ATF GRANT NUMBER TF013456-VN

Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam Project Agreement

(Distribution Efficiency Project)

among

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT / INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Australian Trust Fund for the AusAID-World Bank Strategic Partnership in Vietnam

VIETNAM ELECTRICITY

NORTHERN POWER CORPORATION
SOUTHERN POWER CORPORATION
CENTRAL POWER CORPORATION
HANOI POWER CORPORATION

and

HO CHI MINH CITY POWER CORPORATION

Dated November 8, 2012
ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entities declares their commitment to the objectives of the Project. To this end, the Project Implementing Entities shall carry out the Power Corporations’ Respective Parts of the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services, and other resources required for the Power Corporations’ Respective Parts of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entities shall otherwise agree, the Project Implementing Entities shall carry out the Power Corporations’ Respective Parts of the Project in accordance with the provisions of the Schedule to this Agreement. For greater clarity and the avoidance of doubt, it is noted that an amendment to this Agreement affecting only the Respective Part of the Project of one (1) or more Project Implementing Entities may be agreed in writing.
between the World Bank and the relevant Project Implementing Entity or Entities.

ARTICLE III — REPRESENTATIVES; ADDRESSES

3.01. The Project Implementing Entities' Representatives are as follows, namely, for Vietnam Electricity, its President and Chief Executive Officer, and for each of Northern Power Corporation, Southern Power Corporation, Central Power Corporation, Hanoi Power Corporation, and Ho Chi Minh City Power Corporation, its respective General Director.

3.02. The World Bank’s Address is:

International Bank for Reconstruction and Development /
International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: INTBAFRAD
Telex: 248423(MCI) or 1-202-477-6391
Facsimile: 64145(MCI)

3.03. The Project Implementing Entities’ Addresses are:

For Vietnam Electricity:

18, Tran Nguyen Han Street
Hanoi
Vietnam

Facsimile:

84-4-2220-1386

For Northern Power Corporation:

20, Tran Nguyen Han Street
Hanoi
Vietnam

Facsimile:

84-4-825-5074
For Southern Power Corporation:

72, Hai Ba Trung Street
District 1
Ho Chi Minh City
Vietnam

Facsimile:

84-8-829-9680

For Central Power Corporation:

393, Trung Nu Vuong Street
Hai Chau District
Da Nang
Vietnam

Facsimile:

84-511-362-5071

For Hanoi Power Corporation:

69, Dinh Tien Hoang Street
Hanoi
Vietnam

Facsimile:

84-4-2220-0899

For Ho Chi Minh City Power Corporation:

Ho Chi Minh City Power Corporation
35, Ton Duc Thang Street
Ben Nghe Ward
District 1
Ho Chi Minh City
Vietnam

Facsimile:

84-8-2220-1155
84-8-2220-1166

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
/INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as an implementing entity of the Clean Technology Fund

By

[Signature]
Authorized Representative
Name: Victoria Kwasuwa
Title: Country Director

VIETNAM ELECTRICITY

By

[Signature]
Authorized Representative
Name: Nguyen Tan Loc
Title: Vice President
NORTHERN POWER CORPORATION

By

Authorized Representative

Name: Do Nguyen Anh
Title: Deputy General Director

SOUTHERN POWER CORPORATION

By

Authorized Representative

Name: Pham Ngoc Le
Title: Deputy General Director

CENTRAL POWER CORPORATION

By

Authorized Representative

Name: Thai Van Thang
Title: Deputy General Director
HANOI POWER CORPORATION

By

Authorized Representative

Name: Bui Duy Dung
Title: Deputy General Director

HO CHI MINH CITY POWER CORPORATION

By

Authorized Representative

Name: Pham Quoc Bao
Title: Vice President / Deputy General Director
SCHEDULE

Execution of the Power Corporations’ Respective Parts of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements

Vietnam Electricity

1. Vietnam Electricity shall be responsible for the overall coordination of the Power Corporations’ Respective Parts of the Project, including coordination with the Recipient and the World Bank.

Power Corporations

2. The Power Corporations shall be responsible for the coordination, implementation, and monitoring and evaluation of their Respective Parts of the Project through project management units.

3. To this end, the Power Corporations shall maintain, throughout Project implementation, the project management units referred to in the preceding paragraph, with an institutional framework, functions, and resources, including competent personnel in adequate numbers, satisfactory to the World Bank for this purpose.

