CREDIT NUMBER 5156-VN

Financing Agreement

(Distribution Efficiency Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated [illegible], 2012

CREDIT NUMBER 5156-VN

FINANCING AGREEMENT

AGREEMENT dated November 9, 2012, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS:

(A) the Recipient has requested the Bank / Association to provide assistance towards the financing of the project described in Schedule 1 to this Agreement ("Project");

(B) by an agreement of even date herewith between the Recipient and the Bank / Association, acting not in its individual capacity but solely in its capacity as an implementing entity of the Clean Technology Fund (CTF) ("CTF Loan Agreement"), the Bank / Association has agreed to provide such assistance in an amount of thirty million Dollars ($30,000,000) ("Loan"); and

(C) by an agreement of even date herewith between the Recipient and the Bank / Association, acting as administrator of the Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam ("Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam Grant Agreement"), the Bank / Association intends to provide such assistance in an amount of seven million six hundred thousand Australian Dollars (AU$7,600,000) ("Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam Grant"); and

NOW the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 in 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 credit in an amount equivalent to two hundred ninety-seven million seven hundred thousand Special Drawing Rights (SDR 297,700,000) (variously, "Credit" and "Financing") to assist in financing the 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 The Maximum Commitment Charge Rate payable by the Recipient on the Un-withdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.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 Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are March 1 and September 1 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Power Corporations' Respective Parts of the Project to be carried out by the Project Implementing Entities 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 — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

(a) any of the Project Implementing Entities' Legislation has been amended, suspended, abrogated, repealed, or waived so as to affect materially and adversely the ability of the relevant Project Implementing Entity(ies) to perform any of its (their) obligations under the Project Agreement; and

(b) the Recipient has failed to perform any of its obligations under the CTF Loan Agreement or the Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam Grant Agreement.

4.02. The deadline for the effectiveness of the Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam Grant Agreement is one (1) year after the Effective Date.

4.03. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 (a) of this Agreement occurs and is continuing for a period of thirty (30) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

(a) the Subsidiary Agreements have been executed on behalf of the Recipient and the Power Corporations; and

(b) the CTF Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Additional Legal Matters consist of the following:

(a) the Subsidiary Agreements have been duly authorized or ratified by the Recipient and the Power Corporations and are legally binding upon the Recipient and the Power Corporations in accordance with their respective terms; and

(b) the Resettlement Policy Framework has been duly approved by the Recipient and is legally binding upon the Recipient and the Project Implementing Entities in accordance with its terms.

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

5.04. 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 VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient's Address is:

State Bank of Vietnam
49 Lý Thái Tổ
Hanoi
Vietnam

Facsimile:

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

Name: Nguyen Van Binh

Title: Governor, State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Victoria Kwakwa

Title: Country Director

SCHEDULE 1

Project Description

The objectives of the Project are to improve the performance of the Recipient's power corporations in providing quality and reliable electricity services, and to reduce greenhouse gas emissions through demand-side response and efficiency gains.

The Project consists of the following parts:

A. System Expansion and Reinforcement

Construction and reinforcement of 110 kilovolt, medium voltage, and low voltage electricity distribution networks, including substations, of the Power Corporations.

B. Introduction of Smart Grid Technologies in Distribution

1. Automation, including through introduction of supervisory control and data acquisition systems, of electricity distribution network operations of and data collection by the Power Corporations.

2. Introduction of advanced metering infrastructure systems, including two-way communication systems, as electricity distribution smart grid technologies for key substations and consumers of selected Power Corporations.

C. Technical Assistance and Capacity Building

1. Provision of technical assistance to and capacity building of the Electricity Regulatory Authority of Vietnam for improvement of efficiency in electricity tariffs, enhancement of efficiency of and incorporation of smart grid technologies in the grid and distribution codes, integration of renewable energy in the grid and distribution codes, development of demand response and smart grid programs, and Project management and monitoring and evaluation.

