

(b) Enhancement of electricity system efficiency, including introduction of a pilot direct load control program, conducting of load research, carrying out of demand-side management program planning and implementation, and promotion of energy-saving lighting systems.

2. Rural Energy Access Improvement

(a) (i) Construction of new, and rehabilitation and upgrading of selected existing, 110 kV distribution systems, including related substations, and installation of associated capacitors, in rural areas; and

(ii) compensation, resettlement, and rehabilitation of Affected Persons under Part 2 (a) (i) of the Project.

(b) (i) Rehabilitation of selected existing small hydroelectric power plants, and construction of small alternative power-generating systems;

(ii) capacity building of the Project Implementing Entities with respect to: (A) preparation and operation of generation systems constructed or targeted under Part 2 (b) (i) of the Project through provision of training in advanced small hydroelectric technologies, performance-based contracting methods, construction management and supervision, and small generation systems control and management; and (B) evaluation of policy and approach in relation to renewable energy and use of power generated from renewable energy sources.

(c) Development of small renewable energy systems in rural areas, including:

(i) carrying out of Subprojects through the provision of RARE Grants; and

(ii) capacity building of the MOIT, local governments, communities, and non-governmental organizations with respect to implementation of Subprojects.

3. Sector Reform and Institutional Development

(a) Institutional development of EVN, including with respect to: (i) financial, accounting, and materials management information systems; (ii) public utility technology and management; and (iii) financing and planning, particularly for purposes of ongoing restructuring.

(b) Provision of support to EVN's equitization program in the generation and distribution sub-sectors, including:

(i) provision of technical assistance to EVN in relation to associated transactions, and training to EVN and newly established power distribution joint stock companies, including in corporate governance and securities markets operation; and

(ii) upgrading of selected existing power distribution systems in rural areas in anticipation of equitization.

(c) Development of an institutional, policy, and regulatory framework for renewable energy projects, including:

(i) elaboration of legal instruments promoting renewable energy electrification in rural areas and development of a market for small power producers, carrying out of renewable energy awareness activities, and provision of training in planning and implementation of renewable energy projects;

(ii) preparation of, and provision of training for implementation of, a Renewable Energy Development Project, establishment of transparent and streamlined approval and contractual processes for small power investments in renewable energy, provision of business development services to prospective small power investment developers, and implementation of measures to facilitate financing of such investments; and

(iii) carrying out of resource and market assessments and technology improvements, and promotion of locally manufactured renewable energy products.

(d) Strengthening of Project financial management through the provision of technical assistance, including for purposes of the carrying out of audits.

(e) Institutional development of ERAV, including design and deployment of an information technology system, elaboration of a regime of tariffs, charges, subsidies, and fees for participation in a competitive power market, preparation of a regulatory framework for such power market, including market rules, power grid, metering, and distribution codes, power purchase agreements, and dispute resolution and enforcement mechanisms.

(f) Institutional development of the gas sector, and the MOIT in this regard, including through the provision of technical assistance, particularly with respect to sector reform to complement further power market development.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

Ministry of Industry and Trade

1. The Recipient shall be responsible for Project coordination, implementation, and monitoring and evaluation through the MOIT in accordance with the following institutional arrangements.

Provincial Project Steering Committee

2. The Recipient shall maintain, through each Project Province, throughout Project implementation, the respective Provincial Project Steering Committee, comprising the Vice Chairman of the respective Provincial People's Committee as chair, and representatives of, inter alia, the Provincial Industry Department, the Provincial Planning and Investment Department, the Provincial Finance Department, the Provincial Power Service Department, the Provincial Agriculture and Rural Development Department, and the Provincial Department of Science, Technology, and Environment, and with an institutional framework, functions, and resources, satisfactory to the Association, as shall be required for purposes of Project implementation.

3. The Recipient shall be responsible for the coordination and oversight of Part 2 (c) of the Project at the provincial level through the respective Provincial Project Steering Committee, and which responsibilities shall include, inter alia: (i) preliminary approval of Subproject feasibility studies and RARE Grant proposals and their transmittal to the MOIT Project Management Board (PMB) for final approval; and (ii) ensuring budget allocations for and payment of provincial contributions to Subproject costs, resettlement compensation costs, and administrative costs relating to Subproject implementation.

MOIT Project Management Board

4. The Recipient shall maintain, throughout Project implementation, the MOIT Project Management Board, headed by a qualified and experienced officer, reporting directly to the MOIT Minister or an MOIT Vice Minister, with an

institutional framework, functions, and resources, satisfactory to the Association, including competent staff in adequate numbers, as shall be required for purposes of Project implementation.

