

**CONFORMED COPY**

**GEF TRUST FUND GRANT NUMBER TF054464-VN**

# **Global Environment Facility Trust Fund Grant Agreement**

**(Second Rural Energy Project)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**acting as an Implementing Agency of the Global Environment Facility**

**Dated June 17, 2005**

**GEF TRUST FUND GRANT NUMBER TF054464-VN**

**GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated June 17, 2005, between SOCIALIST REPUBLIC OF VIETNAM (the Recipient) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank) acting as an implementing agency of the Global Environment Facility (GEF) in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the Recipient, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested assistance from the resources of the GEF Trust Fund for funding Part E of the Project, and said request having been approved in accordance with the provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2;

(D) the Recipient has also requested International Development Association (the Association) to provide additional financing towards the financing of the Project, and by an agreement of even date herewith between the Recipient and the Association, the Association is agreeing to provide such assistance in an aggregate principal amount equivalent to one hundred fifty-one million one hundred thousand Special Drawing Rights (SDR151,100,000) (the Credit); and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, the parties hereto hereby agree as follows:

## ARTICLE I

### General Conditions; Definitions

Section 1.01 (a) The following provisions of the “General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
  - (ii) Sections 2.01 (but excluding Sections 2.01 (1), (10), (11), (12), (13), (15), (17) and (20)), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Sections 4.01, 4.02(a) and 4.06;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (but excluding 6.02(b), (k) and (n)), 6.03, 6.04 and 6.06;
  - (vii) Section 8.01 (b);
  - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
  - (ix) Sections 10.01, 10.03 and 10.04;
  - (x) Article XI; and
  - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) the term “Bank”, wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term “Bank” shall also include the Bank acting in its own capacity;
  - (ii) the term “Borrower”, wherever used in the General Conditions, means the Recipient;

- (iii) the term “Loan Agreement”, wherever used in the General Conditions, means this Agreement;
- (iv) the term “Loan” and “loan”, wherever used in the General Conditions, means the GEF Trust Fund Grant;
- (v) the term “Loan Account”, wherever used in the General Conditions, means the GEF Trust Fund Grant Account; and
- (vi) a new subparagraph is added after subparagraph (j) in Section 6.02 of the General Conditions, as follows: “an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF.”

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

(a) “Category” means a category of items set forth in the table in paragraph 1 of Schedule 1 to this Agreement.

(b) “DAF” means the Development Assistance Fund, a state-owned financial institution, established and operating pursuant to Decree 50/1999/ND-CP.

(c) “Displaced Persons” means persons who, on account of the execution of the Project, have 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 persons 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 persons; and a “Displaced Person” means any of such Displaced Persons.

(d) “Dong”, “Vietnamese Dong” and “VND” mean the currency of the Socialist Republic of Vietnam.

(e) “Environmental Assessment” means each assessment carried out, or, as the case may be, to be carried out, by or on behalf of a Project Province in respect of its respective Project activities, in accordance with the provisions of the Environmental Guidelines (as defined below), and setting forth an analysis of the potential physical and social impacts of Project activities within said Province, and measures to address such impacts, including alternative designs and mitigation measures.

(f) “Environmental Guidelines” means the Environmental Guidelines dated March 8, 2004, adopted by MOI through Decision 2249/QD-NLDK dated August 26, 2004 and by EVN through Instruction 4329/CV-EVN-KD & DNT dated September 1, 2004, and satisfactory to the Association, which sets forth policies and procedures for the preparation of Environmental Assessment for the Project activities of each Project Province, referred to in paragraph 10 of Schedule 4 to this Agreement and in paragraph 3 of Schedule 2 to the Project Agreement.

(g) “Environmental Management Plan” means each plan, satisfactory to the Bank, prepared, or, as the case may be, to be prepared, by or on behalf of a Project Province, in accordance with the Environmental Guidelines and as part of the Environmental Assessment of the Project activities of said Project Province, and referred to in paragraph 10 of Schedule 4 to this Agreement and in paragraph 3 of Schedule 2 to the Project Agreement, which sets out the environmental protection measures in respect of the Project activities of said Project Province, as well as administrative and monitoring arrangements to ensure the implementation of said Plan, as said Plan may be revised from time to time with the agreement of the Bank.