2. Provision of technical assistance to the Power Corporations for:

   (a) effective and timely Project implementation, capacity building in relation to financial modeling and planning, and carrying out of customer surveys and instituting of other such measures to improve customer satisfaction; and

(b) implementation of advanced metering infrastructure systems, carrying out of programs promoting efficient electricity use such as a customer awareness campaign and demand response programs, and Project monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. **Implementation Arrangements**

A. Institutional Arrangements

Ministry of Industry and Trade

The Recipient shall be responsible for overall Project coordination, implementation, and monitoring and evaluation through the Ministry of Industry and Trade.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Power Corporations' Respective Parts of the Project, the Recipient shall make part of the proceeds of the Financing available to each of the Power Corporations under subsidiary agreements between the Recipient, acting through the Ministry of Finance, and the Power Corporations, under terms and conditions approved by the Association, which shall include the following ("Subsidiary Agreements"):

   (a) the Power Corporations' respective portions of the principal amount of the Financing made available under the Subsidiary Agreements shall be made available on terms not less onerous than those on which the Financing is made available to the Recipient and in accordance with the Recipient's on-lending procedures and policies;

   (b) the obligation of the Power Corporations to carry out their Respective Parts of the Project in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;

   (c) the obligation of the Power Corporations to carry out their Respective Parts of the Project in accordance with the provisions of the Project Operations Manual and the Safeguards Instruments, and without any right or authority, except as the Association shall otherwise agree in writing, to assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

   (d) the obligation of the Power Corporations to (i) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association,

both in a manner adequate to reflect the operations and financial condition of the Power Corporations, including the operations, resources, and expenditures related to their Respective Parts of the Project; and (ii) have such statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and furnish such audited financial statements to the Recipient and the Association in accordance with the provisions of Section II.C.3 of the Schedule to the Project Agreement and make them publicly available in a timely fashion and in a manner acceptable to the Association; and

(e) the obligation of the Power Corporations to carry out procurement of the goods, works, and services required for their Respective Parts of the Project in accordance with the provisions of Section III of this Schedule, as said provisions may be further elaborated in the Procurement Plan.

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, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of the provisions thereof.

C. Anti-Corruption

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

D. Project Operations Manual

1. The Recipient shall:

(a) ensure that the Project is carried out in accordance with the Project Operations Manual; and

(b) except as the Association shall otherwise agree in writing, 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 a conflict between the provisions of the Project Operations Manual and those of this Agreement, the latter shall govern.

E. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Safeguards Instruments, and, except as the Association shall otherwise agree in writing, 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 a conflict between the provisions of any of the Safeguards Instruments and those of this Agreement, the latter shall govern.

3. Without limitation upon its other reporting obligations under Section II.A.1 (a) of this Schedule, the Recipient shall take all measures necessary to regularly collect, compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, providing details of:

   (a) measures taken in furtherance of said Instruments;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of said Instruments; and

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

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

A. **Project Reports**

1. (a) The Recipient, acting through the Ministry of Industry and Trade, shall monitor and evaluate the progress of the Project and prepare Project Reports 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
	Project Objectives
1.	Reliability of electricity supply, as evidenced by the following for each of the Power Corporations' in the Project area, calculated in accordance with the methodology set forth in the Vietnam Distribution Code: (a) system average interruption duration index (b) system average interruption frequency index
2.	Quality of electricity supply, as evidenced by each of the Power Corporations' voltage excursion outside + / -5% in relation to 110 Kilovolt and medium voltage transformers in the Project area
3.	Total distribution losses, as evidenced by each of the Power Corporations' losses in the Project area
4.	Consumption reduction in relation to advanced metering infrastructure system customers of each of Northern Power Corporation, Central Power Corporation, Hanoi Power Corporation, and Ho Chi Minh City Power Corporation relative to business as usual
5.	Avoided greenhouse gas emissions in relation to each of Northern Power Corporation, Central Power Corporation, Hanoi Power Corporation, and Ho Chi Minh City Power Corporation

B. Midterm Review

The Recipient shall:

(a) carry out jointly with the Association and the Project Implementing Entities, not later than thirty-six (36) months, or such other period as may be agreed with the Association, after the Effective Date, a midterm review to assess the status of Project implementation, as measured against the performance indicators set forth in Part A.1 (b) of this Section and Section II.A.1 (b) of the Schedule to the Project Agreement. Such review shall include an assessment of the following: (i) overall progress

in implementation; (ii) results of monitoring and evaluation activities; (iii) progress on procurement and disbursement; (iv) progress on implementation of safeguards measures; (v) implementation arrangements; and (vi) the need to make any adjustments to the Project to improve performance, including in relation to Sub-projects, particularly Phase 2 Sub-projects, in accordance with the provisions of Section I.E.2 (a) (ii) of the Schedule to the Project Agreement;

