

CONFORMED COPY

CREDIT NUMBERS 3680-VN and 4781-VN

AMENDED AND RESTATED

Project Agreement

(System Efficiency Improvement, Equitization, and Renewables Project)

among

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

VIETNAM ELECTRICITY

NORTHERN POWER CORPORATION

SOUTHERN POWER CORPORATION

and

CENTRAL POWER CORPORATION

Dated August 13, 2010

CREDIT NUMBER 3680-VN and 4781-VN

PROJECT AGREEMENT

AGREEMENT dated August 13, 2010 entered into among INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and VIETNAM ELECTRICITY (EVN), NORTHERN POWER CORPORATION, SOUTHERN POWER CORPORATION, and CENTRAL POWER CORPORATION (collectively, “Project Implementing Entities”) (“Project Agreement”).

WHEREAS the Association had agreed to extend to the Recipient, on the terms and conditions set forth or referred to in the Development Credit Agreement dated October 24, 2002 between the Recipient and the Association, a credit in an amount equivalent to one hundred seventy seven million nine hundred thousand Special Drawing Rights (SDR 177,900,000) (variously, “Original Credit” and “Original Financing”) to assist in financing the project described in Schedule 2 to said Agreement (“Original Project”) (as amended to the date of this Agreement, “Original Financing Agreement”), on the condition that EVN, Power Company No. 1, Power Company No. 2, Power Company No. 3, Power Company Dong Nai, and Power Company Hai Duong agree to undertake such obligations toward the Association as are set forth in the Project Agreement dated October 24, 2002 between the Association and said entities (as amended to the date of this Agreement, “Original Project Agreement”);

WHEREAS the Recipient has requested the Association, and the Association has agreed, to provide additional financing to finance completion of Original Project activities given an unanticipated financing gap, and modified activities included as part of a restructuring given that the Original Financing amount is insufficient to cover such activities; and

WHEREAS SOCIALIST REPUBLIC OF VIETNAM (“Recipient”) and the Association have agreed to enter into a Financing Agreement of same date herewith (“Financing Agreement”) amending and restating the Original Credit Agreement;

NOW THEREFORE the Association and each of the Project Implementing Entities hereby agree to amend and restate the Original Project Agreement as amended to date to read as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Financing 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 Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. Each of the Project Implementing Entities declares its commitment to the objective of the Project. To this end, the Project Implementing Entities shall carry out Parts 1, 2 (a) and (b), and 3 (a) and (b) of the Project as follows, namely, EVN shall carry out Parts 1, 2 (b) (ii) with respect to EVN, and 3 (a) and (b) (i), Northern Power Corporation shall carry out Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Northern Power Corporation, Southern Power Corporation shall carry out Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Southern Power Corporation, and Central Power Corporation shall carry out Parts 2 (a) and (b) (i) and 3 (b) (ii) in its respective coverage area and 2 (b) (ii) with respect to Central Power Corporation, in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services, and other resources required for its Respective Part of the Project.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entities shall otherwise agree, each of the Project Implementing Entities shall carry out implementation of its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. Each of the Project Implementing Entities' Representative is as follows, namely, for EVN, its Director General, and for each of Northern Power Corporation, Southern Power Corporation, and Central Power Corporation, its respective Director.
- 3.02. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

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

3.03. Each of the Project Implementing Entities' Address is:

For EVN:

18 Tran Nguyen Han Street
Hanoi
Socialist Republic of Vietnam

Facsimile:

84-4-824-9462

For Northern Power Corporation:

20 Tran Nguyen Han Street
Hanoi
Socialist Republic of Vietnam

Facsimile:

84-4-825-5074
84-4-934-3798

For Southern Power Corporation:

72 Hai Ba Trung Street
District I, Ho Chi Minh City
Socialist Republic of Vietnam

Facsimile:

84-8-829-9680

For Central Power Corporation:

393 Trung Nu Vuong Street
Danang
Socialist Republic of Vietnam

Facsimile:

84-511-625-071

AGREED at Hanoi, Vietnam, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Alain Barbu

Authorized Representative

VIETNAM ELECTRICITY

By: /s/ Dinh Quang Tri

Authorized Representative

NORTHERN POWER CORPORATION

By: /s/ Do Nguyet Anh

Authorized Representative

SOUTHERN POWER CORPORATION

By: /s/ Pham Ngoc Le

Authorized Representative

CENTRAL POWER CORPORATION

By: /s/ Thai Van Thang

Authorized Representative

SCHEDULE

Execution of the Project Implementing Entities' Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

EVN

1. EVN shall be responsible for the overall coordination and supervision of the Project Implementing Entities' Respective Parts of the Project.
2. EVN shall maintain, or cause to be maintained, throughout Project implementation, the NPPMB, the SPPMB, the CPPMB, and the DSM Board, all with an institutional framework, functions, and resources satisfactory to the Association, including competent personnel in adequate numbers, as shall be required for the implementation of EVN's Respective Part of the Project.
3. EVN shall be responsible for the coordination, implementation, and monitoring and evaluation of Part 1 (a) (i) and (ii) of the Project through the NPPMB, the SPPMB, and the CPPMB in their respective coverage areas, and Part 1 (b) of the Project through the DSM Board.