(i) “Ethnic Minorities Development Plan” and “EMDP” mean each plan, satisfactory to the Association, prepared, or to be prepared, by or on behalf of a Project Province and PC1, PC2 or PC3, as the case may be, pursuant to the policies and procedures set forth in the Ethnic Minorities Development Strategy (as defined below), to ensure that ethnic minority communities within the Project area of said Project Province benefit from the Project in a socially and culturally acceptable manner.

(j) “Ethnic Minorities Development Strategy” means the strategy dated March 8, 2004, adopted by MOI through Decision 2249/QD-NLDK of August 26, 2004, and by EVN through Instruction 4329/CV-EVN-KD & DNT dated September 1, 2004, satisfactory to the Association, referred to in paragraph 12 of Schedule 4 to this Agreement and in paragraph 5 of Schedule 2 to the Project Agreement, which sets out the policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minorities within the Project area who are affected by the Project, and principles for the preparation of ethnic minorities development plans as may be required during implementation of the Project, as said Strategy may be revised from time to time with the prior concurrence of the Association.

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

(l) “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.

- (m) “Financial Monitoring Report” and “FMR” mean each report prepared in accordance with Section 4.02 of this Agreement.
- (n) “LDU” means a local electricity distribution utility.
- (o) “LV” means low voltage.
- (p) “MOF” means the Recipient’s Ministry of Finance, and any successor thereto.
- (q) “MOI” means the Recipient’s Ministry of Industry, and any successor thereto.
- (r) “MV” means medium voltage.
- (s) “PC1” means Power Company No. 1, a fully owned subsidiary of EVN, established and operating pursuant the PC1 Charter, and any successor thereto.
- (t) “PC1 Charter” means the Charter of PC1 dated April 7, 1995, as amended to the date of this Agreement.
- (u) “PC2” means Power Company No. 2, a fully owned subsidiary of EVN, established and operating pursuant the PC2 Charter, and any successor thereto.
- (v) “PC2 Charter” means the Charter of PC2 dated April 28, 1995, as amended to the date of this Agreement.
- (w) “PC3” means Power Company No. 3, a fully owned subsidiary of EVN, established and operating pursuant the PC3 Charter, and any successor thereto.
- (x) “PC3 Charter” means the Charter of PC3 dated June 17, 1995, as amended to the date of this Agreement.
- (y) “Phase I Project Provinces” means the Recipient’s Provinces of Vinh Phuc, Ha Tinh, Ca Mau, Ben Tre, Quang Ngai and Phu Yen, which have met the criteria set forth in paragraph 6 of Schedule 4 to this Agreement.
- (z) “Power Companies” means, collectively, Power Company No. 1 or PC1, Power Company No. 2 or PC2, and Power Company No. 3 or PC3; and a “Power Company” means any of said Power Companies.
- (aa) “Procurement Plan” means the Recipient’s procurement plan for Part E of the Project, dated August 2004, as the same shall be updated from time to time in accordance with the provisions of Section 3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

(bb) “Project Agreement” means the agreement of even date herewith between the Association and the Bank, acting as an Implementing Agency of the GEF and EVN, PC1, PC2 and PC3, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(cc) “Project Provinces” means, collectively, the Recipient’s Phase I Project Provinces and Project Provinces of Later Phases, listed in the Annex to Schedule 2, as said list may be modified from time to time by mutual agreement between the Borrower and the Association.

(dd) “Resettlement plan” and “RAP” mean the action plan, satisfactory to the Bank, prepared, or, as the case may be, to be prepared, by or on behalf of each Project Province and PC1, PC2 or PC3, as the case may be, in accordance with the provisions of the Resettlement Policy Framework (as defined below), and adopted by said Project Province and by the relevant Power Company, and referred to in paragraph 11 of Schedule 4 to this Agreement and in paragraph 4 of Schedule 2 to the Project Agreement, said Plan setting forth the policies and procedures for the acquisition of land and/or other assets, resettlement, compensation and rehabilitation of Displaced Persons in connection with the respective Project activities of said Project Province and the Respective Part of the Project of the relevant Power Company, as said Plan may be revised from time to time with the prior concurrence of the Bank.

