AID 1330-1
(6-64)

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PROJECT AGREEMENT

BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND THE DIRECTORATE GENERAL FOR BUDGET AND FOREIGN AID (DGBFA)

AN AGENCY OF THE GOVERNMENT OF VIETNAM

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

[X] PROJECT DESCRIPTION ANNEX A
[X] FOREIGN CURRENCY STANDARD PROVISIONS ANNEX
[X] STANDARD PROVISIONS ANNEX
[X] USAID/GVN Standard PROVISIONS ANNEX

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

	DATE
[ ] GENERAL AGREEMENT FOR TECHNICAL COOPERATION	
[ ] ECONOMIC COOPERATION AGREEMENT	
[ ] (other)	

1. PROJECT/ACTIVITY NO. 730-12-220-379
PAGE 1 OF 1 PAGES
2. AGREEMENT NO. 69-177
3. [ ] ORIGINAL OR REVISION NO. 1
4. PROJECT/ACTIVITY TITLE: Provincial & Rural Electrification
5. PROJECT DESCRIPTION AND EXPLANATION (See Annex A attached)
6. AID APPROPRIATION SYMBOL: 72-1191006
7. AID ALLOTMENT SYMBOL: 956-50-730 00 79 91

8. AID FINANCING [ ] DOLLARS [ ] LOCAL CURRENCY	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
(a) Total	$829,300	$290,000		$1,119,300
(b) Contract Services Personnel Services	375,000			375,000
(c) Commodities - Contract	25,000			25,000
(c) Commodities - Direct	429,300	290,000		719,300
(d) Other Costs				
9. COOPERATING AGENCY FINANCING - DOLLAR EQUIVALENT $1.00= VN$118				
(a) Total T/F	VN$ 257,457*			VN$ 257,457
(a) Total EOV Revenues	VN$10,000,000**			VN$10,000,000
(b) Technical and other Services T/F	257,457			257,457
(b) Technical and other Services EOV Revenues	10,000,000			10,000,000
(c) Commodities				
(d) Other Costs				

10. SPECIAL PROVISIONS (Use Additional Continuation Sheets, if Necessary)

*To supplement the funding originally provided under PIO/Ts 730-379-3-80332, 730-356-3-70701, and 430-295-3-60345 for Contract No. AID-430-2159-T with Lyons Associates Inc. (see accompanying PIO/T 730-379-3-90822).

**To provide local cost support for new contract services (see accompanying PIO/T 730-379-3-9190823).

11. DATE OF ORIGINAL AGREEMENT	12. DATE OF THIS REVISION	13. ESTIMATED FINAL CONTRIBUTION DATE
May 30, 1969	June 30, 1969	December 31, 1971

14. FOR THE COOPERATING GOVERNMENT OR AGENCY
SIGNATURE: [signature] DATE: June 30-69
TITLE: Director of Foreign Aid

15. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE: John R. Hossler DATE: 30 June 1969
TITLE: A/ Director, USAID

Director General of Electricity of Vietnam

Minister of Public Works, Communications and Transportation

See the original Project Agreement and add/revise the following:

I. BACKGROUND

Add the following:

The French utilities did not encourage growth and the number of customers did not increase rapidly during their control. "Reselling," the practice by which metered customers sell power to neighbors at excessive prices with none of the excess going to the utility, did increase, particularly with the post-French shortage of metering equipment, until today its prevalence is draining dramatic amounts of revenue. There is an enormous demand for power in the provinces (in part encouraged by U.S. policy) surpassing even that of Saigon: applications in the 33 EOV cities are expected to triple next year. Remaining stocks of lines, meters, and similar distribution material are critically low or exhausted, and EOV cannot practically procure abroad. The old French 6600 v distribution lines are inadequate and need to be converted to 15 kv. International financing so urgently required is unavailable since information on the utility operations is not yet available in proper form and for a long enough time to substantiate the ability to repay required by normal banking facilities.

This agreement concludes U.S. funding of this project.

II. PURPOSE

Add the following to the first paragraph:

A secondary purpose is to enable EOV to get a start on solving its distribution problem, the result of unprecedented demand for power in the provinces concurrent with lack of foreign exchange for procurement of critical distribution equipment, and thus permit U.S. financial support to terminate. The five-year U.S. concentration on generation and transmission gives EOV the capacity to meet that demand, and leaves distribution-to-consumer alone as the missing link in realizing consumer impact from the USAID investment in this project, as well as in meeting the ability-to-pay requirements for international financing.

Add the following after paragraph E:

F. Supply by end of FY 70 a token amount of watt-hour meters (first such procurement in several years) for judicious distribution to 10,000

households selected for maximum pacification impact and to cities requiring replenishment of exhausted stocks, as pilot attempt to satisfy some of the demand with newly-installed generating and transmission capacity until 1971 when EOV may have foreign exchange.

G. Procure 16,000 connectors by end of FY 70 for interconnections between existing copper distribution lines and new or rehabilitated aluminum lines, and 20,000 feet of steel guy wire.

H. Convert inadequate French 6600v lines to 15 kv with 185 kilometers of new kv distribution line and accessories, specifications for which will be available, and procurement begin, in October 1969. Funding for this item originally programmed in FY 70 was advanced to permit termination of U.S. project funding in FY 69.