5. The Recipient shall be responsible for the coordination and oversight of Part 2 (c) of the Project at the national level and the implementation of Part 3 (c) (f) of the Project through the MOIT Project Management Board, and which responsibilities shall include, inter alia: (i) provision of support to, and coordination and supervision of, the operations of Provincial PMUs; (ii) final approval of RARE Grant proposals; (iii) appointment of contractors and consultants to carry out Subprojects; (iv) approval of payments to such contractors and consultants for expenditures incurred under Subprojects; (v) annual review of the financial performance of Subprojects and preparation of annual status reports on the matter; and (vi) monitoring and evaluation of Subproject impacts in each Project Province.

Provincial Project Management Units

6. The Recipient shall maintain, through each Project Province, throughout Project implementation, the respective Provincial Project Management Unit, headed by a director with qualifications, experience, and terms of reference satisfactory to the Association, and with an institutional framework, functions, and resources, including competent staff in adequate numbers, satisfactory to the Association, as shall be required for purposes of Project implementation.

7. The Recipient shall be responsible for implementation of Part 2 (c) of the Project through the respective Project Province, and which responsibilities shall include, inter alia: (i) appointment of a consultant for preparation of bidding documents and provision of support to the respective Project Province in bid evaluation; (ii) supervision of contractors in procurement and construction work; and (iii) supervision of consultants providing support to Local Electricity Utilities in Subproject operation, maintenance, and management.

Local Electricity Utilities

8. The Recipient shall maintain, throughout Project implementation, the respective Local Electricity Utilities, with an institutional framework, functions, and resources, including competent staff in adequate numbers, satisfactory to the Association, as shall be required for purposes of Project implementation.

9. The Recipient shall be responsible for Subproject operation, maintenance, and management under Part 2 (c) of the Project through the respective Local

Electricity Utilities, and which responsibilities shall include, inter alia: (i) provision of support to the respective Project Province in the preparation of Subproject proposals, including related feasibility studies; (ii) organization and facilitation of power connections, (iii) mobilization of local contributions to Subproject costs; and (iv) operation and maintenance of Subproject facilities.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Project Implementing Entities' Respective Parts of the Project, the Recipient shall make part of the proceeds of the Additional Financing available to each of the Project Implementing Entities under a subsidiary agreement between the Recipient and each of the Project Implementing Entities ("Additional Financing Subsidiary Agreement"), under terms and conditions approved by the Association, which shall include:

(a) repayment of the proceeds of the Additional Financing (i) by EVN over a period of twenty (20) years, inclusive of a grace period of five (5) years, and (ii) by Northern Power Corporation, Southern Power Corporation, and Central Power Corporation over a period of twenty-five (25) years, inclusive of a grace period of seven (7) years;

(b) payment of interest on the principal amount of the Additional Financing withdrawn and outstanding from time to time under the respective Additional Financing Subsidiary Agreement (i) by EVN at the rate of 5.9 percent per annum, and (ii) by Northern Power Corporation, Southern Power Corporation, and Central Power Corporation at the rate of 0.75 percent per annum;

(c) payment of a service charge on the principal amount of the Additional Financing withdrawn and outstanding from time to time under the respective Additional Financing Subsidiary Agreement by Northern Power Corporation, Southern Power Corporation, and Central Power Corporation at the rate of 0.25 percent per annum;

(d) payment of a commitment charge on the amount of the Additional Financing remaining un-withdrawn from time to time under the respective Additional Financing Subsidiary Agreement at a rate equal to that payable by the Recipient pursuant to Section 2.03 of this Agreement;

(e) the obligation to ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(f) the obligation to ensure that the Project is carried out in accordance with the provisions of the Project Implementation Plan, and to not, except as the Association shall otherwise agree in writing, assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

(g) the obligation to ensure that procurement of the goods, works, and services required for the Project is carried out in accordance with the provisions of Section III of this Schedule 2, as said provisions may be further elaborated in the Procurement Plan; and

(h) the obligation to ensure that the Project is carried out in accordance with the provisions of the Environmental Guidelines for Transmission and Distribution Subprojects, the EIAs, any environmental management plans, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, the RAPs, any additional resettlement action plans, the Policy Framework for Ethnic Minorities Development Plan, the E MDPs, and any additional ethnic minorities development plans, and to not, except as the Association shall otherwise agree in writing, assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. The Recipient shall exercise its rights under the Subsidiary Agreements 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 in writing, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of their provisions.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Manual

1. The Recipient shall carry out the Project in accordance with the provisions of the MOIT Operational Manual for Renewable Energy, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of any conflict between the provisions of such Manual and those of this Agreement, the latter shall prevail.

E. Subprojects

General

1. The Recipient shall furnish to the Association, through the MOIT, for comment and approval, the RARE Grant proposal for each Subproject.