(ee) “Resettlement Policy Framework” means the Framework dated March 8, 2004, approved by the Borrower through the Prime Minister’s Decision 864/QD-Ttg of August 10, 2004, and adopted by MOI through Decision 2249/QD-NLKD dated August 26, 2004, and by EVN through Instruction 4349/CV-EVN-KD &DNT dated September 1, 2004, satisfactory to the Association, and referred to in paragraph 11 of Schedule 4 to this Agreement and in paragraph 4 of Schedule 2 to the Project Agreement, which sets out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement plans, as may be required, during the implementation of the Project, as said Policy Framework may be revised from time to time with the prior concurrence of the Association.

(ff) “Respective Part of the Project” means: (i) for each Project Province, its respective Project activities under Part A of the Project; (ii) for PC1, Part B of the Project; (iii) for PC2, Part C of the Project; and (iv) for PC3, Part D of the Project.

(gg) “Special Account” means the account established for the purpose of Part E of the Project and referred to in Section 2.02 (b) of this Agreement.

## **ARTICLE II**

### **The GEF Trust Fund Grant**

Section 2.01. The Bank agrees to make available to the Recipient, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount equal to five million two hundred fifty thousand Dollars (\$5,250,000).

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

(b) The Recipient may, for the purposes of Part E of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2011 or such later date as the Bank shall establish. The Bank shall promptly notify the Recipient of such later date.

## **ARTICLE III**

### **Execution of the Project**

Section 3.01. (a) The Recipient declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end: shall carry out Part A of the Project through the Project Provinces, and Part E of the Project through the Ministry of Industry; and without any limitation or restriction upon any of its other obligations under this Agreement, shall cause EVN together with each of PC1, PC2 and PC3 to carry out Parts B, C and D of the Project, respectively; and shall cause each of EVN, PC1, PC2 and PC3 to perform in accordance with the provisions of the Project Agreement all of its respective obligations therein set forth; all with due diligence and efficiency and in conformity with appropriate administrative, management, financial, engineering and public utility practices, and environmental and social standards acceptable to the Bank; shall provide and cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project, and shall take and cause each of EVN and PC1, PC2 and PC3 to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each of them to perform its respective obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance.



(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Recipient and the Bank shall otherwise agree, the Recipient shall carry out Parts A and E of the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and services required for Part E of the Project and to be financed out of the proceeds of the GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement as said provisions may be further elaborated in the Procurement Plan.

(b) The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.08 of the General Conditions and without limitation thereto, the Recipient shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six months after the Closing Date or such later date as may be agreed for this purpose between the Recipient and the Bank, a plan for the continued achievement of the objectives of Parts A and E of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Recipient on said plan.

## **ARTICLE IV**

### **Financial Conditions**

Section 4.01. (a) The Recipient shall, in respect of Parts A and E of the Project, establish and maintain, and cause to be established and maintained, a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to said Parts of the Project.

(b) The Recipient shall:

(i) have, and shall cause to have, the records, accounts and financial statements (balance sheets, statements of income and expenses and related statements) referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;

- (ii) furnish, and cause to be furnished, to the Bank as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Bank), (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
- (iii) furnish, and cause to be furnished, to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipient shall:

- (i) retain, and cause to be retained, until at least one year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Recipient's progress reporting obligations set out in paragraph 13 of Schedule 4 to this Agreement, in respect of Parts A and E of the Project, the Recipient shall prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the GEF Trust Fund Grant, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and

explains variances between the actual and planned Project implementation; and

- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02 (k) of the General Conditions, the following additional event is specified, namely:

(a) Subject to paragraph (b) of this Section 5.01, the right of the Recipient to withdraw the proceeds of the Credit made to the Recipient for the financing of Parts A, B, C, D and E.1(a) of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Development Credit Agreement;

(b) Paragraph (a) of this Section shall not apply if the Recipient establishes to the satisfaction of the Bank that: (i) such suspension, cancellation, termination or prematuring is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (ii) adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement;

## **ARTICLE VI**

### **Effectiveness, Termination**

Section 6.01. This Agreement shall become effective upon its execution by the parties hereto or the Effective Date of the Development Credit Agreement, whichever is later.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

Section 6.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder, provided, however, that if the Development Credit Agreement

terminates prior to the termination of this Agreement, this Agreement shall terminate automatically and shall cease to have any further force or effect.

