

CONFORMED COPY

CREDIT NUMBER 4444-VN

Financing Agreement

(Rural Distribution Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated November 4, 2008

FINANCING AGREEMENT

AGREEMENT dated November, 2008, entered into between SOCIALIST REPUBLIC OF VIETNAM (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) 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 ninety-one million one hundred thousand Special Drawing Rights (SDR 91,100,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are May 15 and November 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause 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 Event of Suspension consists of the following, namely that the EVN Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entities to perform any of their respective obligations under the Project Agreement.
- 4.02. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is June 1, 2009.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreements have been executed by the Recipient, through the Ministry of Finance, and the Participating Power Companies in accordance with the provisions of paragraph 1, Section I(B) of Schedule 2 to this Agreement.
- 5.02. The Additional Legal Matters consist of the following:
 - (a) The Project Agreement has been duly authorized by each of the Project Implementing Entities, and is legally binding upon each of them in accordance with its terms.

- (b) The Subsidiary Agreements referred to in Section 5.01 above have been duly authorized or ratified by the Recipient and the respective Project Implementing Entities and are legally binding upon the Recipient and the respective Project Implementing Entities in accordance with their terms.
- (c) (i) The Policy Framework for Resettlement Plans has been duly approved by the Recipient's Prime Minister; (ii) the Policy Framework for Resettlement Plans and the Strategy for Ethnic Minorities have been duly adopted by the Project Implementing Entities; and (iii) the Policy Framework for Resettlement Plans, the Strategy for Ethnic Minorities, the Phase I Resettlement Plans and, as the case may be, the Phase I Ethnic Minorities Development Plans are legally binding upon the Recipient and the Project Implementing Entities in accordance with their respective 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 provisions of 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
Hà Nội
Socialist Republic of Vietnam

Cable:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 825 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, Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Giau

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Martin Rama

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the reliability and quality of medium voltage service to targeted retail electricity distribution systems within rural areas of Vietnam.

The Project consists of the following parts:

Part A: Improvement of Rural Distribution Systems

Carry out a program of construction, rehabilitation and/or strengthening of twenty-two, thirty-five and/or one hundred and ten kilovolt (22/ 35/ 110 kV) systems within the territories under the responsibility of the Participating Power Companies:

1. in the Northern Region of Vietnam;
2. in the Southern Region of Vietnam;
3. in the Central Region of Vietnam;
4. in the area of Hai Phong City;
5. in Hai Duong Province; and
6. in Dong Nai Province.

Part B: Corporate Development of Power Companies

Carry out a program of capacity building to enable Power Companies 1, 2 and 3 to act as independent participants in a reformed power market, including, inter alia, developing their financial management practices to act with greater autonomy, enhancing their capacity to forecast market development and undertake commercially-based investment decisions, strengthening performance monitoring systems, preparing them for further reforms of the power sector, and strengthening their capacity to formulate and review technical options and associated costs and financial planning and to carry out project planning and preparation.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Expenditure Verification Procedures**

1. To enable the timely approval of and payment for eligible expenditures submitted by the Participating Power Companies, the Recipient, through MOF: (a) shall maintain procedures of expenditure verification which specify the nature and scope of review to be carried out by Vietnam Development Bank; and (b) prior to any amendment or revision of such procedures, shall take into consideration the Association's views thereon.

B. Subsidiary Agreements

1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Financing available to each Participating Power Company under a subsidiary agreement between the Recipient, through MOF, and said Company ("Subsidiary Agreement"), in form and substance and under terms and conditions acceptable to the Association, which, unless otherwise agreed by the Association, shall include the following:
 - (a) the principal amount of the subsidiary loan repayable by each Participating Power Company ("Subsidiary Loan") shall be the equivalent in Dollars (determined as of the date, or respective dates of withdrawal from the Credit Account) of the aggregate value of the currency or currencies withdrawn from the Credit Account in respect of said Company's Respective Part of the Project;
 - (b) Each Participating Power Company shall repay its Subsidiary Loan over a term of twenty-five (25) years, including a grace period of seven (7) years;
 - (c) interest at the rate of one percent (1%) per annum shall be charged on the principal amount of the Subsidiary Loans outstanding from time to time; and
 - (d) a commitment charge at a rate per annum equal to the rate applicable under Section 2.03 of this Agreement shall be charged on the principal amount of the Subsidiary Loans so made available and not withdrawn from time to time.

