HB2080

CREDIT NUMBER 3358 VN

Development Credit Agreement

(Rural Energy Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 1, 2000

CREDIT NUMBER 3358 VN

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated September 1, 2000, 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) Part A of the Project will be carried out by Power Company No. 1 (PC1), Part B of the Project will be carried out by Power Company No. 2 (PC2), Part C of the Project will be carried out by Power Company No. 3 (PC3) and Part D of the Project will be carried out by Electricity of Vietnam (EVN), in each case with the Borrower's assistance and, as part of such assistance, the Borrower will make available to PC1, PC2, PC3 and EVN a portion of the proceeds of the Credit as provided 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 Project Agreement of even date herewith between the Association and PC1, PC2, PC3 and EVN;

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 December 2, 1997), with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) A new paragraph (c) is added to Section 3.04 as follows:

"(c) If the Association shall at any time receive less than the full amount then due and payable to it under the Development Credit Agreement, the Association shall have the right to allocate and apply the amount so received in any manner and for such purposes under the Development Credit Agreement as the Association shall in its sole discretion determine"; and

(b) Section 11.01 is modified by replacing, in the second sentence, the word "radiogram" with the word "facsimile" and adding a new sentence at the end of said Section to read:

"Deliveries made by facsimile transmission shall also be confirmed by mail."

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 wherever used herein:

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

(b) "Category" means a category set out in the table in paragraph 1 of Schedule 1 to this Agreement.

(c) "Central Project Provinces" means, collectively, the provinces of the Borrower listed on the annex to Schedule 2 to this Agreement and identified therein as the Central Project Provinces.

(d) "Environmental Impact Assessment" means the Environmental Impact Assessment of Parts A, B and C of the Project, dated November 1998, prepared by EVN, as such Environmental Impact Assessment may be amended from time to time with the agreement of the Association.

(e) "EVN" means Electricity of Vietnam, an enterprise established pursuant to Decision No. 562/Ttg of the Prime Minister of the Borrower, dated October 10, 1994, and operating under the EVN Charter, and any successor thereto.

(f) "EVN Charter" means the charter of EVN, issued under Decree 14/CP of the Prime Minister of the Borrower, dated January 27, 1995, as amended to the date of this Agreement.

(g) "EVN Special Account" means the account established for the purpose of Part D of the Project and referred to in Section 2.02(b) of this Agreement.

(h) "EVN Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and EVN pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the EVN Subsidiary Loan Agreement.

(i) "Northern Project Provinces" means, collectively, the provinces of the Borrower listed on the annex to Schedule 2 to this Agreement and identified therein as the Northern Project Provinces.

(j) "PC1" means Power Company No. 1, an enterprise established and operating pursuant to the PC1 Charter, and any successor thereto.

(k) "PC1 Charter" means the charter of PC1, dated April 7, 1995, as amended to the date of this Agreement.

(l) "PC1 RAP" means the Resettlement Action Plan for carrying out Part A of the Project, dated September 1999, satisfactory to the Association, prepared by PC1 and approved by the Prime Minister of the Borrower on April 7, 2000, as such plan may be amended from time to time with the agreement of the Association.

(m) "PC1 Special Account" means the account established for the purpose of Part A of the Project and referred to in Section 2.02(b) of this Agreement.

(n) "PC1 Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and PC1 pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PC1 Subsidiary Loan Agreement.

(o) "PC2" means Power Company No. 2, an enterprise established and operating pursuant to the PC2 Charter, and any successor thereto.

(p) "PC2 Charter" means the charter of PC2, dated April 28, 1995, as amended to the date of this Agreement.

(q) "PC2 RAP" means the Resettlement Action Plan for carrying out Part B of the Project, dated September 1999, satisfactory to the Association, prepared by PC2 and approved by the Prime Minister of the Borrower on April 7, 2000, as such plan may be amended from time to time with the agreement of the Association.

(r) "PC2 Special Account" means the account established for the purpose of Part B of the Project and referred to in Section 2.02(b) of this Agreement.