(b) cause the Project Implementing Entities to prepare and furnish to the Recipient and the Association, at least one (1) month before such review, a report, in scope and detail satisfactory to the Association and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 (a) of this Section and Section II.A.1 (a) of the Schedule to the Project Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review jointly with the Association and the Project Implementing Entities the report referred to in the preceding paragraph and thereafter cause the Project Implementing Entities to take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

C. 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 not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for 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, Works, and Non-consulting Services.** All goods, works, and non-consulting 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 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works, and Non-consulting Services

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

2. **Other Methods of Procurement of Goods, Works, and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works, and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; and (c) Direct Contracting.

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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed

Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

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

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 one hundred percent (100%) (inclusive of Taxes) of Eligible Expenditures, consisting of goods, works, non-consulting services, consultants' services (including for audits), Training, and Operating Costs for the Project, except for Parts C.1 and C.2 (b) of the Project.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed six million six hundred fifty thousand Special Drawing Rights (SDR 6,650,000) equivalent may be made for payments made prior to this date but on or after October 1, 2012, for Eligible Expenditures.

2. The Closing Date is December 31, 2018.

C. Other Withdrawal Undertakings

The Recipient intends that, with respect to Part B.2 of the Project, the proceeds of the Financing and the Loan will be withdrawn in the following order, namely, first the proceeds of the Loan and subsequently those of the Financing, to the extent practicable.

ANNEX TO SCHEDULE 2

National Competitive Bidding: Additional Provisions

The procedures to be followed for the procurement of goods, works, and non-consulting services under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 18 on Open Bidding of the Recipient's Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient's Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient's Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, National Procurement Laws), subject to the provisions of Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following additional provisions:

Conflict of Interest

1. A bidder shall not have a conflict of interest. Any bidder found to have a conflict of interest shall be ineligible for award of a contract. The provisions on conflict of interest as stated under Section I of the Procurement Guidelines shall apply.

Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with or be subcontractors to national bidders in order to submit a bid.

3. Government-owned enterprises or institutions of the Recipient's country are eligible to bid in the Recipient's country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or sub-recipient. Military or security units or enterprises established under, reporting directly or indirectly to, or owned wholly or partly by, the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

Registration

4. Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to

be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising; Time for Bid Preparation

5. The complete text of advertisement shall be published in a national newspaper of wide circulation or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Recipient may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access. Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

6. The time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

Standard Bidding Documents

7. Standard bidding documents acceptable to the Association shall be used.

Qualification Criteria

8. Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a pass or fail basis and merit points shall not be used. Such assessment shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment, and construction and manufacturing facilities, and financial capacity. The evaluation of the bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening, and Bid Evaluation

9. Bidders may submit bids, at their option, either in person or by courier service or by mail, as required in the bidding documents. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee for the bidding documents which shall not exceed the costs of printing, reproduction, and delivery at any time prior to the deadline for bid submission, and no other conditions shall be imposed on the sale of the bidding documents.

(b) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

(c) A contract shall be awarded, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. No negotiations shall be permitted. A bidder shall neither be required nor permitted, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations.

(e) The comparison of all bids and the award of contract may be based on the total cost at destination including all taxes and duties.

(f) No bid shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Bank's prior written agreement.

Rejection of All Bids and Re-bidding

10. Rejection of all bids is justified when there is lack of effective competition, or all bids are not substantially responsive, or no bidder meets the specified qualification criteria, or the bid price of the lowest evaluated winning bid is substantially higher than the Recipient's updated estimated cost or available budget. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one (1) bid is submitted, the bidding process may be considered valid if the bid was satisfactorily advertised, the qualification criteria were not unduly restrictive, and prices are reasonable in comparison to market values. All bids shall not be rejected or new bids solicited without the Association's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and have their protests handled in a timely

manner. An independent protest mechanism shall provide for the review of complaints by an independent entity that is not involved in any aspect of the underlying procurement process (e.g., bid evaluation, contract approval, etc.).

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Procurement Guidelines. The Association may sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated subcontractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

13. Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the Association to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

License

14. Foreign contractors shall be given a reasonable opportunity to apply for and obtain a work license, which shall not be arbitrarily withheld.