Eligibility

2. The Recipient shall ensure that no Subproject is eligible for financing out of the proceeds of the Financing unless the Subproject satisfies the eligibility criteria specified below and in further detail in the MOIT Operational Manual for Renewable Energy, which shall include, inter alia, the following:

(a) the Subproject has been initiated by and for the benefit of the respective local communities;

(b) the respective Local Electricity Utilities have been duly established and have the legal power to participate in the Project in accordance with the terms and conditions herein set forth and enter into a Subproject Agreement with the MOIT and the respective Provincial People's Committee, and a legal opinion has been furnished to the Association confirming the same;

(c) the Subproject is a specific community-based hybrid renewable energy grid project which is technically and financially viable, environmentally and socially sound, and economically justified on the basis of the number of people benefiting from it;

(d) the Subproject is in compliance with the standards set forth in the applicable laws of the Recipient relating to public utilities, health, safety, and environmental and social protection;

(e) (i) an analysis of the environmental effects of such Subproject has been prepared; and (ii) if applicable, an environmental impact assessment, satisfactory to the Association, has been undertaken and mitigation measures designed on the basis of environmental standards acceptable to the Association, in accordance with the Environmental Procedures;

(f) a resettlement action plan has been prepared in accordance with the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons and such plan has been approved by the Association, if the proposed Subproject involves resettlement of Affected Persons, and an independent institution, acceptable to the Association, has been engaged under terms of reference satisfactory to the Association to monitor the implementation of such plan;

(g) an ethnic minorities development plan has been prepared in accordance with the Policy Framework for Ethnic Minorities Development Plan and such plan has been approved by the Association, if the proposed Subproject involves communities with Ethnic Minorities, and an independent institution, acceptable to the Association, has been engaged under terms of reference satisfactory to the Association to monitor the implementation of such plan; and

(h) the Subproject does not: (i) include expenditures intended for a military or paramilitary purpose; (ii) include works for government administration or religious purposes; (iii) relate to the manufacture or use of environmentally hazardous goods (including asbestos and pesticides), arms, or drugs; or (iv) include the financing of salaries of the Recipient's civil service.

Subproject Agreements

3. For purposes of Subproject implementation, operation, and maintenance, the Recipient shall, through the MOIT, enter into a Subproject Agreement with the respective Provincial People's Committee and the respective Local Electricity Utilities, in accordance with procedures and on terms and conditions acceptable to the Association and as set out in the MOIT Operational Manual for Renewable Energy, which shall include the following:

(a) a description of the Subproject, its budget, and the applicable performance indicators;

(b) the obligation of the respective Provincial People's Committee and the respective Local Electricity Utilities to: (A) 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 Subproject; and (B) at the request of the Recipient, or the Association, have the records relating to the Subproject audited by independent auditors acceptable to the Association, in

accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the records as so audited to the Recipient and the Association;

(c) the obligation of the respective Provincial People's Committee and the respective Local Electricity Utilities to carry out the Subproject in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

(d) the obligation of the respective Provincial People's Committee and the respective Local Electricity Utilities to carry out the Subproject in accordance with the provisions of: (i) the MOIT Operational Manual for Renewable Energy, including the Environmental Procedures, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, and the Policy Framework for Ethnic Minorities Development Plan; (ii) any environmental impact assessment for the Subproject and any related mitigation measures; (iii) any resettlement action plan for the Subproject; and (iv) any ethnic minorities development plan for the Subproject, and to not, except as the Association shall otherwise agree in writing, assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

(e) the right of the Recipient, through the MOIT, and of the Recipient in its own right, to obtain a refund of all or any part of the amount of the RARE Grant then withdrawn, as the case may be, upon failure by the Provincial People's Committee or the Local Electricity Utilities to perform any of its obligations under the Subproject Agreement.

(f) The respective Provincial People's Committee shall:

(i) finance, jointly with the respective Local Electricity Utilities or other investors, at least twenty percent (20%) of the total costs of the Subproject and, in the event of the inability of any of the respective Local Electricity Utilities to contribute its share, guarantee the contribution of at least twenty percent (20%) of the total costs of the Subproject;

(ii) require that the Provincial PMUs carry out the Subprojects with due diligence and efficiency and in conformity with appropriate administrative, financial, managerial, technical, and public utility practices and sound environmental and social standards; and

provide, promptly as needed, the funds, facilities, services, and other resources required for the Subproject;

(iii) require that the Provincial PMUs maintain adequate records and accounts to reflect in accordance with sound accounting practices, the operations, resources, and expenditures in respect of the Subproject;

(iv) require that: (A) the goods, works, and consultants' services to be financed out of the proceeds of the RARE Grant shall be procured in accordance with procedures ensuring efficiency and economy; and (B) such goods, works, and services shall be used exclusively for the carrying out of the Subproject;