(s) "PC2 Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and PC2 pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PC2 Subsidiary Loan Agreement.

(t) "PC3" means Power Company No. 3, an enterprise established and operating pursuant to the PC3 Charter, and any successor thereto.

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

(v) "PC3 RAP" means the Resettlement Action Plan for carrying out Part C of the Project, dated September 1999, satisfactory to the Association, prepared by PC3 and approved by the Prime Minister of the Borrower on April 7, 2000, as such plan may be amended from time to time with the agreement of the Association.

(w) "PC3 Special Account" means the account established for the purpose of Part C of the Project and referred to in Section 2.02(b) of this Agreement.

(x) "PC3 Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and PC3 pursuant to Section 3.02 (a) of this Agreement, as the same may be amended from time to time, and such term includes all schedules to the PC3 Subsidiary Loan Agreement.

(y) "Project Agreement" means the agreement between the Association and PC1, PC2, PC3 and EVN 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.

(z) "Project Management Report" means each report prepared in accordance with Section 4.02 of the Project Agreement.

(aa) "Project Provinces" means the Central Project Provinces, the Northern Project Provinces and the Southern Project Provinces, collectively.

(bb) "Resettlement Action Plans" means the PC1 RAP, PC2 RAP and PC3 RAP, collectively.

(cc) "Respective Part of the Project" means, for PC1, PC2, PC3 and EVN, the part of the Project which each is obligated to carry out in accordance with Section 2.01 of the Project Agreement.

(dd) "Southern Project Provinces" means, collectively, the provinces of the Borrower listed on the annex to Schedule 2 to this Agreement and identified therein as the Southern Project Provinces.

(ee) "Special Accounts" means the PC1 Special Account, the PC2 Special Account, the PC3 Special Account and the EVN Special Account, collectively, and the term "Special Account" means any one of the Special Accounts.

(ff) "Subsidiary Loan Agreements" means the PC1 Subsidiary Loan Agreement, the PC2 Subsidiary Loan Agreement, the PC3 Subsidiary Loan Agreement, and the EVN Subsidiary Loan Agreement collectively, and the term "Subsidiary Loan Agreement" means any one of the Subsidiary Loan Agreements.

Section 1.03. Each reference in the General Conditions to a Project implementation entity shall be deemed as a reference to any of EVN, PC1, PC2 and PC3.

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 the Development Credit Agreement, an amount in various currencies equivalent to one hundred eleven million seven hundred thousand Special Drawing Rights (SDR 111,700,000).

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 and services required for the Project and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars, four special deposit accounts (the PC1 Special Account for Part A of the Project, the PC2 Special Account for Part B of the Project, the PC3 Special Account for Part C of the Project and the EVN Special Account for Part D of the Project) each 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, the Special Accounts shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2004 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 cancelled; 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 15 and December 15 in each year.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars, four special deposit accounts (the PC1 Special Account for Part A of the Project, the PC2 Special Account for Part B of the Project, the PC3 Special Account for Part C of the Project and the EVN Special Account for Part D of the Project) each 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, the Special Accounts shall be made in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2004 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 cancelled; 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 15 and December 15 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each June 15 and December 15 commencing June 15, 2010 and ending December 15, 2039. Each installment to and including the installment payable on December 15, 2019 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 gross national product per capita, 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 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 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. 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 PC1 to carry out Part A of the Project, PC2 to carry out Part B of the Project, PC3 to carry out Part C of the Project and EVN to carry out Part D of the Project and shall cause each of them to perform in accordance with the provisions of the Project Agreement all of its obligations therein set forth, all with due diligence and efficiency and in conformity with appropriate administrative, engineering, environmental, financial, public utility, resettlement and technical practices, and shall take or cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable PC1, PC2, PC3 and EVN to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