Publication of the Award of Contract

15. Within two (2) weeks of receiving the Association's non-objection to the award recommendation for contracts subject to the Association's prior review, and within two (2) weeks of the Recipient's award decision for contracts subject to the Association's post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and / or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

Contract Modifications

16. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's non-objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 1 and September 1:	
commencing March 1, 2018 to and including September 1, 2027	1.65
commencing March 1, 2028 to and including September 1, 2037	3.35

* 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 Environmental Management Plans" means, collectively, the Power Corporations (as hereinafter defined)' plans, to be prepared pursuant to the Environmental Management Framework (as hereinafter defined) and agreed with the Association, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under Phase 2 Sub-projects (as hereinafter defined), offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

2. "Additional Ethnic Minority Development Plans" means, collectively, the Power Corporations' plans, to be prepared pursuant to the Ethnic Minority Planning Framework (as hereinafter defined) and agreed with the Association, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to address any adverse effects on Ethnic Minorities (as hereinafter defined) associated with, and ensure culturally appropriate social and economic benefits for Ethnic Minorities under, Phase 2 Sub-projects, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

3. "Additional Resettlement Plans" means, collectively, the Power Corporations' plans, to be prepared pursuant to the Resettlement Policy Framework (as hereinafter defined) and agreed with the Association, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and other assets, compensation, resettlement, and rehabilitation, including livelihood restoration, of Project Affected Persons (as hereinafter defined) under Phase 2 Sub-projects, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

4. "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 and revised in January 2011.

5. "Central Power Corporation" means Vietnam Electricity (as hereinafter defined)'s wholly-owned subsidiary, 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 pursuant to the Recipient's Decision No. 346/2010/QD-EVN dated June 2, 2010, responsible for the development,

operation, and maintenance of facilities for the distribution of electricity in the central part of the Recipient's territory, or a successor thereto.

6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

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

8. "Environmental Management Framework" means the Recipient's framework, dated June 2012, agreed with the Association and approved pursuant to the Recipient's Decision No. 4084/QD-BCT dated July 17, 2012, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, and guidelines and procedures for the preparation of Environmental Management Plans (as hereinafter defined) and Additional Environmental Management Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

9. "Environmental Management Plans" means, collectively, the Power Corporations' plans, prepared pursuant to the Environmental Management Framework, and agreed with the Association, setting forth mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under Phase 1 Sub-projects (as hereinafter defined), offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

10. "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 the Recipient's territory.

11. "Ethnic Minority Planning Framework" means the Recipient's framework, dated June 2012, agreed with the Association and approved pursuant to the Recipient's Decision No. 4084/QD-BCT dated July 17, 2012, and setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to ensure meaningful consultation with, and the informed participation of, Ethnic Minorities within the Project area who are

affected by Sub-projects (as hereinafter defined), and guidelines and procedures for the preparation of Ethnic Minority Development Plans (as hereinafter defined) and Additional Ethnic Minority Development Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

12. "Ethnic Minority Development Plans" means, collectively, the Power Corporations' plans, prepared pursuant to the Environmental Minority Planning Framework, and agreed with the Association, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to address any adverse effects on Ethnic Minorities associated with, and ensure culturally appropriate social and economic benefits for Ethnic Minorities under, Phase 1 Sub-projects, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

14. "Hanoi" means the city of such name in the northern part of the Recipient's territory or a successor thereto.

15. "Hanoi Power Corporation" means Vietnam Electricity's wholly-owned subsidiary, established and operating pursuant to the Recipient's Decision No. 738/QD-BCT dated February 5, 2010, and Hanoi Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 348/2010/QD-EVN dated June 2, 2010, responsible for the development, operation, and maintenance of facilities for the distribution of electricity in Hanoi, or a successor thereto.

16. "Ho Chi Minh City" means the city of such name in the southern part of the Recipient's territory or a successor thereto.

17. "Ho Chi Minh City Power Corporation" means Vietnam Electricity's wholly-owned subsidiary, established and operating pursuant to the Recipient's Decision No. 768/2010/QD-BCT dated February 5, 2010, and Hanoi Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 349/2010/QD-EVN dated June 2, 2010, responsible for the development, operation, and maintenance of facilities for the distribution of electricity in Ho Chi Minh City, or a successor thereto.