## ARTICLE VII

### Representative of the Recipient; Addresses

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

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

For the Recipient:

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

Cable address:	Telex:	Facsimile:
VIETBANK	412248	(84-4) 825 0612
Hanoi	NHTWVT	

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:
INTBAFRAD	248423 (MCI)
Washington, D.C.	64145 (MCI)

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

SOCIALIST REPUBLIC OF VIETNAM

By /s/ Le Duc Thuy

Authorized Representative

INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT

By /s/ Klaus Rohland

Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the GEF Trust Fund Grant**

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

<u>Category</u>	<u>Amount of the GEF Trust Fund Grant Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' services under Parts E.1 (b) and (c), E.2 and E.3 of the Project	5,100,000	100%
(2) Goods under Part E of the Project	50,000	100%
(3) Incremental Operating Costs under Part E of the Project	100,000	100%
<b>TOTAL:</b>	<u>5,250,000</u> =====	

2. For the purposes of this Schedule, the term "Incremental Operating Costs" means the reasonable costs of incremental expenditures incurred by the Recipient in the implementation of Part E of the Project (which expenditures would not have been incurred absent the Project), including facility rental, office consumables, telecommunication expenses, travel expenses, and bank charges, but excluding salaries or salary supplements of civil servants.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals in an aggregate amount not exceeding the equivalent of \$200,000 may be made in respect of Category (1) on account of payments made for expenditures before that date but after September 2, 2004.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures under contracts for:

(a) services of consulting firms costing less than \$100,000 equivalent each; (b) services of individual consultants costing less than \$50,000 equivalent each; (c) goods under contracts costing less than \$10,000 equivalent each; and (d) incremental operating costs; all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to assist the Recipient to support the socio-economic development of rural communities within the Project Provinces through improved access to good quality and affordable electricity services provided in an efficient and sustainable manner.

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

#### Part A: Low Voltage Systems

Carry out a program of rehabilitation and expansion of LV electric power grid networks in selected Provinces, through the provision of equipment for and construction of distribution lines to improve and extend electric power supply to households in about 1,200 selected communes.

#### Part B: Medium Voltage System in the Northern Region

Rehabilitate and expand the MV electric power distribution grid in those communes in the Northern Region selected to participate in Part A of the Project, through the provision of equipment for and construction of MV lines and substations.

#### Part C: Medium Voltage System in the Southern Region

Rehabilitate and expand the MV electric power distribution grid in those communes in the Southern Region selected to participate in Part A of the Project, through the provision of equipment for and construction of MV lines and substations.

#### Part D: Medium Voltage System in the Central Region

Rehabilitate and expand the MV electric power distribution grid in those communes in the Central Region selected to participate in Part A of the Project, through the provision of equipment for and construction of MV lines and substations.

#### Part E: Institutional Development

1. (a) Develop and implement a regulatory framework for local electricity distribution utilities (LDUs); formulation of curricula and training program to improve the technical level in electric power distribution job functions; and develop standard specifications for planning, installation, maintenance and safety of LV electric power distribution systems;



- (b) Provide training to regulators; and
  - (c) Develop regulatory, institutional and employee incentives to maximize efficiency and promote high performance levels.
2. Carry out a program to: (a) identify the most appropriate structure for LDUs and assist them in attaining legal status; and (b) develop the technical, management and financial capacity of LDUs, including developing and providing training and support programs for their management and staff in business systems and procedures, in financial development and management, and in planning and engineering.
3. Evaluate and disseminate best practices in the development, operation and reform of LDUs.

\* \* \*

The Project is expected to be completed by June 30, 2011.

