Financing Agreement

(AMENDING AND RESTATING DEVELOPMENT CREDIT AGREEMENT)

(Second Rural Energy Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 9, 2009
FINANCING AGREEMENT

AGREEMENT dated July 9, 2009, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association").

WHEREAS, for purposes of the Project, the Association had agreed to extend to the Recipient a Credit in an amount in various currencies equivalent to one hundred fifty-one million one hundred thousand Special Drawing Rights (SDR 151,100,000) (the “Original Credit”) on the terms and conditions set forth or referred to the Development Credit Agreement dated June 17, 2005 between the Recipient and the Association (as amended to the date of this Agreement, “the Original Credit Agreement”);

WHEREAS, the Recipient has requested the Association to provide additional financial assistance to: (A) address a financing gap and enable completion of Project activities in respect of one thousand two hundred (1200) communes; and (B) in order to scale up the impact of the Project, extend Project activities to about three (300) hundred additional communes;

WHEREAS, the Recipient is receiving assistance in the amount of five million two hundred fifty thousand US dollars ($5,250,000) from the resources of the Global Environment Facility in the financing of Part E of the Project under the terms and conditions set forth in the Co-financing Agreement; and

WHEREAS, the Association has agreed to extend such additional financial assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Original Credit Agreement to read 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) an amount in various currencies equivalent to one hundred fifty-one million one hundred thousand Special Drawing Rights (SDR 151,100,000) (variously, the “Original Credit” or “Original Financing”); and

(b) an amount in various currencies equivalent to one hundred thirty-three million eight hundred thousand Special Drawing Rights (SDR 133,800,000) (variously, the “Additional Credit” or “Additional Financing”);

(the Original Credit together with the Additional Credit, the “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (the “Project”)

2.02. The Recipient may withdraw the proceeds of the Original Credit and of the Additional Credit 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 Balance of each of the Original Credit and the Additional Credit 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 of each of the Original Credit and the Additional Credit shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are:

(a) in respect of the Original Credit: April 15 and October 15 in each year; and

(b) in respect of the Additional Credit: April 15 and October 15 in each year.
2.06. The principal amount of the Original Credit and the principal amount of the Additional Credit shall be repaid in accordance with the repayment schedule set forth in Section I and Section II, respectively, of 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 carry out Part A of the Project through the Project Provinces, and Part E of the Project through the Ministry of Industry and Trade; and shall cause Parts B, C and D of the Project to be carried out by the Project Implementing Entities in accordance with the provisions of Article IV of the General Conditions and the Project Agreement.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional 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 any of the Project Implementing Entities to perform its respective obligations under the Project Agreement.
ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Legal Matter consists of the following, namely that 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.

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

5.03. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

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

6.02. The Recipient’s Address is:

State Bank of Vietnam
49 Lý Thái Tông
Hà Nội
Socialist Republic of Vietnam

Cable: VIETBANK
Telex: 412248
Facsimile: (84-4) 3 82 50 612
Hanoi NHTWVT
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 248423 (MCI) (1-202) 477-6391
Washington, D.C.

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

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Victoria Kwakwa

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Nguyen Van Giau

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve access to good quality, affordable electricity services to rural communities in the Project Provinces in an efficient and sustainable manner, to support Vietnam’s efforts toward socio-economic development.

The Project consists of the following parts:

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 1,500 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 this 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 this 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 this 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 programs 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.

4. Audit of Project Accounts for Parts A and E of the Project.
Annex to Schedule 1

List of Project Provinces

Bắc Giang
Bình Định
Cà Mau
Cao Bằng
Điện Biên
Hà Nam
Hà Nội
Hà Tĩnh
Hải Dương
Hoà Bình
Hưng Yên
Lai Châu
Lào Cai
Nghệ An
Phú Thọ
Phú Yên
Quảng Bình
Quảng Nam
Quảng Ngãi
Thái Bình
Thái Nguyên
Thanh Hóa
Thừa Thiên – Huế
Vĩnh Phúc
Yên Bái
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

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 and Trade, with representation from, inter alia, the Office of Government, the Ministries of Finance, 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 MOIT 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 Association.

2. For purposes of Part A of the Project, the Recipient shall, through MOIT, establish and, thereafter throughout the period of Project implementation, maintain a Project Implementation Group under the Project Management Board of MOIT, 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 Association.