(v) take out and maintain with responsible insurers such insurance, against such risks and in such amounts, as shall be consistent with sound business practice to cover hazards incident to the acquisition, transportation, and delivery of goods financed out of the proceeds of the Financing to the place of use or installation, any indemnity thereunder to be made payable in a currency freely usable by the respective Project Provinces to replace or repair such goods;

(vi) inspect by itself or jointly with representatives of the Association if the Association shall so request, such goods, sites, works, plants, and construction included in the Subproject, and any relevant records and documents;

(vii) obtain all such information as the Recipient or the Association shall reasonably request relating to the foregoing and to the administration, operations, and financial condition of the Subproject, and to the benefits to be derived from the Subproject;

(viii) establish and thereafter maintain throughout Subproject implementation an escrow account to receive contributions to be made by the respective Local Electricity Utilities to finance in part the costs of insurance and major repairs needed for the respective Subprojects; and

(ix) be responsible for the major repairs and rehabilitation needed for the Subproject.

(g) The respective Local Electricity Utilities shall:

(i) contribute, jointly with the respective Project Provinces or other investors, at least twenty percent (20%) of the total costs of each Subproject, such contribution to be made in cash or in kind, or a combination thereof;

(ii) obtain all permits and licenses and / or rights necessary to carry out the operation and maintenance of the Subproject;

(iii) operate and maintain the Subproject with due diligence and efficiency and in conformity with appropriate administrative, financial, managerial, technical, engineering, public utility, and occupational safety practices and sound environmental and social standards and in accordance with the provisions of the MOIT Operational Manual for Renewable Energy;

(iv) collect, from the respective electricity consumers, tariffs sufficient to ensure coverage of administration, ordinary operation, and maintenance of the Subproject;

(v) enable the Recipient and the Association to inspect the facilities included in the Subproject, the operations thereof, and any relevant records and documents;

(vi) enable the Recipient and the Association to obtain all such information as they shall reasonably request relating to the foregoing and to the administration, operations, and financial condition of the Subproject and, if appropriate, to the benefits to be derived therefrom; and

(vii) not: (A) assign or transfer, in whole or in part, any of its obligations under the Subproject Agreement; or (B) sell, lease, transfer, assign, or otherwise dispose of any property or assets financed with the proceeds of the RARE Grant; and

(h) The Recipient shall, through the MOIT:

(i) finance up to eighty percent (80%) of the total costs of each Subproject (excluding the cost of land) out of the RARE Grant;

(ii) inspect, by itself or jointly with representatives of the Association, if the Association shall so request, such goods, the sites, works, and construction included in the Subproject, the operations thereof, and any relevant records and documents;

(iii) provide support to the respective Project Provinces and participating Local Electricity Utilities in the areas of procurement, disbursement, and financial management;

(iv) suspend or terminate the right of the participating Local Electricity Utilities to benefit from the proceeds of the RARE Grant upon failure by such Utilities to comply with any of their obligations under the Subproject Agreement;

(v) exercise its rights in relation to the Subproject Agreement in such manner as to protect the interests of the Recipient and the Association, comply with its obligations under this Agreement, and achieve the purposes of the Project; and

(vi) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive any of the provisions of the Subproject Agreement.

F. Safeguards

1. The Recipient shall carry out, or cause to be carried out, the Project in accordance with the provisions of the Environmental Procedures, any environmental impact assessments for Subprojects and instruments setting out any related mitigation measures, any resettlement action plans for Subprojects, any ethnic minorities development plans for Subprojects, the Environmental Guidelines for Transmission and Distribution Subprojects, the EIAs, any environmental management plans, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, the RAPs, any additional resettlement action plans, the Policy Framework for Ethnic Minorities Development Plan, the EMDPs, and any additional ethnic minorities development plans.

2. Wherever required in terms of the Environmental Procedures, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, or the Policy Framework for Ethnic Minorities Development Plan, the Recipient shall, for the purposes of any Subproject, and prior to implementation thereof, proceed to have an environmental impact assessment

and instruments setting out any related mitigation measures, a resettlement action plan, and / or an ethnic minorities development plan, as the case may be,

(a) prepared in form and substance satisfactory to the Association,

(b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and

(c) thereafter, adopted and locally disclosed.

3. The Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Environmental Procedures, any environmental impact assessments for Subprojects and instruments setting out any related mitigation measures, any resettlement action plans for Subprojects, any ethnic minorities development plans for Subprojects, the Environmental Guidelines for Transmission and Distribution Subprojects, the EIAs, any environmental management plans, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, the RAPs, any additional resettlement action plans, the Policy Framework for Ethnic Minorities Development Plan, the EMDPs, and any additional ethnic minorities development plans, providing details of:

(a) measures taken in furtherance of such instruments;

(b) any conditions which interfere or threaten to interfere with the smooth implementation of such instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

4. In the event of a conflict between the provisions of any such instrument and those of this Agreement, the latter shall prevail.