Section 3.02. (a) The Borrower shall relend, under terms and conditions which shall have been approved by the Association: (i) the proceeds of the Credit allocated from time to time to Categories (1)(a) and (2)(a) to PC1 under a subsidiary loan agreement to be entered into between the Borrower and PC1 (the PC1 Subsidiary Loan Agreement); (ii) the proceeds of the Credit allocated from time to time to Categories (1)(b) and (2)(b) to PC2 under a subsidiary loan agreement to be entered into between the Borrower and PC2 (the PC2 Subsidiary Loan Agreement); (iii) the proceeds of the Credit allocated from time to time to Categories (1)(c) and (2)(c) to PC3 under a subsidiary loan agreement to be entered into between the Borrower and PC3 (the PC3 Subsidiary Loan Agreement); and (iv) the proceeds of the Credit allocated from time to time to Category (3) to EVN under a subsidiary loan agreement to be entered into between the Borrower and EVN (the EVN Subsidiary Loan Agreement).

(b) The terms and conditions of the Subsidiary Loan Agreements shall include the following:

(i) the principal amount of its respective subsidiary loan shall be repaid to the Borrower in Dollars: (A) by PC1, PC2 and PC3 over twenty-five (25) years, including a grace period of seven (7) years; and (B) by EVN over twenty (20) years, including a grace period of five (5) years;

(ii) the principal amount of the subsidiary loan repayable by PC1, PC2, PC3 and EVN, as the case may be, shall be the equivalent in Dollars (determined as of the date, or respective dates, of repayment) of the value of the currency or currencies withdrawn from the Credit Account in respect of the Categories referred to in Section 3.02(a) above;

(iii) interest shall be charged on the outstanding balance of each subsidiary loan: (A) under the PC1 Subsidiary Loan Agreement, the PC2 Subsidiary Loan Agreement and the PC3 Subsidiary Loan Agreement at a rate of 0.75% per annum; and (B) under the EVN Subsidiary Loan Agreement at a rate of 6.5% per annum; and

(iv) a service charge shall be charged at a rate of 0.25% per annum on the outstanding balance of each subsidiary loan under the PC1 Subsidiary Loan Agreement, the PC2 Subsidiary Loan Agreement and the PC3 Subsidiary Loan Agreement.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreements 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 3.03. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' 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.

Section 3.04. 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 Part A of the Project shall be carried out by PC1, in respect of Part B of the Project shall be carried out by PC2, in respect of Part C of the Project shall be carried out by PC3 and in respect of Part D of the Project shall be carried out by EVN, in each case pursuant to Section 2.03 of the Project Agreement.

Section 3.05. Except as the Association shall otherwise agree, the Borrower shall cause the Project Provinces to carry out the compensation, resettlement and

rehabilitation of Affected Persons under the Project in accordance with the respective Resettlement Action Plans, in a manner satisfactory to the Association.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditures, the Borrower shall:

(i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;

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

(iii) enable the Association's representatives to examine such records.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) (i) of this Section and those for the Special Accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, 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 the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in

their preparation, can be relied upon to support the related withdrawals; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

Section 4.02. The Borrower shall take all necessary steps to raise average retail electricity tariffs, according to a progressive schedule satisfactory to the Association, to a level of $0.07/kilowatt hour no later than March 1, 2001.

Section 4.03. (a) The Borrower shall cause EVN to: (i) not later than June 30, 2000, based on methodology and calculations acceptable to the Association, complete and incorporate into its accounting and auditing system a current valuation of all its fixed assets in operation; and (ii) thereafter, revalue its fixed assets periodically in accordance with a schedule acceptable to the Association, based on methodology and procedures satisfactory to the Association.

(b) For purposes of this Section, the term "fixed assets in operation" means all tangible assets, including but without limitation, land, buildings, plan and equipment, held for the production of goods or services, or for administrative purposes.

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) PC1, PC2, PC3 or EVN shall have failed to perform any of its 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 PC1, PC2, PC3 or EVN will be able to perform its obligations under the Project Agreement.