III. RESPONSIBILITIES

A. GVN

Add the following after paragraph E:

o. Exert every effort to obtain foreign exchange by end of FY 70 for meeting future load growth, so that out-of-country procuremen can be funded as required with EOV revenues and/or resources.

p. Seek arrangements by end of CY 71 to obtain exemption from the petty taxes and licenses, including import duties, substituting instead a one-collection payment, such as a flat percentage income tax.

q. Reorganize EOV storerooms, including cataloguing, numbering, relocating, inventorying, and evaluating all materials, and establish proper plant accounting, particularly in the pricing and appropriate accounting of meters and transformers, as necessary first step toward international financing.

r. Collect, evaluate, and distribute data on finances, electric power demand, and stock levels in each EOV affiliate by end of FY 70, and consolidate records for all 33 EOV cities into one Saigon location by end of FY 71, in order to substantiate the ability to repay required by normal banking facilities.

s. Vigorously discourage and police unauthorized "reselling" and unmetered taps into secondary lines,

t. Transfer all EOV customers having two or more meters to a one-meter basis as meters-in-use are replaced, i.e., the newly-adopted practice in Saigon.

u. Distribute the metering equipment funded under this agreement in such manner as to:

1) Utilize newly-installed generating capacity, i.e., Vung Tau, Can Tho, Qui Nhon, Long Xuyen, Cam Ranh City.
2) Extend to 1971 the capability of each of the 33 EOV cities to expand distribution
3) Maximize pacification impact on consumers.

v. Procure 500 industrial meters for developmental purposes when availability of foreign exchange permits.

w. Determine requirements, i.e., location, kilometers, for the 185 kilometers of 15 kv distribution line to replace French-installed 6600v line, by October 1969 by which time USAID must subobligate the funds obligated for this purpose under this agreement and initiate procurement, and in such a manner as to maximize assistance wherever possible areas beset by large refugee problems.

B. USAID to

Replace paragraph 3 with the following:

3. Provide not to exceed $719,300 worth of commodities for use on the project. Details of this are incorporated in PIO/C Nos:

PIO/C No	OLP		Cost	Freight	Item
9190824	340/69	EPS-69-1PC	$259,400	$17,600	Transformers, insulators
9190825	343/69	EPS-69-1PW	30,000	-	Open-end; pole hardware
9190826	438/69	EP-69-3PC	139,900	28,100	Replace omitted materials
* 9191062	673/69	EPS 69-4PC	90,000	8,000	Meters, connectors, wire
* (Waiver: order Oct. 1969)			200,000	20,000	185 km distribution line

* Funded under this revision Total: 719,300

Note: Freight costs of $73,700 will be charged to a mission-wide PIO/C covering these costs for capital assistance commodities.

Waiver: Under the authority granted to the Director, USAID, in M.O.712.4, para III, A., 3.a., it is considered in the interest of the U.S. government to obligate $220,000 of the funds provided herein without the concurrent issuance of the subobligating PIO/C. Delay in its issuance is required for refinement of requirements and specifications by EOV (see para II-H and III-A-v above), in order to terminate U.S. project funding in FY 69. This waiver is granted for a maximum period of six months and the PIO/C must be submitted for signature within six months from the effective date of this Revision shown in Block 12 on the Face Sheet.

IV. GENERAL

Amend the last line of paragraph C to read:

"..... a period of 36 months from the effective date of this document."

Replace paragraph D with the following:

D. The Financial Plan attached hereto may be modified, within the limitation of total funds hereby approved, by agreement between the Project Manager and the Project Representative provided that no funding category is increased by more than 20 percent.

All other terms and conditions of the original Project Agreement remain the same.

FINANCIAL PLAN

A. U.S. Dollar Funding:

During FY 1969, availability of funds permitting, AID will provide the following funds for this project:

Expenditures	Project Amount	Freight	Commodity Total
Direct Hire technician	$ 39,000	$ -	
Training contract: personnel	375,000	-	
Training contract: training aids	25,000	-	
Transformers, insulators for rehab 307 Km line	259,400	17,600	$277,000
Poles hardware to reinstall Thu Duc-Phu Cuong Line	30,000	-	
Materials omitted during FY 66 procurement	139,900	28,100	168,000
Replenish stocks distrib items: meters, conductors	90,000	8,000	98,000
185 km of 15-kv line to convert from 6½ kv	200,000	20,000	220,000
Total:	$ 1,158,300	$73,700	$763,000
Add freight costs to be added next year to project total:	73,700		
Total AID investment in project FY 69:	$ 1,232,000		

(For itemized details of $400,000 two-year training contract, such as salary scales, overhead, home office costs, travel costs, training aids breakdown, etc., see PIO/T 730-379-3-9190823.)

B. GVN Piaster Budget:

Piaster funding for this project in FY 1969 will be provided by:

1. CY 68 EOV Revenues:

Two-year training contract, local costs .....VN$ 10,000,000

Living Allowances (138 mos x VN$35,000)	VN$4,830,000	
Secretary	650,000	
Field per diem	1,300,000	
Miscellaneous	3,220,000	

2. CY 69 EOV Budgetary Sources:

A. Locally-available materials, i.e., power cable, conductors, accessories, for rehabilitation of 307 km distribution line 22,000,000

B. Locally-available subsidiary materials in adequate quantities to supplement USAID- and MACV-procured poles and electric hardware in reinstallation of the 15,000 V line from Thu Duc to Phu Cuong ..... Precise Requirement currently unknown

C. CY 69 Trust Fund:

Reimbursement of overrun in local costs, in order to terminate Lyons Associates Contract No. AID-430-2159-T 257,457

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

TO

VIET-NAM

PROJECT DOCUMENT APPROVAL FORM

Division PUBLIC WORKS Date Typed June 22, 1969

Project No. 730-12-220-379

Title Provincial & Rural Electrification

Original Project Agreement [ ]

Revision No. 1 [X] - 69-177

PROGRAM OFFICE — 6/26/69 DATE

PROJECT TECHNICIAN — 6/27/69 DATE

AD/FINANCIAL MGMT — 6/27/69 DATE

DIVISION CHIEF — 6-27-69 DATE