**Annex to Schedule 2**

**List of Project Provinces**

**1. Phase I**

Vinh Phuc  
Ha Tinh  
Ca Mau  
Ben Tre  
Quang Ngai  
Phu Yen

**2. Later Phases**

Nghe An  
Yen Bai  
Tay Ninh  
Dong Thap  
Quang Tri  
Thua Thien – Hue  
Lao Cai  
Cao Bang  
Lai Chau  
Hoa Binh  
Phu Tho  
Thai Nguyen  
Bac Giang  
Ha Tay  
Hai Duong  
Hung Yen  
Thai Binh  
Ha Nam  
Nam Dinh  
Thanh Hoa  
Ninh Thuan  
Can Tho  
Quang Binh  
Binh Dinh

### **SCHEDULE 3**

#### **Procurement**

##### Section I. General

A. All goods shall be procured in accordance with the provisions of Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants’ services shall be procured in accordance with Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

##### Section II. Particular Methods of Procurement of Goods

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts for goods shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient.

B. Other Procurement Procedure: Shopping. Goods estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.

##### Section III. Particular Methods of Procurement of Consultants’ Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section III, 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.

B. Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
2. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank' s prior agreement, be procured in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.
3. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may, with the Bank's prior approval, be awarded to individual consultants on a sole-source basis.

Section IV. Review by the Bank of Procurement Decisions

1. Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank:
  - (a) all contracts under Part E of the Project for goods estimated to cost the equivalent of \$10,000 or more shall be subject to Prior Review by the Bank.
  - (b) all contracts under Part E of the Project with consulting firms estimated to cost the equivalent of \$100,000 or more, and with individual consultants estimated to cost the equivalent of \$50,000 or more; and
  - (c) all contracts under Part E with consulting firms and with individual consultants selected on a single source basis regardless of costs.
2. All other contracts shall be subject to Post Review by the Bank.

## **SCHEDULE 4**

### **Implementation Program**

#### **Project Management**

1. The Recipient shall maintain throughout the period of Project implementation:

(a) an inter-ministerial Steering Committee under the chairmanship of the Ministry of Industry, with representation from, inter alia, the Office of Government, the Ministries of Finance and Planning and Investment, Agriculture and Rural Development, State Bank of Vietnam, and EVN, and assigned with such powers, responsibilities and resources as may be necessary, to provide overall policy coordination and guidance in the implementation of the Project; and

(b) the Project Management Board of MOI to be responsible for overall monitoring and coordination of Project activities and, more specifically, for the implementation of Part E of the Project; said Board to be under the management of an experienced Project Director, and provided with sufficient resources and staffed with competent personnel in adequate numbers, all in a manner satisfactory to the Bank.

2. For purposes of Part A of the Project, the Recipient shall, through MOI, establish and, thereafter throughout the period of Project implementation, maintain a Project Implementation Group under the Project Management Board of MOI, to oversee and provide support to the Project Provinces in the implementation of said Part of the Project; said Project Implementation Group to be under the direction of a qualified and experienced Project Manager, provided with sufficient resources, and staffed with competent personnel in adequate numbers, all in a manner satisfactory to the Bank.

3. For purposes of Part E of the Project, the Recipient shall establish and, throughout the period of Project implementation, maintain a Consultative Group with members with adequate expertise in regulatory, institutional, financial, technical and commercial matters related to public utilities, and in particular to electricity distribution, to support and advise the Steering Committee, the Project Management Board and the Project Provinces in regard to implementation of the institutional development and capacity building program.

4. To guide the implementation of the Project, the Recipient, through MOI in cooperation with EVN and PC1, PC2 and PC3, shall prepare and implement a Project Implementation Plan satisfactory to the Bank; said Project Implementation Plan setting out in particular: (i) the institutional arrangements to be established and maintained for each Part of the Project; (ii) the financial management procedures and requirements; (iii) the procedures and coordination arrangements necessary to ensure the harmonization and synchronized implementation of procurement activities for the LV electricity grid networks under Part A of the Project to be carried out by the Project Provinces and for

the MV electricity grid networks under Parts B, C and D of the Project to be carried out by the Power Companies; and (iv) the Environmental Guidelines, the Resettlement Policy Framework and the Ethnic Minorities Development Strategy.

### **Implementation of Parts A and E of the Project**

5. (a) For purposes of Part A of the Project, by October 1 of each year, commencing in 2005, the Recipient, through MOI in cooperation with EVN and the Power Companies, shall prepare and furnish to the Bank for its approval the program of work for the next succeeding calendar year; said program to include: (i) a list of Project Provinces together with selected communes whose proposed activities under Part A of the Project have been appraised in a manner satisfactory to the Bank and are ready to be implemented in the next succeeding calendar year, pursuant to the provisions of paragraph 6 below; (ii) the budget and funding sources for such Project activities; (iii) the procurement plan for said Project Provinces and selected communes covering the next succeeding calendar year; and (iv) a list of Project Provinces and their selected communes which will be appraised during the next succeeding calendar year.