2. The Recipient shall make the proceeds of the Financing available to the Participating Power Companies only for Sub-projects which meet the eligibility criteria set forth in Annex II to this Schedule 2.
3. The Recipient shall exercise its rights under each Subsidiary Agreement 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 any Subsidiary Agreement 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate, and cause to be monitored and evaluated, the progress of the Project and shall cause to be prepared Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar semester, 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. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, and 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 II, the Recipient shall cause to be prepared and furnished 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 cause the Financial Statements to be 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 Project Implementing Entities. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works.

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

Domestic Preference. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines and Appendix 2 thereto, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding, subject to the additional procedures set forth in Annex I to this Schedule 2
(b) Shopping

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.
2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality-and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-based Selection
(b) Selection based on Consultants’ Qualifications
(c) Single-source Selection
(d) Individual Consultants

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods or works procured on the basis of International Competitive Bidding procedure; (b) each contract for works estimated to cost the equivalent of \$300,000 or more; (c) in respect of each Participating Power Company, (i) the first contract for goods, (ii) the first contract for works procured on the basis of National Competitive Bidding procedure, and (iii) the first contract for goods procured on the basis of Shopping procedure, in each case regardless of costs; (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$100,000 or more; and (e) each contract for consultants’ services procured on the basis of Single-source Selection.

In addition, the following prior review procedures shall apply to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more: (A) the report on the comparison of the qualifications and experience of candidates, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (B) the contract shall be awarded only after the Association’s approval thereof shall have been given; and (C) the provisions of paragraph 3 and 5 of Appendix 1 to the Consultant Guidelines shall apply to the contract. The following prior review procedures shall apply to each contract for the employment of individual consultants to be selected on a sole-source basis: (D) the qualifications,

experience, terms of reference and conditions of employment of the consultant shall be furnished to the Association for its prior review and approval; (E) the contract shall be awarded only after the Association's approval thereof shall have been given; and (F) the provisions of paragraph 3 of Appendix 1 to the Consultant Guidelines shall apply to the contract.

All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods and works under Part A of the Project	90,189,000	100%
(2) Consultants' services and training under Part B of the Project	911,000	100%
TOTAL AMOUNT	<u>91,100,000</u>	

For purposes of this paragraph 2:

(a) the term “goods and works under Part A of the Project” includes goods and equipment, civil works and non-consultant services for the installation of poles and steel structures, transformers and substation equipment, and for conductor stringing; and

(b) the term “training” means the costs of fees, travel and subsistence of those attending training courses or study tours.

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.
2. The Closing Date is June 30, 2013.

Annex I to Schedule 2**National Competitive Bidding Procedures**

The procedure to be followed for National Competitive Bidding shall be those set forth in Article 18 on Open Bidding of the *Law on Procurement 61 / 2005/QH11* dated November 29, 2005 and *Decree 58/2008/ND-CP, Guiding Implementation of Law on Procurement and Selection of Construction Contractors under the Construction Law* dated May 5, 2008 (collectively, “National Procurement Laws”) with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October 2006 (the Guidelines) and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the requirements of said paragraphs 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

Eligibility

(i) The eligibility of bidders shall be as defined under Section I of the 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 national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

(ii) In addition to the foregoing requirements, equitized Government-owned enterprises in which the Recipient or procuring entity holds less than fifty percent of the shares are eligible to participate provided that that the governing Board and management team are autonomous from the procuring entity. 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

(iii) 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

(iv) Invitations to bid shall be advertised in at least one widely circulated national newspaper, allowing a minimum of thirty (30) days, from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later, for the preparation and submission of bids, and potential bidders shall be allowed to purchase bidding documents up to any time prior to the deadline for the submission of bids. In addition, the Recipient is encouraged to advertise in the Government Public Procurement Review and on a free and open access website.

Standard Bidding Documents

(v) Standard Bidding Documents, acceptable to the Association, shall be used.