Section II. <u>Project Monitoring, Reporting and Evaluation</u>

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of

the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar year, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

No.	Indicator
1.	Number of households electrified through off-grid or mini-grid systems installed under the Project
2.	Number of off-grid community mini-systems installed
3.	Issuance of government documents establishing sustainable mechanism for decentralized off-grid rural electrification, and functioning of off-grid rural electrification facility
4.	Reduction in greenhouse gas emissions on account of renewable energy-based production (Tons of carbon emissions prevented)
5.	Provision of training to sixty-five (65) ERAV staff
6.	Establishment by ERAV of five (5) effective tariff and generation market regulations
7.	Soundness of ERAV ability to assess effectiveness of and improve regulations and implementation procedures
8.	Soundness of procedures for effective implementation of tariff and market regulations
9.	Effectiveness of ERAV processes for information collection and monitoring
10.	Issuance of all tariff, market, and technical code regulations
11.	Establishment by ERAV of five (5) market and technical procedures each
12.	Establishment of roadmap for gas sector reform

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association, and cause each of the Project Implementing Entities to prepare and furnish to the Association, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for its Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive

Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
Shopping

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-Based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-Based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) Selection Based on Consultants' Qualifications
(b) Selection of Individual Consultants
(c) Single Source Selection

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. **Withdrawal of the Proceeds of the Financing**

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following tables specify the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category" or "Categories"), the

allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

I. **Original Financing**

Category	Amount of the Original Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Expenditures for works for the Project Implementing Entities' Respective Parts of the Project incurred prior to August 17, 2009		100%
(a) EVN	7,744,000	
(b) Northern Power Corporation	109,000	
(c) Southern Power Corporation	4,063,000	
(d) Central Power Corporation	1,253,000	
(2) Expenditures for goods for the Project Implementing Entities' Respective Parts of the Project incurred prior to August 17, 2009		100%
(a) EVN	78,586,000	
(b) Northern Power Corporation	17,588,789	
(c) Southern Power Corporation	18,252,122	
(d) Central Power Corporation	10,436,000	

(e) PC Đồng Nai (f) PC Hải Dương	1,808,878 2,092,211	
(3) Expenditures for consultants' Services for the Project Implementing Entities' Respective Parts of the Project incurred prior to August 17, 2009 (a) EVN (b) Northern Power Corporation (c) Southern Power Corporation (d) Central Power Corporation	 2,691,000 0 0 0	100%
(4) Expenditures for Training for EVN's Respective Part of the Project incurred prior to August 17, 2009	0	100%
(5) RARE Grants for Part 2 (c) (i) of the Project	940,000	100% of amounts disbursed
(6) Goods, works, non-consulting services, consultants' services (including for audits), Training, and Operating Costs for the Recipient's Respective Part of the Project (except Part 2 (c) (i) of the Project)	2,220,000	100%

(7) Expenditures for goods, works, non-consulting services, consultants' services (including for audits), Training, and Operating Costs for the Project Implementing Entities' Respective Parts of the Project incurred on or after August 17, 2009	30,116,000	100%
TOTAL AMOUNT	**177,900,000**	

II. Additional Financing

Category	Amount of the Additional Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services (including for audits), Training, and Operating Costs for the Recipient's Respective Part of the Project (except Part 2 (c) (i) of the Project)	3,070,000	100%
(2) RARE Grants for Part 2 (c) (i) of the Project	1,270,000	100% of amounts disbursed
(3) Goods, works, non-consulting services, consultants' services (including for audits), Training, and Operating Costs for the Project Implementing Entities'	13,260,000	100%

Respective Parts of the Project		
TOTAL AMOUNT	**17,600,000**	

B. Withdrawal Conditions; Withdrawal Period

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

   (a) under the amount of the Original Financing for payments made prior to the date of the Original Financing Agreement, except that withdrawals, in an aggregate amount not exceeding SDR 17,100,000 may be made in respect of Categories (1) and (2) as set out in said Agreement on account of payments made for expenditures before that date, but after April 10, 2002; or

   (b) under the amount of the Additional Financing for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2012.

Section V. Other Undertakings

A. Annual Work Plans and Budgets

The Recipient shall:

(a) furnish to the Association for approval, no later than November 30 of each year, the annual work plan and budget for its Respective Part of the Project for the following year of Project implementation, of such scope and detail as the Association shall have reasonably requested; and

(b) thereafter, ensure that its Respective Part of the Project is carried out in accordance with such plan and budget as approved by the Association.

B. Annual Reviews

The Recipient shall review jointly with the Association and the Project Implementing Entities, no later than one (1) month after its transmittal to the Association, each Project Report furnished to the Association, and thereafter take all measures required to ensure the efficient completion of its Respective Part of the Project and the achievement of the objective of the Project, based on the conclusions and recommendations of such Report and the Association's views on the matter.

