H.E. U Kyaw Win  
Union Minister for Planning and Finance  
Ministry of Planning and Finance  
Building Number 26  
Naypyidaw, Myanmar

Re: IDA Financing No. 5306-MM  
(Republic of the Union of Myanmar – Electric Power Project)  
Amendment Letter no. 2 to the Financing Agreement

Excellency:

We refer to the Financing Agreement dated October 12, 2013 (the “Financing Agreement”) between the Republic of the Union of Myanmar (the “Recipient”) and the International Development Association (the “Association”), pursuant to which the Association extended an SDR 92,600,000 Credit to the Recipient for the financing of the above captioned project (the “Project”), as amended. In this letter amendment, all terms appearing with a first capital letter shall have the meaning ascribed to them in the Financing Agreement, as amended, unless the context requires otherwise.

We also refer to your letter dated October 23, 2017 from the Director General of the Treasury Department, Ministry of Planning and Finance, asking the Association to amend the Financing Agreement to better align its provisions with the contractual timeline for construction and commissioning of the new combined cycle gas-fired power plant at Thaton and facilitate the completion of technical assistance and advisory services under the Project.

We are pleased to inform you that after due consideration the Association proposes to amend the Financing Agreement as follows:

1. Section I.C of Schedule 2 to the Agreement is deleted in its entirety and a new Section I.C is introduced to read as follows:

   “C. Safeguards

   1. The Recipient shall (and shall cause EPGE to) ensure that the Project is carried out in accordance with the Safeguard Documents.”
2. The Recipient shall not (and shall cause EPGE not to) assign, amend, abrogate or waive, or permit to be assigned, amended, abrogated or waived, any of the Safeguard Documents, unless the Association has provided its prior approval thereof, and the Recipient has complied with the same consultation and disclosure requirements as applicable to the original adoption of the said instruments.

3. In the event of any conflict between the provisions of this Agreement and the provisions of any of the Safeguard Documents, the provisions of this Agreement shall prevail.

4. The Recipient shall (and shall cause EPGE to) ensure that as part of the implementation of any of the Safeguard Documents: (a) free, prior and informed consultations on the expected environmental and social impacts of the Project are carried out with Indigenous Peoples in the Project area, in a manner satisfactory to the Association; (b) not later than six (6) months after the Effective Date, a grievance redressal mechanism for Indigenous Peoples in the Project area is developed and thereafter maintained throughout the period of Project implementation, in a manner satisfactory to the Association; (c) not later than six (6) months after the Effective Date, an environment, health and safety management system for the existing and the new facilities at the Thaton plant, including health and safety measures and guidelines, is developed and thereafter maintained throughout the period of Project implementation, in a manner satisfactory to the Association; (d) absent any specific environment, health safety measures or guidelines developed for the existing and the new facilities at the Thaton plant, the Project is carried out, in accordance with relevant provisions of the WBG EHS Guidelines; and (e) the operation of the existing facilities of Thaton gas turbine station is limited to periods of maintenance of the new combined cycle gas turbine plant, or situations of emergencies.

5. The Recipient shall (and shall cause EPGE to) ensure that: (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention will be given to said policies and laws.

6. Without limitation to the provisions of Section II.A of this Schedule 2, the Recipient shall (and shall cause EPGE to) take all measures necessary on its part to regularly collect, compile, and submit to the Association a written report, in form and substance acceptable to the Association, containing information on the status of compliance with any of the Safeguard Documents and giving details of:

(a) the measures taken in accordance with any of the Safeguard Documents;

(b) conditions, if any, which interfere or threaten to interfere with the implementation of any of the Safeguard Documents;

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

(d) outcome of any free, prior and informed consultations on the expected environmental and social impacts of the Project with Indigenous People in the Project area; and
(c) the status, as well as the environmental, health, safety and social impacts and mitigation measures thereof, of any operation of the existing Thaton gas turbine station."

2. Section II.A(1) of Schedule 2 to the Agreement is amended to read as follows:

"1. The Recipient shall (and shall cause EPGE to) monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover a period of six (6) months (April through September and October through March), and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report."

3. Section IV.B.2 of Schedule 2 to the Agreement is amended to read as follows:

"2. The Closing Date is April 30, 2019."

4. Annex 1 to Schedule 2 (Performance Indicators) to this Agreement is deleted in its entirety.

5. In the Appendix to the Financing Agreement, the following definitions are added:

"7. "Environment and Social Management Plan (2017)" or "ESMP (2017)" means, collectively, the Recipient’s document for the Project entitled “Environmental and Social Management for Thaton Combined Cycle Gas Turbine (CCGT) Power Plant – Abbreviated Resettlement Action Plan (ARAP) and Environmental Management Plan of the water pipelines and transmission lines” and dated October 2017 and its Public Consultation Report of the same date, each agreed with the Association, which provide a technical description of the Project; as well as an assessment of its social baseline and guidelines for its resettlement management including an abbreviated resettlement action plan; an environmental management plan; and a description of the Project’s grievance redressing mechanism; as said plan may be modified from time to time with the prior agreement of the Association, and such term includes any schedules or annexes to such plan."

"16. “Safeguard Documents” means, collectively, the ESA, the ESMP, the ESMP (2017) as well as any other plan, guidelines and/or document to be adopted thereunder."

6. All definitions in the Appendix are renumbered as needed further to the additions above.

Except as specifically amended herein, all other provisions of the Financing Agreement shall remain in full force and effect.

Please indicate your agreement to this amendment by countersigning, dating and returning to us one original of this letter. Upon receipt by the Association of the countersigned letter, this amendment shall become effective as of the date of your countersignature of the letter.
Yours sincerely,

[Signature]

Gevorg Sargsyan
Acting Country Director
Myanmar, Cambodia, Lao PDR
East Asia and Pacific Region

Consented and agreed
Republic of the Union of Myanmar

By:
Name: Daw Si Si Pyone
Title: Director General
      Treasury Department
      Ministry of Planning and Finance

Date: 19.1.2018

Cc:
- H.E. U Win Khaing, Union Minister, Ministry of Electricity and Energy (MOEE)
- H.E. U Maung Maung Win, Deputy Minister, Ministry of Planning and Finance (MOPF)
- H.E. U Set Aung, Deputy Minister, MOPF
- H.E. Dr. Tun Naing, Deputy Minister, MOEE
- U Kyi Moe Naing, Chairman, Electricity and Energy Development Committee
- U Tun Tun Naing, Permanent Secretary, MOPF
- U Tin Maung Oo, Permanent Secretary, MOEE
- Daw Nwe Nwe Win, Director General, Budget Department, MOPF
- Daw Mi Mi Khaing, Director General, Department of Electric Power Planning, MOEE
- U Myint Oo, Deputy Director General, Department of Electric Power Planning, MOEE
- U Khin Maung Win, Managing Director, Electric Power Generation Enterprise, MOEE
- U Oo Htun Hlaing, Deputy Director General, Foreign Economic Relations Department, MOPF
- U Khin Maung Lay, Deputy Managing Director, Electric Power Generation Enterprise, MOEE
- U Than Naing Oo, Chief Engineer, Electric Power Generation Enterprise, MOEE
- Mr. Andin Hadiyanto, Executive Director for Myanmar, World Bank Group