Qualification Criteria

(vi) 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 merits 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.

Bid Submission, Bid Opening and Bid Evaluation

(vii) Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction and delivery, 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 to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(e) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior concurrence.

(f) A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to prior review.

Rejection of All Bids and Re-bidding

(viii) All bids shall not be rejected or new bids solicited without the Association's prior written concurrence.

Complaints by Bidders and Handling of Complaints

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

Fraud and Corruption

(x) The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

Right to Inspect/Audit

(xi) Each bidding document and contract financed from the proceeds of a Credit shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, 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. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

License

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

Publication of the Award of Contract

(xiii) The Recipient shall publish the following information on contract award in the Government Public Procurement Review or on a free and open access website or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated regularly.

Annex II to Schedule 2

Sub-project Eligibility Criteria

1. The Sub-project is designed to contribute to improving the reliability and/or quality of service to a specific retail electricity distribution system in rural areas.
2. The Sub-project meets the National Technical Regulations for Rural Electrification.
3. The Sub-project has an economic rate of return of at least ten percent (10%), and a financial rate of return of not less than one point six percent (1.6%).
4. In the event the Sub-project will be connected to a retail electricity distribution system not operated by the Participating Power Company, the Participating Power Company has obtained a written commitment from the relevant local distribution utility that it would use the connection points provided by the medium voltage systems upgraded through the relevant 22/35 kV Sub-project.
5. The environmental assessment and environmental management plan, the resettlement plan and, as may be the case, the ethnic minorities development plan, in respect of the Sub-project have been prepared, found satisfactory by the Association and disclosed to the public, in accordance with the provisions of the Environmental Guideline, the Policy Framework for Resettlement Plans and the Strategy for Ethnic Minorities.
6. EVN and the relevant Participating Power Company have obtained all necessary approvals and/or clearances for the implementation of the Sub-project, in accordance with Vietnamese laws and regulations.
7. A procurement plan and implementation plan for the Sub-project, acceptable to the Association have been prepared by or on behalf of the relevant Participating Power Company.
8. The Association has completed appraisal of the Sub-project and determined its eligibility for financing under the Credit.

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2018 to and including May 15, 2028	1%
commencing November 15, 2028 to and including May 15, 2048	2%

* 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

Definitions

1. “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.
2. “A\$” and “Australian Dollar” mean the currency of Australia.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Co-financier”, as referred to in paragraph 10 of the Appendix to the General Conditions, means the Government of Australia acting through the Australian Agency for International Development.
5. “Co-financing” means an amount of approximately A\$3,000,000, expected to be provided by the Co-financier to assist in financing the Project.
6. “Co-financing Agreement” means the agreement to be entered into between the Recipient and International Development Association acting as administrator of grant funds provided by the Government of Australia.
7. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
8. “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons.
9. “Environmental Guideline” means the Guideline adopted by EVN through Communication No. 6604/CV-EVN-KHCN & MT of December 11, 2007; by Power Company 1 through Communication dated April 2, 2008; by Power Company 2 through Communication No. 1570/CV-DL2-QLDT of March 21, 2008; by Power Company 3 through Communication No. 1420/CV-DL3-7 of March 21, 2008; by Power Company Hải Phòng through Communication No. 1390/EVN-DHP-KH of March 21, 2008; by Power Company Hải Dương through Communication No. 2252/CV-DLHD-P8 of March

24, 2008; and by Power Company Đồng Nai through Communication No. 737/CV-DLDN2 of March 25, 2008; said Guideline setting out the principles and procedures for carrying out environmental assessments, and preparing and implementing environmental management plans in respect of each Sub-project (as defined below), as said Guideline may be revised from time to time with the prior concurrence of the Association.

10. “EVN” means Vietnam Electricity, an enterprise established pursuant to Decision No. 562/QĐ-TTg dated October 10, 1994, Decision No. 148/2006/QĐ-TTg dated June 22, 2006, and Decision No. 163/QĐ-TTg dated October 22, 2007, all of the Prime Minister of the Socialist Republic of Vietnam, operating under the EVN Charter (as defined below), responsible for developing, operating and maintaining, directly or indirectly, facilities for the generation, transmission and, in part, distribution of electricity throughout Vietnam, and any successor thereto.