3. To guide the implementation of the Project, the Recipient, through MOIT in cooperation with EVN and the Power Companies, shall prepare and implement a Project Implementation Plan satisfactory to the Association; 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

B. On Lending Arrangements. Subsidiary Loan Agreements

1. For purposes of Part A of the Project, the Recipient shall, through MOF and VDB, make portions of the amount of the Financing available to the Project Provinces for their Respective Parts of the Project, under terms and conditions and onlending instruments acceptable to the Association, which shall include the following:

(a) each Project Province shall repay to the Recipient, through MOF, the principal amount thus made available to it over a term of twenty (20) years including a grace period of five (5) years;

(b) the principal amount so made available to each Project Province and outstanding from time to time shall bear interest at a rate of one percent (1%) per annum; and

(c) the principal amount to be repaid by each Project Province shall be the equivalent in Vietnamese Dong (determined as of the date or dates respectively of withdrawal from the Original Credit Account or the Additional Credit Account, or of payment out of a Designated Account, as the case may be) of the value of currency or currencies so withdrawn or paid out in respect of the portion of the Original Credit and/or the Additional Credit made available to said Project Province.

2. For purposes of Parts B, C and D of the Project, the Recipient shall make available to the Power Companies for purposes of their Respective Parts of the Project, portions of the proceeds of the Financing; under subsidiary loan agreements to be entered into between the Recipient, through MOF, and said Power Companies, under terms and conditions which shall have been approved by the Association and which shall include the following:

(a) the principal amount of the Subsidiary Loan repayable by each Power Company shall be the equivalent in Dollars (determined as of the date, or respective dates of withdrawal from the Original Credit Account or, as the case may be, from the Additional Credit Account) of the value of the currency or currencies withdrawn from either the Original Credit Account or the Additional Credit Account;

(b) each Power Company shall repay its respective Subsidiary Loan over a term of twenty-five (25) years, including a grace period of seven (7) years;
interest at the rate of one percent (1%) per annum shall be charged on the principal amount of the Subsidiary Loan outstanding from time to time; and

(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 Loan so made available and not withdrawn from time to time;

Provided, however, that the Recipient shall not make available to a Power Company any amount of the Additional Credit until the Subsidiary Loan Agreement between the Recipient, through MOF, and such Power Company has been revised in a manner satisfactory to the Association to reflect the availability of the Additional Credit.

3. The Recipient shall exercise its rights under each onlending arrangement with a Project Province and each Subsidiary Loan Agreement with a Power Company in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing, and, except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of the onlending arrangements with the Project Provinces or any of the Subsidiary Loan Agreements with the Power Companies, or any provision thereof.

C. Implementation Arrangements for LV Systems in Selected Communes

1. (a) For purposes of Part A of the Project, by October 1 of each year, the Recipient, through MOIT in cooperation with EVN and the Power Companies, shall prepare and furnish to the Association 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 Association and are ready to be implemented in the next succeeding calendar year, pursuant to the provisions of Paragraph C.2 of this Section I, Schedule 2 to this Agreement; (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 C.1, Section I, Schedule 2 to this Agreement, shall only begin and be financed under the Financing after the Association has reviewed the selection of the communes, the results of
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their appraisal and the program of work, and has communicated its no-
objection to the Recipient.

2. For purposes of Part A of the Project, the Recipient shall, through MOF and VDB, make a portion of the proceeds of the Original Credit and/or of the Additional Credit available to each Project Province in accordance with the provisions of Paragraph B.1, Section I, Schedule 2 to this 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; (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 Association, who have completed training in financial management and disbursement satisfactory to the Association, and provided with sufficient resources, all in a manner satisfactory to the Association; and (iii) an accounting system satisfactory to the Association;

(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 Framework, 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 Association, in accordance with the Environmental Guidelines;

(c) said Project Province shall have provided to MOIT a letter of commitment satisfactory to MOIT and the Association, setting forth its commitment to: (i) make available all necessary funds, facilities and other resources for the implementation of its Respective Part of the Project; (ii) enter into an onlending arrangement with MOF in accordance with the provisions of Paragraph B.1, Section I, Schedule 2 to this Agreement; (iii) implement its Respective Part of the Project in accordance with the guidelines and procedures set forth in the Project Implementation Plan referred to in Paragraph A.3, Section I, Schedule 2
to this Agreement, 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, for the purposes of their management, operation and maintenance, transfer said networks and existing assets to the respective LDUs, or to the respective Power Company in the event the relevant LDU does not meet a financial sustainability threshold acceptable to the Recipient and the Association, such transfer to be carried out under financial arrangements acceptable to the Association which, unless otherwise agreed by the Association, shall include the terms and conditions set forth in Annex 1 to this Schedule 2; the onlending instrument between said Project Province and the Recipient, through MOF and VDB, shall reflect the commitments of said Province as set forth above;

(d) said Project Province shall have obtained from each selected commune a confirmation, in form and substance satisfactory to MOIT and the Association, 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 Association of Project activities proposed for said Project Province and the selected communes therein has been satisfactorily completed.