SCHEDULE 3

Repayment Schedule

Section I. Original Credit

Date Payment Due	Principal Amount of the Original Credit repayable (expressed as a percentage)*
On each June 15 and December 15:	
commencing December 15, 2012 to and including June 15, 2022	1
commencing December 15, 2022 to and including June 15, 2042	2

Section II. Additional Credit

Date Payment Due	Principal Amount of the Additional Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing August 15, 2020 to and including February 15, 2030	1.25
commencing August 15, 2030 to and including February 15, 2045	2.50

* 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 3.03 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Additional Financing Subsidiary Agreement" means, separately, each of the agreements referred to in Section I.B.1 of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Additional Financing available to each of the Project Implementing Entities, and "Additional Financing Subsidiary Agreements" means, collectively, all such agreements.

2. "Affected Person" means a person who, on account of Project implementation, had or would have his: (i) standard of living adversely affected; or (ii) right, title, or interest in any house, interest in or right to use any land (including premises and agricultural and grazing land), or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work, place of residence, or habitat adversely affected, temporarily or permanently; and "Affected Persons" means, collectively, all such persons.

3. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006, with the modifications set forth in Section III of this Appendix.

4. "Central Power Corporation" means the Recipient's enterprise, established and operating pursuant to the Recipient's Decision No. 739/QD-BCT, dated February 5, 2010, and Central Power Corporation's charter, as adopted in due course.

5. "Central Power Project Management Board" or "CPPMB" means EVN's entity, responsible for EVN's projects in the central part of the Recipient's territory.

6. "Consultant Guidelines" means: (a) except as provided in subparagraph (b) below, the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006 and May 2010; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Original Financing, and for which the invitation to bid was issued prior to the date of this Agreement, "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 and revised in September 1997 and January 1999.

7. "Demand Side Management Board" or "DSM Board" means EVN's entity, responsible for EVN's demand side management activities.

8. "Electricity Regulatory Authority of Vietnam" or "ERAV" means the Recipient's entity, established and operating pursuant to the Recipient's Decision No. 258/2005/QD-TTg, dated October 19, 2005, responsible for the regulation of the Recipient's electricity sector.

9. "Environmental Guidelines for Transmission and Distribution Subprojects" means the Project Implementing Entities' guidelines, adopted by EVN through its Instruction No. 5461/CV-EVN-KHCNMT and VT, dated November 2, 2004, agreed with the Association for purposes of implementation of Transmission and Distribution Subprojects (as hereinafter defined), as such assessments 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 guidelines.

10. "Environmental Impact Assessments" or "EIAs" means, collectively, the Project Implementing Entities' assessments, dated March 2002, adopted by EVN through its Decision No. 2252/CV-EVN-HTQT, dated May 27, 2002, agreed with the Association and setting out the potential environmental impacts of the Project Implementing Entities' Respective Parts of the Project, as such assessments 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 assessments, and "EIA" means any one (1) of such assessments.

11. "Environmental Procedures" means the Recipient's guidelines, adopted by the MOIT through its Decision No. 1253/QD-KHDT, dated May 27, 2002, and set out in the MOIT Operational Manual for Renewable Energy (as hereinafter defined), agreed with the Association for purposes of carrying out environmental assessments of Subprojects (as hereinafter defined), and such term includes any annexes or schedules to such procedures.

12. "Ethnic Minorities" means social groups disadvantaged in the development process and with a social and cultural identity distinct from those which constitute the predominant ethnic group in Vietnam.

13. "Ethnic Minorities Development Plans" or "EMDPs" means, collectively, the Project Implementing Entities' plans, agreed with the Association in accordance with the Policy Framework for Ethnic Minorities Development Plan for purposes of avoidance, minimization, or mitigation of, or compensation for, any adverse effects on Ethnic Minorities associated with, and ensuring culturally appropriate social and economic benefits for Ethnic Minorities under, the Project Implementing Entities' Respective Parts of Project, as such plans 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 plans, and "EMDP" means any one (1) of such plans.

14. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.

15. "kV" means kilovolt.

16. "Local Electricity Utility" means the village, commune, district, or multi-district-level entity responsible for the construction, or oversight of the construction, operation, maintenance, and expansion as needed, of the electricity generation and distribution systems at such level.

17. "MOIT" means the Recipient's Ministry of Industry and Trade, or any successor thereto.

18. "MOIT Operational Manual for Renewable Energy" means the Recipient's manual, agreed with the Association for purposes of implementation of Parts 2 (c) and 3 (c) of the Project, including implementation responsibilities, procedures, guidelines, and criteria for the selection of Communes participating in the Project, as such manual may be amended from time to time with the prior written agreement of the Association.