18. "Involuntary Resettlement" means the following caused on account of Project implementation: (a) the involuntary taking of land, resulting in (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another

location; or (b) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.

19. "Kilovolt" means one thousand (1,000) volts, a standard unit of measure of electric voltage.

20. "Ministry of Defense" means the Recipient's ministry responsible for defense or a successor thereto.

21. "Ministry of Finance" means the Recipient's ministry responsible for finance or a successor thereto.

22. "Ministry of Industry and Trade" means the Recipient's ministry responsible for the management of industry and trade or a successor thereto.

23. "Ministry of Public Security" means the Recipient's ministry responsible for public security or a successor thereto.

24. "Northern Power Corporation" means Vietnam Electricity's wholly-owned subsidiary, 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 pursuant to the Recipient's Decision No. 345/2010/QD-EVN dated June 2, 2010, responsible for the development, operation, and maintenance of facilities for the distribution of electricity in the northern part of the Recipient's territory, except for Hanoi, or a successor thereto.

25. "Operating Costs" means the incremental operating costs under the Project incurred by the Project Implementing Entities for purposes of Project management and implementation, on the basis of the annual work plans and budgets referred to in Section I.D of the Schedule to the Project Agreement, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic travel, lodging, and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and salary supplements of members of the Recipient's civil service.

26. "Phase 1 Sub-projects" means Sub-projects that have been identified and prepared by the Power Corporations, approved by the relevant authorities of the Recipient, and appraised by the Association by the date of this Agreement.

27. "Phase 2 Sub-projects" means Sub-projects other than Phase 1 Sub-projects.

28. "Power Corporations" means, collectively, the following: (a) Northern Power Corporation; (b) Southern Power Corporation (as hereinafter defined); (c) Central Power Corporation; (d) Hanoi Power Corporation; and (e) Ho Chi Minh City Power Corporation; and "Power Corporation" means any one (1) of said entities.

29. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.

30. "Procurement Plan" means the Recipient's procurement plan for the Project, dated August 10, 2012 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

31. "Project Affected Persons" means persons who, on account of implementation of Sub-projects, have experienced or would experience direct economic or social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such persons.

32. "Project Implementing Entities" means, collectively, the following: (a) Vietnam Electricity; (b) Northern Power Corporation; (c) Southern Power Corporation; (d) Central Power Corporation; (e) Hanoi Power Corporation; and (f) Ho Chi Minh City Power Corporation; and "Project Implementing Entity" means any one (1) of said entities.

33. "Project Implementing Entity's Legislation" means: (a) for Vietnam Electricity, the Recipient's Decision No. 975/2010/QD-TTg dated June 25, 2010, and Vietnam Electricity's charter, as adopted pursuant to the Recipient's Decision No. 857/2011/QD-TTg dated June 6, 2011; (b) for Northern Power Corporation, the Recipient's Decision No. 789/QD-BCT dated February 5, 2010, and Northern Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 345/2010/QD-EVN dated June 2, 2010; (c) for Southern Power Corporation, the Recipient's Decision No. 799/QD-BCT dated February 5, 2010, and Southern Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 347/QD-EVN dated June 2, 2010; (d) for Central Power Corporation, the Recipient's Decision No. 739/QD-BCT dated February 5, 2010, and Central Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 346/2010/QD-EVN dated June 2, 2010; (e) for Hanoi Power Corporation, the Recipient's Decision No. 738/QD-BCT dated February 5, 2010, and Hanoi Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 348/2010/QD-EVN dated June 2, 2010; and (f) for Ho Chi Minh City Power

Corporation, the Recipient's Decision No. 768/2010/QD-BCT dated February 5, 2010, and Ho Chi Minh City Power Corporation's charter, as adopted pursuant to the Recipient's Decision No. 349/2010/QD-EVN dated June 2, 2010; and such term includes any other decisions or any laws and regulations governing the organization, reorganization, restructuring, and operations of the Project Implementing Entities as of the date of this Agreement.

34. "Project Operations Manual" means the Recipient's manual, dated June 2012, agreed with the Association, and approved pursuant to the Recipient's Decision No. 4294/QD-BCT dated July 26, 2012, setting out implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such manual.