11. “EVN Charter” means the Charter of EVN issued under Decree 14/CP of the Government of the Socialist Republic of Vietnam, dated January 27, 1995, as revised to the date hereof.

12. “EVN Legislation” means, collectively: (a) Prime Minister’s Decision No. 562/QĐ-TTg, Decision No. 148/QĐ-TTg and Decision No. 163/QĐ-TTg dated October 22, 2007; (b) the EVN Charter; and (c) the charters of the Participating Power Companies.

13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

14. “MOF” and “Ministry of Finance” mean the Recipient’s Ministry of Finance, and any successor thereto.

15. “MOIT” and “Ministry of Industry and Trade” mean the Recipient’s Ministry of Industry and Trade, and any successor thereto.

16. “National Technical Standards for Rural Electrification” means the standards coded QDKT-DNT-2006 promulgated by MOI through Decision No. 44/2006/QĐ-BCN of December 8, 2006 in respect of the design and operation of rural electricity distribution networks, appraised by the Association and considered to meet international standards for distribution system planning expansion, quality of design and safety in operation.

17. “Participating Power Companies” means, collectively: (a) Power Company 1 responsible for electricity distribution in twenty-five (25) provinces in the Northern Region of Vietnam, except the Cities of Hà Nội and Hải Phòng and the Provinces of Hải Dương and Ninh Bình; (b) Power Company 2 responsible for electricity distribution in twenty (20) provinces in the Southern Region of Vietnam, except Hồ Chí Minh City and

the Province of Đồng Nai; (c) Power Company 3 responsible for electricity distribution in eleven (11) provinces in the Central Region of Vietnam, except the City of Đà Nẵng and the Province of Khánh Hòa; (d) Power Company Hải Phòng responsible for electricity distribution in the City of Hải Phòng and its surrounding areas, including islands off shore; (e) Power Company Hải Dương responsible for electricity distribution in the Province of Hải Dương; and (f) Power Company Đồng Nai responsible for electricity distribution in the Province of Đồng Nai; each such Company being a subsidiary of EVN in charge of electric power distribution with a voltage of 110kV and below within its respective area, and operating pursuant to its respective charter, and any successor thereto, as such list may be amended from time to time by mutual agreement between the Recipient and the Association; and a “Participating Power Company” means any of said Companies.

18. “Phase I Environmental Assessments and Environmental Management Plans” means, collectively, the Environmental Assessments carried out and Environmental Management Plans prepared by EVN and Participating Power Companies in respect of Phase I Sub-projects (as defined below), pursuant to the principles and procedures set forth in the Environmental Guideline, as said Assessments and Plans may be revised from time to time with the prior concurrence of the Association.

19. “Phase I Ethnic Minorities Development Plans” means, collectively, the Ethnic Minorities Development Plans developed by EVN and Participating Power Companies in respect of certain Phase I Sub-projects, pursuant to the principles and procedures set forth in the Strategy for Ethnic Minorities, designed to ensure: (a) meaningful consultation with and the informed participation in Project activities of ethnic minority communities within the areas of said Sub-projects, and (b) Project benefits for said communities which are culturally appropriate and socially inclusive; as said Plans may be revised from time to time with the prior concurrence of the Association.

20. “Phase I Resettlement Plans” means, collectively, the Resettlement Plans developed by EVN and Participating Power Companies in respect of Phase I Sub-projects, pursuant to the principles and procedures set forth in the Policy Framework for Resettlement Plans, as said Plans may be revised from time to time with the prior concurrence of the Association.

21. “Phase I Sub-projects” means, collectively, sub-projects (as defined below) for which the preparation, approval by or on behalf of the Recipient and appraisal by the Association have been completed on or prior to the date hereof; said Sub-projects being ready for implementation during approximately the first **two (2)** years of the Project.