19. "MOIT Project Management Board" or "MOIT PMB" means MOIT's entity, responsible for the management of the MOIT's projects.

20. "Northern Power Corporation" means the Recipient's enterprise, established and operating pursuant to the Recipient's Decision No. 789/QD-BCT, dated February 5, 2010, and Northern Power Corporation's charter, as adopted in due course.

21. "Northern Power Project Management Board" or "NPPMB" means EVN's entity, responsible for EVN's projects in the northern part of the Recipient's territory.

22. "Operating Costs" means the incremental operating costs under the Project, based on the annual work plans and budgets referred to in Section V.A of Schedule 2 to this Agreement and Section IV.A of the Schedule to the Project Agreement as approved by the Association, and incurred by the Recipient or the Project Implementing Entities 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 subsistence, and salaries of contractual and temporary staff,

but excluding salaries, fees, honoraria, and bonuses of members of the Recipient's civil service.

23. "Original Financing Subsidiary Agreement" means, separately, each of the agreements pursuant to which the Recipient has made part of the proceeds of the Original Financing available to each of the Project Implementing Entities, and "Original Financing Subsidiary Agreements" means, collectively, all such agreements.

24. "PC Đồng Nai" means Power Company Đồng Nai, the Recipient's enterprise, established and operating pursuant to PC Đồng Nai's charter, dated June 3, 1999.

25. "PC Hải Dương" means Power Company Hải Dương, the Recipient's enterprise, established and operating pursuant to PC Hải Dương's charter, dated February 2, 2005.

26. "Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons" means the Recipient's and the Project Implementing Entities' framework, dated April 2002, adopted by the MOIT through its Decision Nos. 1253/QD-KHDT, dated May 27, 2002, and 641/QD-NLDK, dated February 2, 2005, pursuant to the Recipient's Prime Minister's Decision No. 407/QD-TTg, dated May 24, 2002, agreed with the Association and setting out policies, planning principles, eligibility criteria, asset valuation methods, a grievance redress mechanism, entitlements, the legal framework, and institutional arrangements for the compensation, resettlement, and rehabilitation of Affected Persons, as such framework may be amended from time to time with the prior written agreement of the Association.

27. "Policy Framework for Ethnic Minorities Development Plan" means the Recipient's and the Project Implementing Entities' framework, dated April 2002, adopted by the MOIT through its Decision Nos. 1253/QD-KHDT, dated May 27, 2002, and 641/QD-NLDK, dated February 2, 2005, pursuant to the Recipient's Prime Minister's Decision No. 407/QD-TTg, dated May 24, 2002, agreed with the Association and setting out guidelines, principles, and procedures for purposes of ensuring meaningful consultation with, and the informed participation of, Ethnic Minorities in the Project, as such framework may be amended from time to time with the prior written agreement of the Association.

28. "Procurement Guidelines" means: (a) except as provided in subparagraph (b) below, the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October 2006 and May 2010; and (b) in the case of contracts financed or to be financed, in whole or in part, out of the proceeds of the Original Financing, and for which the invitation to bid was issued prior to the date of this Agreement, "Guidelines: Procurement under IBRD

Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997, and January 1999.

29. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 7, 2010 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

30. "Project Implementation Plan" means the Project Implementing Entities' (as hereinafter defined) plan, dated May 2002, agreed with the Association and setting out a time-bound roadmap for purposes of Project implementation, as the same 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 plan.

31. "Project Implementing Entity" means, separately, each of the following: (a) except as provided in subparagraph (b) below, (i) Vietnam Electricity, or EVN (as hereinafter defined); (ii) Northern Power Corporation; (iii) Southern Power Corporation (as hereinafter defined); and (iv) Central Power Corporation, and, unless the context requires otherwise, "Project Implementing Entities" means, collectively, all of said entities; and (b) for purposes of the Original Project, (i) Vietnam Electricity, or EVN (as hereinafter defined); (ii) Northern Power Corporation; (iii) Southern Power Corporation (as hereinafter defined); (iv) Central Power Corporation; (v) PC Đồng Nai; and (vi) PC Hải Dương.

32. "Project Implementing Entity's Legislation" means: (a) for EVN, the Recipient's Decision No. 148/2006/QD-TTg, dated June 22, 2006, and its charter, as adopted under said Decision; (b) for Northern Power Corporation, the Recipient's Decision No. 789/QD-BCT, dated February 5, 2010, and its charter, as adopted in due course; (c) for Southern Power Corporation, the Recipient's Decision No. 799/QD-BCT, dated February 5, 2010, and its charter, as adopted in due course; (d) for Central Power Corporation, the Recipient's Decision No. 739/QD-BCT, dated February 5, 2010, and its charter, as adopted in due course; (e) for PC Đồng Nai, its charter, dated June 3, 1999; and (f) for PC Hải Dương, its charter, dated February 2, 2005.