(c) The EVN Charter, PC1 Charter, PC2 Charter or PC3 Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and

adversely the ability of EVN, PC1, PC2 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) the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Association to the Borrower; and

(b) the 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 Agreements have been executed on behalf of the Borrower and PC1, PC2, PC3 and EVN.

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 PC1, PC2, PC3 and EVN, and is legally binding upon each of them in accordance with its terms; and

(b) that each of the Subsidiary Loan Agreements has been duly authorized or ratified by and is legally binding upon the parties thereto in accordance with its 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 the 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 Hanoi	412248 NHTWVT	844-8250612

For the Association:

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

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

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		
	(a) under Part A of the Project	37,900,000	95%
	(b) under Part B of the Project	15,400,000	
	(c) under Part C of the Project	14,400,000	
(2)	Goods		
	(a) under Part A of the Project	18,700,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
	(b) under Part B of the Project	9,200,000	
	(c) under Part C of the Project	13,900,000	
(3)	Consultants' services	2,200,000	100%
	TOTAL	111,700,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals on account of payments made for expenditures before that date but after December 10, 1999, in an aggregate amount not exceeding the equivalent of:

(a) SDR 4,000,000, may be made in respect of Categories (1)(a) and (2)(a);

(b) SDR 2,000,000, may be made in respect of Categories (1)(b) and (2)(b); and

(c) SDR 3,000,000, may be made in respect of Categories (1)(c) and (2)(c).

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts costing less than $300,000 equivalent each; (b) goods under contracts costing less than $150,000 equivalent each; (c) consulting services under contracts awarded to consulting firms costing less than $100,000 equivalent each; and (d) consulting services under contracts awarded to individual consultants costing less than $50,000 equivalent each; 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 to: (a) improve welfare and income earning capacity in the rural areas of the Project Provinces by expanding access to electricity through grid expansion; (b) strengthen the Borrower's capacity for development and implementation of its rural electrification strategy; and (c) promote the application of renewable energy sources to supplement the national power grid.

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: Rural Electrification in Northern Vietnam

Electrification of about 347 communes in the Northern Project Provinces, including supply and construction of:

1. approximately 2,643 kilometers (km) of 35 kilovolt (kV) distribution lines;

2. approximately 142 km of 22 kV distribution lines;

3. approximately 979 substations with an aggregate capacity of 86,766 kilovolt amperes (kVA);

4. approximately 3,632 km of low voltage distribution lines; and

5. approximately 147,330 consumer meters.

Part B: Rural Electrification in Southern Vietnam

Electrification of about 120 communes in the Southern Project Provinces, including supply and construction of:

1. approximately 2,322 km of 22 kV distribution lines;

2. approximately 2,390 substations with an aggregate capacity of 48,237 kVA;

3. approximately 3,371 km of low voltage distribution lines; and

4. approximately 166,667 consumer meters.

Part C: Rural Electrification in Central Vietnam

Electrification of about 204 communes in the Central Project Provinces, including supply and construction of:

1. approximately 2,910 km of medium voltage distribution lines;

2. approximately 883 substations with an aggregate capacity of 36,495 kVA;

3. approximately 1,444 km of low voltage distribution lines; and

4. approximately 81,184 consumer meters.

Part D: Institution Building

1. Strengthening the capacity of EVN for project implementation through the provision of consultants services and training for EVN staff in project management, financial and procurement supervision, construction supervision and monitoring.

2. Strengthening EVN management systems through: (a) carrying out of a review of EVN's current financial, accounting and management information systems and development of recommendations based on said review for system improvements using information technology; and (b) development and implementation of methodology for establishing transparent and reasonable distribution margins and bulk supply tariffs for independent electricity distribution operators.

3. Carrying out of a review of existing ownership and management models of rural power networks and development and implementation on a pilot

basis of recommendations for transformation of selected rural power networks.

4. Carrying out of feasibility studies for proposed investments in system and energy efficiency improvements, including: (a) transmission system optimization; (b) rehabilitation of distribution systems; and (c) identification of renewable energy projects for private participation.