22. “Policy Framework for Resettlement Plans” means the Framework approved by Prime Minister’s Decision No. 309/TTg-QHQT of February 29, 2008, adopted by EVN through Communication No. 6604/CV-EVN-KHCN & MT of December 11, 2007; by Power Company 1 through Communication dated April 2, 2008; by Power Company 2 through Communication No. 1570/CV-DL2-QLDT of March 21, 2008; by Power

Company 3 through Communication No. 1420/CV-DL3-7 of March 21, 2008; by Power Company Hải Phòng through Communication No. 1390/EVN-DHP-KH of March 21, 2008; by Power Company Hải Dương through Communication No. 2252/CV-DLHD-P8 of March 24, 2008; and by Power Company Đồng Nai through Communication No. 737/CV-DLND2 of March 25, 2008; said Policy Framework setting out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement plans as may be required for Project activities, as said Policy Framework may be revised from time to time with the prior concurrence of the Association.

23. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

24. “Procurement Plan” means the procurement plan for the Project, consisting of: (a) the procurement plan for Power Company 1 dated March 12, 2008; (b) the procurement plan for Power Company 2 dated March 21, 2008; (c) the procurement plan for Power Company 3 dated April 8, 2008; (d) the procurement plan for Power Company Hải Phòng dated April 8, 2008; (e) the procurement plan for Power Company Hải Dương dated April 7, 2008; and (f) the procurement plan for Power Company Đồng Nai dated March 20, 2008; in each case, prepared by or on behalf of each respective Participating Power Company in respect of the first eighteen (18) months of implementation of its Respective Part of the Project, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

25. “Project Implementing Entity” means each of EVN and the Participating Power Companies.

26. “Project Implementation Plan” means the plan referred to in paragraph 1, Section I (A) of the Schedule to the Project Agreement, acceptable to the Association, which has been prepared by each Participating Power Company in respect of its Respective Part of the Project and includes therein: (i) financial management guidelines and procedures consistent with the provisions of Section 4.09 of the General Conditions and Section II (B) of Schedule 2 to this Agreement, including a clear delineation of financial management responsibilities among the central management of such Power Company, its various departments and local units; (ii) procurement guidelines and procedures consistent with the provisions of Section III of Schedule 2 to this Agreement; and (iii) the Policy Framework for Resettlement Plans, the Environmental Guideline and the Strategy for Ethnic Minorities.

27. “Respective Part of the Project” in regard to each Participating Power Company means Project activities under Part A and/or Part B of the Project to be carried out by or on behalf of said Company.

28. “Strategy for Ethnic Minorities” means the Strategy approved by MOIT under Decision No. 1651/Q-BCT of November 16, 2007, adopted by EVN through Communication No. 6604/CV-EVN-KHCN & MT of December 11, 2007; by Power Company 1 through Communication dated April 2, 2008; by Power Company 2 through Communication No. 1570/CV-DL2-QLDT of March 21, 2008; by Power Company 3 through Communication No. 1420/CV-DL3-7 of March 21, 2008; by Power Company Hải Phòng through Communication No. 1390/EVN-DHP-KH of March 21, 2008; by Power Company Hải Dương through Communication No. 2252/CV-DLHD-P8 of March 24, 2008; and by Power Company Đồng Nai through Communication No. 737/CV-DLDN2 of March 25, 2008; said Strategy setting forth policies and procedures for the preparation and implementation of ethnic minorities development plans, as said Strategy may be revised from time to time with the prior concurrence of the Association.

29. “Sub-project” means a specific set of investment and construction activities under Part A of the Project in regard to: (a) all of the 22 kV or 35 KV systems requiring improvements within a single province within the territory of a Participating Power Company; or (b) a single substation and/or single 110 kV line feeding the 22/35 kV systems in rural areas within a province or provinces within the territory of a Participating Power Company.

30. “Subsidiary Agreement” means each agreement referred to in paragraph 1, Section I (B) of Schedule 2 to this Agreement, pursuant to which the Recipient, through MOF, shall make part of the proceeds of the Financing available to a Participating Power Company as a subsidiary loan.

31. “Vietnam Development Bank” means the bank established and operating pursuant to Prime Minister’s Decision 108/2006/QĐ-TTg dated May 19, 2006, responsible inter alia for verifying and certifying the eligibility of expenditures submitted by project implementing entities under government projects subject to on-lending arrangements with MOF.