B. Anti-Corruption

The Project Implementing Entities shall ensure that the Power Corporations’ Respective Parts of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Project Operations Manual

1. The Project Implementing Entities shall:
   (a) ensure that the Power Corporations’ Respective Parts of the Project are carried out in accordance with the Project Operations Manual; and
   (b) except as the World Bank shall otherwise agree in writing, not 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 a conflict between the provisions of the Project Operations Manual and those of this Agreement, the latter shall govern.
D. Annual Work Plans and Budgets

The Power Corporations shall:

(a) furnish to the World Bank for review and approval as soon as available, but in any case not later than October 31 of each year, the annual work plan and budget for their Respective Parts of the Project for each subsequent year of Project implementation, of such scope and detail as the World Bank shall have reasonably requested, except for the annual work plan and budget for their Respective Parts of the Project for the first year of Project implementation, which shall be furnished not later than one (1) month after the Effective Date; and

(b) thereafter ensure that their Respective Parts of the Project are carried out in accordance with such plan and budget as agreed with the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Power Corporations shall monitor and evaluate the progress of their Respective Parts of the Project and prepare Project Reports for their Respective Parts of the Project in accordance with the provisions of Section 2.06 (b) (i) of the Standard Conditions and on the basis of the indicators set forth below in subparagraph (b) of this paragraph. Each such Project Report shall cover the period of one (1) calendar year, and shall be furnished to the Recipient and Vietnam Electricity not later one (1) month after the end of the period covered by such report for incorporation in and forwarding by the Recipient to the World Bank of the overall Project Report.

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

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<th>No.</th>
<th>Indicator</th>
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<td><strong>Project Objectives</strong></td>
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<td>1. Reliability of electricity supply, as evidenced by the following for each of the Power Corporations' in the Project area, calculated in accordance with the methodology set forth in the Vietnam Distribution Code:</td>
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<td>(a) system average interruption duration index</td>
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<td>(b) system average interruption frequency index</td>
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### 2. Quality of electricity supply

Quality of electricity supply, as evidenced by each of the Power Corporations' voltage excursion outside +/−5% in relation to 110 Kilovolt and medium voltage transformers in the Project area.

### 3. Total distribution losses

Total distribution losses, as evidenced by each of the Power Corporations' losses in the Project area.

### 4. Consumption reduction

Consumption reduction in relation to advanced metering infrastructure system customers of each of Northern Power Corporation, Central Power Corporation, Hanoi Power Corporation, and Ho Chi Minh City Power Corporation relative to business as usual.

### 5. Avoided greenhouse gas emissions


### Part C.2 of the Project

### 6. Progress in provision of technical assistance

Progress in provision of technical assistance to the Power Corporations.

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2. The Power Corporations shall provide to the Recipient not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 2.06 (c) of the Standard Conditions all such information as the Recipient or the World Bank shall reasonably request for the purposes of that Section.

**B. Midterm Review**

The Project Implementing Entities shall:

(a) participate in the review referred to in Section II.B (a) of the Schedule to the Grant Agreement;

(b) prepare and furnish to the Recipient and the World Bank, at least one (1) month before such review, a report, in scope and detail satisfactory to the World Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Part A.1 (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of such report 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 jointly with the Recipient and the World Bank the report referred to in the preceding paragraph and thereafter take 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 such report and the Recipient’s and the World Bank’s views on the matter.

C. Financial Management, Financial Reports and Audits

1. The Power Corporations shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Power Corporations, including the operations, resources, and expenditures related to their Respective Parts of the Project.

2. Without limitation on the provisions of Part A of this Section, the Power Corporations shall prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for their Respective Parts of the Project covering the quarter, in form and substance satisfactory to the World Bank.

3. The Power Corporations shall have their financial statements referred to above in paragraph 1 of this Part C audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of the Power Corporations. The Power Corporations shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient, the World Bank, and Vietnam Electricity not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

4. The Power Corporations shall, not later than twelve (12) months after the Effective Date:

(a) adopt a financial model, including an operational manual, in form and substance satisfactory to the World Bank, for the carrying out of financial analysis and planning and the establishment of key financial performance indicators; and

(b) carry out training of their core financial staff in relation to such model in a manner satisfactory to the World Bank.
Section III. **Procurement**

All services required for the Power Corporations' Respective Parts of the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of the Schedule to the Grant Agreement.