(b) Project activities in the selected communes referred to in sub-paragraph (a)(i) of this paragraph 5, shall only begin and be financed under the Credit after the Bank has reviewed the program of work and communicated its no-objection to the Recipient.

6. For purposes of Part A of the Project, the Recipient shall, through MOF and DAF, make a portion of the proceeds of the Credit available to each Project Province in accordance with the provisions of Section 3.02 (a) of the Development Credit Agreement, but only on condition that:

(a) said Project Province shall have established and agreed to maintain for the period of Project implementation: (i) a Provincial Steering Committee for overall policy coordination and guidance of Project activities in said Province; said Committee to be provided with such powers, responsibilities and resources as shall be necessary; and (ii) a Provincial Project Management Unit to be responsible for the management and execution of Project activities within said Project Province; said Unit to be under the direction of experienced managers, staffed with competent personnel in adequate numbers, including financial staff with qualifications and experience and under terms of reference acceptable to the Bank, who have completed training in financial management and disbursement satisfactory to the Bank, and provided with sufficient resources, all in a manner satisfactory to the Bank; and (iii) an accounting system satisfactory to the Bank;

(b) said Project Province shall have: (i) approved the feasibility study for the rehabilitation and expansion of the LV electricity distribution networks within its territory under Part A of the Project; (ii) prepared, or caused to be prepared, as may be required pursuant to the Resettlement Policy Framework and the Ethnic Minorities Development Strategy, a resettlement plan and/or an ethnic minorities development plan satisfactory to the Association; (iii) completed, or caused to be completed, an

environmental assessment and prepared, or caused to be prepared, an environmental management plan, satisfactory to the Bank, in accordance with the Environmental Guidelines;

(c) said Project Province shall have provided to MOI a letter of commitment satisfactory to MOI and the Bank, setting forth its commitment to: (i) make available all necessary funds, facilities and other resources for the implementation of its respective Project activities; (ii) enter into an onlending arrangement with MOF in accordance with the provisions of Section 3.02(a) of this Agreement; (iii) implement its Project activities in accordance with the guidelines and procedures set forth in the Project Implementation Plan referred to in paragraph 4 above, in particular in respect of (A) financial management procedures, and (B) cooperation and coordination with the respective Power Company for procurement for and construction of its LV electricity networks; (iv) take all necessary actions to establish LDUs with appropriate legal structure and full legal personality; and (v) upon completion of rehabilitation and expansion of the LV electricity distribution networks and of an evaluation of existing assets, transfer said networks and existing assets to the respective LDUs for their management, operation and maintenance, under financial arrangements acceptable to the Bank which, unless otherwise agreed by the Bank, shall include the terms and conditions set forth in the Annex to this Schedule 4. The onlending instrument between said Project Province and the Recipient, through MOF and DAF, shall reflect the commitments of said Project Province as set forth above. The Recipient shall, through MOF and DAF, exercise its rights under such onlending instrument in such manner as to protect the interests of the Recipient and the Bank, and to accomplish the purposes of the Project, and, except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the onlending instrument with a Project Province or any provision thereof.

(d) said Project Province shall have obtained from each selected commune a confirmation, in form and substance satisfactory to MOI and the Bank, that households within the commune: (i) have been informed of and consulted on the Project, its design, requirements and anticipated benefits; (ii) have agreed to pay for the costs of the new household connections to the LV electricity distribution network; and (iii) have agreed to the replacement of existing meters, at the cost of the Project Province or the relevant LDU, and/or other household connecting equipment which do not comply with technical specifications; and

(e) appraisal by the Bank of Project activities proposed for said Project Province and the selected communes therein has been satisfactorily completed.