3. The Recipient, through MOIT, shall cause each Project Province to:

(a) select for participation in the Project only those communes which, unless otherwise agreed by the Association, 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 Association, of no less than 10%; and (ii) a financial internal rate of return, calculated in a manner acceptable to the Association, of no less than 2.25%;

(b) enter into financial arrangements acceptable to the Association with the LDUs of the selected communes or, as the case may be, with the relevant Power Company, for the purposes of the transfer to said LDUs, or to said Power Company, of the LV electricity distribution networks and related
assets in such communes; said financial arrangements, unless otherwise agreed by the Association, shall include the terms and conditions set forth in the Annex 1 to this Schedule 2;

(c) exercise its rights under its financial arrangements with the LDUs, or as the case may be, with the relevant Power Company, in such manner as to protect the interests to the Recipient and the Association, and to accomplish the purpose of the Project; and except as the Association 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 to remain financially sustainable in accordance with the provisions of their respective business plans as appraised by the Association and MOIT.

4. The Recipient, through MOF, shall cause VDB to:

(a) implement the provisions of a financial management manual for purposes of Part A of the Project, satisfactory to the Association; said manual setting forth, inter alia: (i) the flow of funds from MOF through VDB to the Project Provinces; (ii) procedures for disbursement of the portion of proceeds of the Financing 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 (2) accountants with qualifications and experience satisfactory to the Association 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 Association.

D. Anti-Corruption

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

1. 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 Association, and designed to ensure that the Project is implemented in accordance with sound environmental practices and standards;

   (b) provide to the Association 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 Association; and

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

2. 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 Association;

   (b) wherever implementation of the Project or any part thereof, would give rise to Displaced Persons, prepare and provide to the Association 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 Association, such resettlement plan as shall have been approved by the Association;

   (c) provide to the Association 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 Association; and

   (d) maintain policies and procedures adequate to enable them to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said Framework and said resettlement plans, and the achievement of their objectives.
3. The Recipient shall cause the Project Provinces, EVN and the Power Companies to:

(a) implement the Ethnic Minorities Development Framework in a manner satisfactory to the Association, 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 resides, prepare and provide to the Association 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 Association, such ethnic minorities development plan as shall have been approved by the Association;

(c) provide to the Association 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 Association; and

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of 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 one (1) month 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, in respect of Parts A and E of the Project, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for said Parts of the Project covering the quarter, in form and substance satisfactory to the Association, consolidating therein the information provided by the Project Provinces.

3. The Recipient shall have its Financial Statements in regard to Parts A and E of the Project audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
Section III. Procurement

A. General

1. **Goods 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 “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 ("Procurement Guidelines") and with the provisions of this Section; provided that, goods and works for which the procurement process was initiated prior to May 21, 2009 may be procured in accordance with the requirements set forth or referred to in Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Additional Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) and with the provisions of this Section; provided that, consultants’ services for which the procurement process was initiated prior to May 21, 2009 may be procured in accordance with the requirements set forth or referred to in Section I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.

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 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:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding, subject to the additional procedures set forth</td>
</tr>
<tr>
<td>in Annex 2 to this Schedule 2</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
</tbody>
</table>

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 of 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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b) Single Source Selection</td>
</tr>
<tr>
<td>(c) Individual Consultants</td>
</tr>
<tr>
<td>(d) Least Cost Selection</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

1. 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) all contracts for goods procured on the basis of International Competitive Bidding;

   (b) all contracts for goods estimated to cost the equivalent of $150,000 or more;

   (c) all contract for works procured under National Competitive Bidding procedures estimated to cost the equivalent of $300,000 or more and, for each Project Province, the first contract for works procured under
National Competitive Bidding procedures regardless of the value thereof; and

(d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more, and each contract for consultants’ services provided by individual consultants estimated to cost the equivalent of $50,000 or more.