* * *

The Project is expected to be completed by December 31, 2003.

Annex to SCHEDULE 2

Project Provinces

Central Project Provinces

Quang Binh
Quang Tri
Thua Thien Hue
Quang Nam
Quang Ngai
Phu Yen
Gia Lai
Kon Tum
Dac Lac

Northern Project Provinces

Phu Tho
Quang Ninh
Thai Nguyen
Bac Kan
Yen Bai
Lang Son
Tuyen Quang
Hoa Binh
Cao Bang
Son La
Lao Cai
Lai Chau
Ha Giang

Southern Project Provinces

Tra Vinh
Vinh Long
Soc Trang
Kien Giang
Bac Lieu
Ca Mau
Binh Thuan
Lam Dong
Binh Phuoc
Dong Nai

SCHEDULE 3

Special Accounts

1. For the purposes of this Schedule:

(a) the terms "eligible Categories" means, in the case of the PC1 Special Account Categories (1)(a) and (2)(a); in the case of the PC2 Special Account Categories (1)(b) and (2)(b); in the case of the PC3 Special Account Categories (1)(c) and (2)(c); and in the case of the EVN Special Account Category (3);

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods 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 an amount to be withdrawn from the Credit Account and deposited into the Special Accounts pursuant to paragraph 3(a) of this Schedule, equivalent, in the case of the PC1 Special Account to $1,000,000; in the case of the PC2 Special Account to $800,000; in the case of the PC3 Special Account to $1,000,000; and in the case of the EVN Special Account to $200,000; provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(i) the PC1 Special Account shall be limited to an amount equivalent to $500,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1)(a) and (2)(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 Part A of the Project shall be equal to or exceed the equivalent of SDR 2,500,000;

(ii) the PC2 Special Account shall be limited to an amount equivalent to $400,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1)(b) and (2)(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 B of the Project shall be equal to or exceed the equivalent of SDR 1,100,000;

(iii) the PC3 Special Account shall be limited to an amount equivalent to $500,000 until the aggregate amount of withdrawals from the Credit Account allocated to Categories (1)(c) and (2)(c) 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 C of the Project shall be equal to or exceed the equivalent of SDR 1,300,000; and

(iv) the EVN Special Account shall be limited to an amount equivalent to $100,000 until the aggregate amount of withdrawals from the Credit Account allocated to Category (3) 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 D of the Project shall be equal to or exceed the equivalent of SDR 250,000.

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 Accounts 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 the 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 Parts of the Project related to that Special Account, shall equal the equivalent of twice the amount of the Authorized Allocation for that Special Account.

Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Categories for that Special Account 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.

BỘ NGOẠI GIAO

Số : 19 /LPQT

SAO Y BẢN CHÍNH
(Để thực hiện)

Hà Nội, ngày 12 tháng 4 năm 2001

TL. BỘ TRƯỞNG BỘ NGOẠI GIAO
KT. Vụ trưởng Vụ Luật pháp và Điều ước quốc tế
Phó Vụ trưởng

Trần Duy Thi

Nơi nhận :

- Văn phòng Chủ tịch nước (để báo cáo),
- Văn phòng Chính phủ (để báo cáo),
- Bộ Nông nghiệp và Phát triển nông thôn,
- Bộ Kế hoạch và Đầu tư,
- Bộ Tài chính,
- Ngân hàng Nhà nước Việt Nam,
- Tổng công ty điện lực Việt Nam,
- Đại sứ quán Việt Nam tại Hoa Kỳ,
- Vụ TH Kinh tế,
- Vụ LPQT,
- Lưu trữ.

Hiệp định tín dụng phát triển (Dự án năng lượng nông thôn) giữa Cộng hoà xã hội chủ nghĩa Việt Nam và Hiệp hội Phát triển quốc tế (thuộc Ngân hàng thế giới) có hiệu lực từ ngày 29 tháng 11 năm 2000.