7. The Recipient, through MOI, shall cause each Project Province to:

(a) select for participation in the Project only those communes which, unless otherwise agreed by the Bank, meet the following criteria, namely Project activities within said communes have: (i) an economic internal rate of return, calculated in a

manner acceptable to the Bank, of no less than 10%; and (ii) a financial internal rate of return, calculated in a manner acceptable to the Bank, of no less than 2.25%.

(b) enter into financial arrangements acceptable to the Bank with the LDUs of the selected communes for the purposes of the transfer to said LDUs of the LV electricity distribution networks and related assets in such communes; said financial arrangements, unless otherwise agreed by the Bank, shall include the terms and conditions set forth in the Annex to this Schedule 4;

(c) exercise its rights under its financial arrangements with the LDUs in such manner as to protect the interests to the Recipient and the Bank, and to accomplish the purpose of the Project; and except as the Bank shall otherwise agree, not assign, amend, abrogate or waive such arrangements or any provision thereof; and

(d) take all action necessary to enable such LDUs to be and remain financially sustainable in accordance with the provisions of their respective business plans as appraised by the Bank and MOI.

8. The Recipient, through MOF, shall cause DAF to:

(a) prepare and adopt a financial management manual for purposes of Part A of the Project, satisfactory to the Bank; said manual setting forth, inter alia: (i) the flow of funds from MOF through DAF to the Project Provinces; (ii) procedures for disbursement of the portion of Credit proceeds to be made available to the Project Provinces and collection of repayment from the Project Provinces for repayment to the Recipient; and (iii) guidelines and procedures for recording and reporting on the funds disbursed to and collected from the Project Provinces;

(b) appoint a financial officer and two accountants with qualifications and experience satisfactory to the Bank to be responsible for the management of disbursement to and collection from the Project Provinces pursuant to the provisions of the financial management manual referred to in sub-paragraph (a) above; and complete the provision of training for such officer and staff in financial management and disbursement in accordance with the provisions of the financial management manual; and

(c) procure and install a computerized accounting system acceptable to the Bank.

9. Without limitation to the provisions of Section 3.01 (a), the Recipient shall take all action necessary, which may include financial restructuring, promotion of private sector participation, promotion of efficiency and adjustment of tariffs, to enable EVN and the Power Companies to comply with the financial covenants set forth in paragraphs 9, 10 and 11 of Schedule 2 to the Project Agreement.



### **Environment Protection, Resettlement and Ethnic Minorities**

10. The Recipient shall cause the Project Provinces, EVN and the Power Companies to:

(a) implement the Environmental Guidelines and the environmental assessments and environmental management plans prepared pursuant thereto, in a manner satisfactory to the Bank, and designed to ensure that the Project is implemented in accordance with sound environmental practices and standards;

(b) provide to the Bank for its prior approval any revision proposed to be introduced into said Guidelines and any of said environmental management plans in order to achieve their objectives, and thereafter introduce such revision into said Guidelines and plans as shall have been agreed with the Bank; and

(c) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of said Guidelines and plans and the achievement of their objectives.

11. The Recipient shall cause the Project Provinces, EVN and the Power Companies to:

(a) implement the Resettlement Policy Framework in a manner satisfactory to the Bank;

(b) wherever implementation of the Project or any part thereof, would give rise to Displaced Persons, prepare and provide to the Bank for its approval a resettlement plan prepared in accordance with the principles and procedures set forth in said Framework and, thereafter, implement in a manner satisfactory to the Bank, such resettlement plan as shall have been approved by the Bank; and

(c) provide to the Bank for its prior approval any revision proposed to be introduced into said Framework or any of said resettlement plans in order to achieve their objectives, and thereafter introduce such revision into said Framework or said resettlement plans as shall have been agreed with the Bank; and

(d) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of said Framework and said resettlement plans, and the achievement of their objectives.