Other Project Implementing Entities

4. Each of Northern Power Corporation, Southern Power Corporation, and Central Power Corporation shall maintain, throughout Project implementation, a Project management unit, with an institutional framework, functions, and resources satisfactory to the Association, including competent personnel in adequate numbers, as shall be required for implementation of its Respective Part of the Project.
5. Each of Northern Power Corporation, Southern Power Corporation, and Central Power Corporation shall be responsible for the coordination, implementation, and monitoring and evaluation of its Respective Part of the Project through its respective Project management unit.

B. Anti-Corruption

Each of the Project Implementing Entities shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient.

C. Plan

1. Each of the Project Implementing Entities shall carry out its Respective Part of the Project in accordance with the provisions of the Project Implementation Plan, and, except as the Association shall otherwise agree in writing, none of the Project Implementing Entities shall assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. In the event of any conflict between the provisions of such Plan, and those of this Agreement, the latter shall prevail.

D. Safeguards

1. Each of the Project Implementing Entities shall carry out its Respective Part of the Project in accordance with the provisions of the Environmental Guidelines for Transmission and Distribution Subprojects, the EIAs, any environmental management plans, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, the RAPs, any additional resettlement action plans, the Policy Framework for Ethnic Minorities Development Plan, the EMDPs, and any additional ethnic minorities development plans, and, except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.
2. Wherever required in terms of the Environmental Guidelines for Transmission and Distribution Subprojects, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, or the Policy Framework for Ethnic Minorities Development Plan, the Recipient shall, for the purposes of any Transmission and Distribution Subproject, and prior to implementation thereof, proceed to have an environmental management plan, a resettlement action plan, and / or an ethnic minorities development plan, as the case may be,
 - (a) prepared in form and substance satisfactory to the Association,
 - (b) except as otherwise agreed with the Association, submitted to the Association for review and approval, and
 - (c) thereafter, adopted and locally disclosed.

3. Each of the Project Implementing Entities shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Environmental Guidelines for Transmission and Distribution Subprojects, the EIAs, any environmental management plans, the Policy Framework for Compensation, Resettlement, and Rehabilitation of Project Affected Persons, the RAPs, any additional resettlement action plans, the Policy Framework for Ethnic Minorities Development Plan, the EMDPs, and any additional ethnic minorities development plans, providing details of:
 - (a) measures taken in furtherance of such instruments;
 - (b) any conditions which interfere or threaten to interfere with the smooth implementation of such instruments; and
 - (c) remedial measures taken or required to be taken to address such conditions.
4. In the event of a conflict between the provisions of any such instrument and those of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) Each of the Project Implementing Entities shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar year, and shall be furnished to the Recipient not later one (1) month after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Association of the overall Project Report.

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

No.	Indicator
1.	Transmission losses (Percentage)
2.	Number of interruptions in 220 and 500 kV lines (Times / year / 100 kilometers)
3.	Average duration of interruptions in 500 and 220 kV lines (Minutes / year)
4.	Reduction in carbon dioxide emissions (Tons)
5.	Installation of financial management information systems in Project Implementing Entities
6.	Distribution losses (Percentage)
7.	Number of interruptions in 110 kV lines (Times / year / 100 kilometers)
8.	Average duration of interruptions in 110 kV lines (Minutes / year)
9.	Increase in capacity of small hydroelectric power plants targeted under the Original Project
10.	Improved capacity of EVN to plan and finance investments
11.	Provision of training to twenty (20) EVN staff
12.	Establishment of corporate planning units at EVN and its transmission subsidiary

2. Each of the Project Implementing Entities shall provide to the Recipient not later than nine (9) months before the Closing Date, for incorporation in the report referred to in Section 4.08 (c) of the General Conditions, all such information as the Recipient or the Association shall reasonably request for the purposes of such Section.

B. Financial Management, Financial Reports and Audits

1. Each of the Project Implementing Entities shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the respective Project Implementing Entity, including the operations, resources, and expenditures related to its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, each of the Project Implementing Entities shall prepare and furnish to the Association, not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for its Respective Part of the Project covering the quarter, in form and substance satisfactory to the Association.
3. Each of the Project Implementing Entities shall have its financial statements referred to in paragraph 1 above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one (1) fiscal year of the respective Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

Section III. Procurement

All goods, works, and services required for the Project Implementing Entities' Respective Parts of the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.

Section IV. Other Undertakings

A. Annual Work Plans and Budgets

Each of the Project Implementing Entities shall:

- (a) no later than November 30 of each year, furnish to the Association for approval the annual work plan and budget for its Respective Part of the Project for the following year of Project implementation, of such scope and detail as the Association shall have reasonably requested, including a list of proposed transmission and distribution lines and related substations, feasibility studies for such lines and substations, including technical details, a budget and information as to funding sources, and a procurement plan, and confirmation of preparation of any required environmental management plans, resettlement action plans, and ethnic minorities development plans; and
- (b) thereafter, ensure that its Respective Part of the Project is carried out in accordance with such plan and budget as approved by the Association.

B. Annual Reviews

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

C. EVN Development Program

EVN shall, no later than December 31 of each year, furnish to the Association for review and comment a report on progress during the preceding 12-month period in the implementation of its ten-year program, and associated five-year implementation and financing plans, designed to efficiently expand and develop its power generation and transmission systems (EVN Development Program).