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 Original Credit and of the Additional Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Financing Allocated (expressed in SDR)</th>
<th>Amount of the Additional Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Under Part A of the Project</td>
<td>22,436,576.83</td>
<td>--------</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Under Part B of the Project</td>
<td>4,077,889.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) Under Part C of the Project</td>
<td>903,405.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d) Under Part D of the Project</td>
<td>1,786,919.02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(2) Goods:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Under Part A of the Project</td>
<td>21,501,768.26</td>
<td>100%</td>
</tr>
<tr>
<td>(b) Under Part B of the Project</td>
<td>8,293,187.12</td>
<td></td>
</tr>
<tr>
<td>(c) Under Part C of the Project</td>
<td>524,902.96</td>
<td></td>
</tr>
<tr>
<td>(d) Under Part D of the Project</td>
<td>2,339,105.44</td>
<td></td>
</tr>
</tbody>
</table>

(3) Consultants’ services under Parts E.1(a) and E.4 of the Project

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,214.69</td>
<td>100%</td>
</tr>
</tbody>
</table>

(4) Goods and works under the Project; and consultants’ services under Parts E.1 (a) and E.4 of the Project

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89,221,030.56</td>
<td>100%</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>151,100,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

(a) with respect to amounts of the Original Credit, on account of payments made prior to the date of the Original Credit Agreement, except that withdrawals may be made on account of payments made prior to said date but on or after September 2, 2004, for Eligible Expenditures up to an aggregate amount not to exceed: (i) the equivalent of SDR 2,000,000, for Categories (1)(a) and (2)(a) under Part A of the Project; (ii) the equivalent of SDR 700,000, for Categories (1)(b) and (2)(b) under Part B of the Project; (iii) the equivalent of SDR 700,000, for Categories (1)(c) and (2)(c) under Part C of the Project; (iv) the equivalent of SDR 500,000, for Categories (1)(d) and (2)(d) under Part D of the Project; and (v) the equivalent of SDR 100,000, for Category (3) under Parts E.1(a) and E.4 of the Project; or
2. The Closing Date is June 30, 2014.

Section V. **Other Undertakings**

1. 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 6, 7 and 8 of the Schedule to the Project Agreement.
Annex 1 to Schedule 2

Terms and Conditions of Financial Arrangements between

Project Provinces and LDUs

For purposes of Paragraph C.3(b), Section I, Schedule 2 to this Agreement, 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 Association:

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 Association, 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 Association;
   
   (b) maintain adequate records and accounts in respect of said network and all its operations;
(c) enable the Project Province, the Recipient and the Association 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 or the Association may reasonably request regarding said network and its operations.
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 “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 holds less than fifty percent of the shares are eligible to participate, provided that the procuring entity or investment owner does not own shares (or represent the Government's shares) in the enterprise and the Governing Board and management team are autonomous from the procuring entity and the investment owner. 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 Bulletin 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 work 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 Bulletin 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.
### SCHEDULE 3

**Repayment Schedule**

**Section I: The Original Credit**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing April 15, 2015 to and including October 15, 2024</td>
<td>1%</td>
</tr>
<tr>
<td>commencing April 15, 2025 to and including October 15, 2044</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Section II: The Additional Credit**

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each April 15 and October 15:</td>
<td></td>
</tr>
<tr>
<td>commencing October 15, 2019 to and including April 15, 2029</td>
<td>1%</td>
</tr>
<tr>
<td>commencing October 15, 2029 to and including April 15, 2049</td>
<td>2%</td>
</tr>
</tbody>
</table>

* The percentages represent the percentage of the principal amount of the Original Credit and of the Additional Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.
APPENDIX

Section I. Definitions

1. “Additional Credit Account” means the Credit Account in respect of the Additional Credit.


3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. “Co-financing” means an amount of $5,250,000 provided by International Bank for Reconstruction and Development, acting as an Implementing Agency of the Global Environment Facility (GEF) to assist in financing Part E of the Project.


7. “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.


9. “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 Part of the Project, 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.
10. “Environmental Guidelines” means the guidelines adopted by MOIT through Decision 1805/QĐ-BCT dated April 10, 2009, and by EVN through Instruction 1388/EVN-KD dated April 10, 2009, 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 E.1, Section I of Schedule 2 to this Agreement and in paragraph C.1, Section I of the Schedule to the Project Agreement; as said Guidelines may be amended from time to time with the prior concurrence of the Association. Said Environmental Guidelines replaces the Environmental Guidelines dated March 8, 2004, adopted by MOIT through Decision 2249/QD-NLDK dated August 26, 2004 and by EVN through Instruction 4329/CV-EVN-KD & DNT dated September 1, 2004.

11. “Environmental Management Plan” means each plan, satisfactory to the Association, 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 E.1, Section I of Schedule 2 to this Agreement and in paragraph C.1 of the Schedule to the Project Agreement, which sets out the environmental protection measures in respect of said Project activities, 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 prior concurrence of the Association.