12. The Recipient shall cause the Project Provinces, EVN and the Power Companies to:

(a) implement the Ethnic Minorities Development Strategy in a manner satisfactory to the Bank, designed to provide meaningful consultation with, and the

informed participation of, ethnic minority groups within the Project area, and to ensure that benefits under the Project are socially and culturally acceptable to such groups;

(b) whenever implementation of the Project or any part thereof would take place in areas where an ethnic minority community reside, prepare and provide to the Bank for its approval an ethnic minorities development plan prepared in accordance with the principles and procedures set forth in said Strategy and with the full participation of such ethnic minority community, designed to ensure that Project activities adequately address the needs, cultural practices and preferences of such community; and, thereafter, implement in a manner satisfactory to the Bank, such ethnic minorities development plan as shall have been approved by the Bank;

(c) provide to the Bank for its prior approval any proposed revision of said Strategy or any of said ethnic minorities development plans, and thereafter introduce such revision into said Strategy or said plans as shall have been agreed with the Bank; and

(d) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Bank, the implementation of said Strategy and said ethnic minorities development plans, and the achievement of their objectives.

### **Monitoring and Reporting**

13. The Recipient shall:

(a) maintain, and cause to be maintained, policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, (i) on or about January 31 and July 31 of each year, beginning January 31, 2006, a semi-annual report, and (ii) on or about January 31, 2008, a mid-term report (in each case integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 13), on the progress achieved in the carrying out of the Project during the period preceding the date of said report (or in the case of the last semi-annual report furnished for each calendar year, during the preceding two calendar semesters) 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 with the Bank, promptly following the date thereof, each report referred to in sub-paragraph (b) of this paragraph 13, and, thereafter, take, and cause to be taken, 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 the said report and the Bank's views on the matter.

**Annex to Schedule 4**

**Terms and Conditions of Financial Arrangements between  
Project Provinces and LDUs**

For purposes of paragraph 7(a) of Schedule 4, financial arrangements to be entered into between a Project Province and an LDU covering a selected commune or communes, shall include the following, unless otherwise agreed by the Bank:

1. The financial arrangements shall consist of a sub-loan and a capital grant, under the following terms and conditions:

(a) the sub-loan shall bear interest at a commercial rate and shall be repaid by the LDU over a period of twenty (20) years without any grace period;

(b) in determining the ratio of sub-loan to capital grant for any particular LDU, the Project Province shall take into consideration the projected costs in the expansion and rehabilitation of the LDU's LV electricity distribution networks and in the management, operation and maintenance thereof, due to topographical constraints, the remoteness of communes and the number of poor households under its coverage;

(c) the sum of the sub-loan and the capital grant shall be equal to the amount on-lent by the Recipient to the Project Province in respect of the rehabilitation and expansion of the LV electricity distribution network under Part A of the Project and transferred by the Project Province to said LDU; and

(d) the ratio of sub-loan to capital grant for any particular LDU shall be such that the notional interest rate over an amount equivalent to the sum of such sub-loan and capital grant shall be no less than one percent (1%) per annum.

2. Each Project Province shall, by written contract, or other appropriate legal means, with each LDU to which said Province has transferred an LV electricity distribution network rehabilitated and/or expanded under Part A of the Project, obtain rights adequate to protect the interests of said Province, the Recipient and the Bank, including the right to require that said LDU undertake to:

(a) manage, operate and maintain said network and conduct all its operations in accordance with sound management, financial, engineering and public utility practices, and environmental and social standards acceptable to the Project Province, the Recipient and the Bank;

(b) maintain adequate records and accounts in respect of said network and all its operations;

(c) enable the Project Province, the Recipient and the Bank to inspect said network and its operations, and any records, accounts and documents related thereto; and

(d) provide all such information as the Project Province, the Recipient and the Bank may reasonably request regarding said network and its operations.

## **SCHEDULE 5**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Category” means Categories (1), (2) and (3) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods and services required for Part E of the Project and to be financed out of the proceeds of the GEF Trust Fund Grant allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and
  - (c) the term “Authorized Allocation” means an amount equal to \$500,000 to be withdrawn from the GEF Trust Fund Grant Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equal to \$300,000 until the aggregate amount of withdrawals from the GEF Trust Fund Grant Account plus the total amount of all outstanding special commitments entered into by the Bank in respect of Part E of the Project pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of \$2,000,000.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
  - (a) For withdrawals of the Authorized Allocation, the Recipient shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
  - (b)
    - (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
    - (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the

basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the GEF Trust Fund Grant Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

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

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

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

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the GEF Trust Fund Grant Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to Part E of the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories for Part E of the Project shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special

Account as of the date of such notice will be utilized in making payments for eligible expenditures.

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

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

(c) The Recipient may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

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