33. "Project Provinces" means, collectively, the Recipient's provinces of Ha Giang, Lai Chau, Nghe An, Son La, and Thanh Hoa, and any other provinces as may be agreed with the Association from time to time for participation in the Project, and any successors thereto, and "Project Province" means any one (1) of such provinces.

34. "Provincial People's Committee" means the local government at the provincial level.

35. "Provincial Project Management Unit" or "PPMU" means the unit in each Project Province, responsible for the management of the province's Subprojects.

36. "Provincial Project Steering Committee" means the Recipient's entity in each Project Province, responsible for the coordination and oversight of Part 2 (c) of the Project at the provincial level.

37. "RARE" means remote area renewable energy.

38. "RARE Grant" means a grant made available by the Recipient, through the MOIT, to a Project Province, through the respective Provincial People's Committee, out of the proceeds of the Financing to assist in financing a Subproject (as hereinafter defined).

39. "Renewable Energy Development Project" means the project described in the financing agreement, dated June 16, 2009, between the Recipient and the Association, the objective of which is to increase the supply to the national grid of electricity from renewable energy sources, on a commercially, environmentally, and socially sustainable basis (Credit No. 4564 VN).

40. "Resettlement Action Plans" or "RAPs" means, collectively, the Project Implementing Entities' plans, dated March 2002, adopted by the MOIT through its Decision No. 1252/QD-KHDT dated May 27, 2002 pursuant to the Recipient's Prime Minister's Decision No. 407/QD-TTg dated May 24, 2002, agreed with the Association for purposes of carrying out the compensation, rehabilitation, and resettlement of Affected Persons under their Respective Parts of the Project, as such plans 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 plans, and "RAP" means any one (1) of such plans.

41. "Southern Power Corporation" means the Recipient's enterprise, established and operating pursuant to the Recipient's Decision No. 799/QD-BCT, dated February 5, 2010, and Southern Power Corporation's charter, as adopted in due course.

42. "Southern Power Project Management Board" or "SPPMB" means EVN's entity, responsible for EVN's projects in the southern part of the Recipient's territory.

43. "Subproject" means a specific community-based hybrid renewable energy grid project to be built by a Project Province, to be operated and maintained by Local Electricity Utilities, and to be financed in part out of the proceeds of the Financing, under Part 2 (c) (i) of the Project, in accordance with procedures and criteria set out in the MOIT Operational Manual for Renewable Energy and pursuant to the terms and conditions of a Subproject Agreement (as hereinafter defined).

44. "Subproject Agreement" means an agreement to be entered into among the Recipient, represented by the MOIT, a Provincial People's Committee, and the respective Local Electricity Utilities for the purpose of financing a Subproject.

45. "Subsidiary Agreements" means, collectively, the Original Financing Subsidiary Agreements and the Additional Financing Subsidiary Agreements.

46. "Training" means the costs of training under the Project, based on the annual work plans and budgets referred to in Section V.A of Schedule 2 to this Agreement and Section IV.A of the Schedule to the Project Agreement as 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 directly related to course preparation and implementation.

47. "Transmission and Distribution Subproject" means one (1) or more contract packages under Parts 1 (a) (i), 2 (a) (i), and / or 2 (b) (i) of the Project, grouped together for procurement purposes.

48. "Vietnam Electricity" or "EVN" means the Recipient's enterprise, established and operating pursuant to the Recipient's Decision No. 148/2006/QD-TTg, dated June 22, 2006, and EVN's charter, as adopted under said Decision.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 2.07 is modified to read as follows:

"Section 2.07. *Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining un-withdrawn amount of the advance."

2. Paragraph (i) of Section 6.02 is modified to read as follows:

"Section 6.02. *Suspension by the Association*

... (i) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and / or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier."

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term "Project Preparation Advance" is modified to read "Preparation Advance" and its definition is modified to read as follows:

"'Preparation Advance' means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07."

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5 (a), and a new Section 5 (b) is added to read as follows:

"... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier."

2. Section 11 (a) is modified to read as follows:

"... (a) sanction in accordance with the Bank's prevailing sanctions policies and procedures (fn 13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual, or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual, or entity has engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier."

Footnotes:

"13. An individual or entity may be declared ineligible to be awarded a Bank-financed contract upon completion of sanctions proceedings pursuant to the Bank's sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross-debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive, or collusive practices in connection with the use of the proceeds of a financing made by such financier."

"14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government-owned enterprises and agencies that are not eligible to bid under paragraph 1.8 (b) of the Procurement Guidelines or participate under paragraph 1.11 (c) of the Consultant Guidelines."

"15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board set forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank's website and otherwise be made known to staff and other stakeholders."