12. “Ethnic Minorities Development Framework” means the framework dated March, 2009, adopted by MOIT through Decision 1805/QĐ-BCT dated April 10, 2009, and by EVN through Instruction 1388/EVN-KD dated April 10, 2009, satisfactory to the Association, referred to in paragraph E.3, Section I of Schedule 2 to this Agreement and in paragraph C.3, Section I of the Schedule 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 Framework may be revised from time to time with the prior concurrence of the Association. Said Framework replaces the Ethnic Minorities Development Strategy previously adopted by MOIT through Decision No.2249/QD-NLDK of August 26, 2004, and by EVN through Instruction 4329/CV-EVN-KD &DNT dated September 1, 2004.

13. “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 Framework (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.

14. “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.


16. “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 Power Companies.

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

18. “LDU” means a local electricity distribution utility.


20. “MOF” means the Borrower’s Ministry of Finance, and any successor thereto.


22. “MV” means medium voltage.

23. “Original Credit Account” means the Credit Account in respect of the Original Credit.

24. “Original Credit Agreement” means the Development Credit Agreement (Second Rural Energy Project – Credit Number 4000-VN) dated June 17, 2005 between the Recipient and the Association, as amended to the date of this Agreement, and includes all schedules and agreements supplemental thereto.

25. “Original Project Agreement” means the Project Agreement (Second Rural Energy Project – Credit Number 4000-VN and GEF Trust Fund Grant Number TF054464-VN) dated June 17, 2005 between the Association, the Bank acting as an Implementing Agency of the Global Environment Facility, EVN, PC1, PC2 and PC3, and includes all schedules and agreements supplemental thereto.

26. “PC1” means Power Company No. 1, a fully owned subsidiary of EVN, established and operating pursuant the PC1 Charter, and any successor thereto.
27. “PC1 Charter” means the Charter of PC1 dated April 7, 1995, as amended to the date of this Agreement.

28. “PC2” means Power Company No. 2, a fully owned subsidiary of EVN, established and operating pursuant to the PC2 Charter, and any successor thereto.

29. “PC2 Charter” means the Charter of PC2 dated April 28, 1995, as amended to the date of this Agreement.

30. “PC3” means Power Company No. 3, a fully owned subsidiary of EVN, established and operating pursuant to the PC3 Charter, and any successor thereto.

31. “PC3 Charter” means the Charter of PC3 dated June 17, 1995, as amended to the date of this Agreement.

32. “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.


34. “Procurement Plan” means the procurement plan for the Project, consisting of: (i) the Recipient’s procurement plan for Part E of the Project; (ii) PC1’s procurement plan for Part B of the Project; (iii) PC2’s procurement plan for Part C of the Project; (iv) PC3’s procurement plan for Part D of the Project; and (v) the respective procurement plans of the Project Provinces for the Low Voltage electricity grid networks under Part A of the Project; in each case covering the initial eighteen (18) month period (or longer) of implementation of said Parts 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.

35. “Project Agreement” means the Amended and Restated Project Agreement of even date herewith between the Association, 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.

36. “Project Implementing Entity” means each of EVN, PC1, PC2 and PC3; and “Project Implementing Entities” means, collectively, all of said Entities.

37. “Project Provinces” means the Provinces listed in Annex 1 of Schedule 1 to this Agreement, as said list may be modified from time to time by mutual agreement between the Recipient and the Association.
38. “Resettlement Plan” and “RP” mean the action plan, satisfactory to the Association, 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 referred to in paragraph E.2, Section I of Schedule 2 to this Agreement and in paragraph C.2 of the Schedule 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 said Project Province’s Respective Part of the Project 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 Association.

39. “Resettlement Policy Framework” means the Framework dated March 8, 2004, approved by the Recipient through the Prime Minister’s Decision 864/QD-Ttg of August 10, 2004, and adopted by MOIT through Decision 2249/QD-NLDK 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 E.2, Section I of Schedule 2 to this Agreement and in paragraph C.2 of the Schedule 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.

40. “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.

41. “Subsidiary Loan Agreement” means each of the agreements referred to in paragraph B.2, Section I of Schedule 2 to this Agreement pursuant to which the Recipient, through MOF, shall make part of the proceeds of the Financing available to each of the Power Companies.

42. “VDB” means Vietnam Development Bank, established and operating pursuant to the Prime Minister’s Decision 108/2006/QĐ-Ttg of May 19, 2006.