35. "Resettlement Plans" means, collectively, the Power Corporations' plans, prepared pursuant to the Resettlement Policy Framework, and agreed with the Association, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and other assets, compensation, resettlement, and rehabilitation, including livelihood restoration, of Project Affected Persons under Phase 1 Sub-projects, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

36. "Resettlement Policy Framework" means the Recipient's framework, dated June 2012, agreed with the Association, and approved pursuant to the Recipient's Decision No. 1124/TTg-QHQT dated August 3, 2012, setting forth the mitigation, enhancement, monitoring, and institutional measures, including capacity building through training, to carry out acquisition of land and other assets, compensation, resettlement, and rehabilitation, including livelihood restoration, of Project Affected Persons, and guidelines and procedures for the preparation of Resettlement Plans and Additional Resettlement Plans, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

37. "Respective Part of the Project" means, individually, the following: (a) for Northern Power Corporation, Parts A and B of the Project in its coverage area and Part C.2 (a) of the Project in relation to Northern Power Corporation; (c) for Southern Power Corporation, Parts A and B of the Project in its coverage area and Part C.2 (a) of the Project in relation to Southern Power Corporation; (d) for Central Power Corporation, Parts A and B of the Project in its coverage area and Part C.2 (a) of the Project in relation to Central Power Corporation; (e) for Hanoi

Power Corporation, Parts A and B of the Project in its coverage area and Part C.2 (a) of the Project in relation to Hanoi Power Corporation; and (f) for Ho Chi Minh City Power Corporation, Parts A and B of the Project in its coverage area and Part C.2 (a) of the Project in relation to Ho Chi Minh City Power Corporation; and "Respective Parts of the Project" means, collectively, more than one (1) of said parts.

38. "Safeguards Instruments" means, collectively, the Environmental Management Framework, the Environmental Management Plans, any Additional Environmental Management Plans, the Resettlement Policy Framework, the Resettlement Plans, any Additional Resettlement Plans, the Ethnic Minority Planning Framework, the Ethnic Minority Development Plans, and any Additional Ethnic Minority Development Plans.

39. "Southern Power Corporation" means Vietnam Electricity's wholly-owned subsidiary, 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 pursuant to the Recipient's Decision No. 347/QD-EVN dated June 2, 2010, responsible for the development, operation, and maintenance of facilities for the distribution of electricity in the southern part of the Recipient's territory, except for Ho Chi Minh City, or a successor thereto.

40. "State Bank of Vietnam" means the Recipient's central bank or a successor thereto.

41. "Sub-project" means a specific activity under Part A or B of the Project; and "Sub-projects" means more than one (1) such activity.

42. "Subsidiary Agreements" means, collectively, the agreements referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to the Power Corporations; and "Subsidiary Agreement" means any one (1) of such agreements.

43. "Training" means the cost of training financed under the Project, on the basis of the annual work plans and budgets referred to in Section I.D of the Schedule to the Project Agreement, attributable to seminars, study tours, and workshops, along with the cost of domestic and international travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation.

44. "Vietnam Distribution Code" means the Recipient's code, adopted pursuant to its Circular No. 32/2010/TT-BCT dated July 30, 2010, setting forth performance standards, planning conditions, investment procedures, demand forecasts,

network connection technical requirements and procedures, and dispatch, operation, and metering procedures, all in relation to the distribution system, and such term includes any annexes or schedules to such code.

45. "Vietnam Electricity" means the Recipient's wholly-owned enterprise, established and operating pursuant to the Recipient's Decision No. 975/2010/QD-TTg dated June 25, 2010, and Vietnam Electricity's charter, as adopted pursuant to the Recipient's Decision No. 857/2011/QD-TTg dated June 6, 2011, responsible for the development, operation, and maintenance, direct or indirect, of facilities for the generation, transmission, and distribution of electricity throughout the Recipient's territory, or a successor thereto.

Section II. Modification to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 2.05 (a) is modified to read as follows:

"(a) the payment is for the reasonable cost of goods, works, non-consulting services, consultants' services, training, and operating costs required for the Project, to be financed out of the proceeds of the Financing and procured, all in accordance with the provisions of the Financing Agreement;"

2. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

3. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

4. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b)."

5. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

6. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with one to Section 3.02 (a).