CREDIT NUMBER 6036-VN

Financing Agreement

(Support for Autonomous Higher Education Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 29, 2018

CREDIT NUMBER 6036-VN

FINANCING AGREEMENT

AGREEMENT dated June 29, 2018, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree 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 credit in an amount equivalent to one hundred fourteen million three hundred thousand Special Drawing Rights (SDR 114,300,000) ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the 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 Financing Balance 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 15 and November 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out: (a) Parts 2.1, 2.2 and 2.3 of the Project through the Ministry of Education and Training (MOET); and (b) Parts 1.1, 1.2, 1.3 and 2.4 of the Project through the relevant Participating University in accordance with the provisions of Article IV of the General Conditions.

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 — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Project Operations Manual has been duly adopted by the Ministry of Education and Training.

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

4.03. 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 V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Facsimile:

(84-4) 3825 0612

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:

1-202-477-6391

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

SOCIALIST REPUBLIC OF VIETNAM

By _____
Authorized Representative

Name: Le Minh Hung

Title: Governor

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Authorized Representative

Name: Ousmane Dione

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to improve research, teaching, and institutional capacity at selected autonomous universities and strengthen the national higher education management system.

The Project consists of the following parts:

Part 1: Improved research, teaching and institutional management capacity at three autonomous universities

1.1. Hanoi University of Science and Technology (HUST). Carrying out of a program of activities to improve research, teaching and institutional management capacity at HUST through, *inter alia*:(a) construction of new building(s) within the existing campus to improve the teaching and research environment; (b) upgrading equipment for teaching, research and institutional management; (c) provision of support to enhance teaching, research and institutional management capacities; (d) provision of support for accreditation activities; (e) provision of training to lecturers and researchers; (f) provision of research grants and student financial support; and (g) provision of Project management support.

1.2. Vietnam National University of Agriculture (VNUA). Carrying out of a program of activities to improve research, teaching and institutional management capacity at VNUA through, *inter alia:* (a) construction of new building(s) and surrounding infrastructures within the existing campus to improve the teaching and research environment; (b) upgrading equipment for teaching, research and institutional management; (c) provision of support to enhance teaching, research and institutional management capacities; (d) provision of support for accreditation activities; (e) formation of research groups, peer reviewers and research week; (f) provision of research grants, student financial support and development of joint research programs; and (g) provision of Project management support.

1.3. Industrial University of Ho Chi Minh City (IUH). Carrying out of a program of activities to improve research, teaching and institutional management capacity at IUH through, *inter alia*: (a) construction of new building(s) on new campus to improve the teaching and research environment; (b) upgrading equipment for teaching, research and institutional management; (c) provision of support to enhance teaching, research and institutional management capacities; (d) provision of support for accreditation activities; (e) provision of training to lecturers and

researchers; (f) provision of research grants and student financial support; and (g) provision of Project management support.

Part 2: Strengthened National Higher Education Management System and e-Library establishment

2.1. Strengthening the national accreditation system. Improving management and tracking systems for independent regional centers to conduct institutional and program accreditation processes.

2.2. Support for policy analysis for sustainable higher education financing and autonomy. Development of policies for sustainable financing of universities and for equitable access to tertiary education, including knowledge sharing on the implementation of the autonomy agenda.

2.3 Development of the Higher Education Management Information System (HEMIS). Development of a centralized online management information system to inform policy analysis and decision making in higher education.

2.4 Support for the establishment of an e-Library. Development of electronic learning resources and systems for universities to improve their teaching and research capacity.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall, through MOET, maintain the Projects Management Board (PMB) with functions, composition, staffing and resources acceptable to the Association, to be responsible for: (a) overall monitoring and guiding progress under the Project, including consolidating annual work plans, progress and thematic reports prepared by each Participating University; and (b) carrying out Parts 2.1, 2.2 and 2.3 of the Project, including preparing annual work plans, procurement plan(s), financial plan(s), and regular, progress and thematic reports.

2. The Recipient shall, through each Participating University, maintain an University Project Management Unit (U-PMU) with functions, composition, staffing and resources acceptable to the Association, to be responsible for: (a) the day-to-day implementation, management, monitoring and evaluation of the relevant Participating University's Respective Part of the Project; (b) coordination with the PMB for technical support of the Project activities; and (c) preparing annual work plans, procurement plan(s), financial plan(s) and regular, progress and thematic reports for the Participating University's Respective Part of the Project.

B. Project Operations Manual

1. The Recipient shall, through MOET and each Participating University, carry out the Project in accordance with a Project Operations Manual (POM) satisfactory to the Association setting forth guidelines and procedures for the implementation of the Project, including: (a) technical components; (b) monitoring and evaluation arrangements; (c) environmental and social safeguards compliance; (d) policies, procedures and requirements under the Project in regard to financial management, flow of funds, definition of roles and responsibilities, internal control and reconciliation, record keeping, reporting and auditing; (e) guidelines and procedures for procurement consistent with the Procurement Regulations and the Procurement Plan, as well as the allocation of roles and responsibilities for procurement review and approval; (f) an integrity action plan; and (g) performance indicators.

2. The Recipient shall not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said POM or any part thereof, without the prior written agreement of the Association.

C. Annual Work Plans

1. The Recipient shall, through MOET and each Participating University, prepare and furnish to the Association for its no-objection not later than November 30 of each calendar year during the implementation of the Project (or such later date as the Association may agree), an annual work plan for each Respective Part of the Project and Eligible Expenditures proposed to be included in the Respective Part of the Project in the following calendar year, including a specification of the sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Part E of this Schedule.

2. The Recipient shall, through MOET and the Participating Universities, thereafter implement in a manner satisfactory to the Association such annual work plans as shall have been agreed with the Association.

D. Subsidiary Agreement

1. To facilitate the carrying out of the relevant Participating University's Respective Part of the Project, the Recipient shall make part of the proceeds of the Credit available to each Participating University under a subsidiary agreement between the Recipient, represented by MOF and the respective Participating University ("Subsidiary Agreement"), under terms and conditions acceptable by the Association.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

E. Safeguards

1. The Recipient shall carry out the Project, in accordance with the Safeguards Instruments in a manner and substance satisfactory to the Association.

2. The Recipient shall, through IUH:

   (a) take all necessary actions to avoid or minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently;

   (b) where the acquisition of land or assets or the displacement of people is unavoidable, before initiating the implementation of any works which

would result in such acquisition or displacement, make available to such people compensation and, as applicable, relocate and rehabilitate the Displaced Persons in accordance with the RPF and the Resettlement Action Plan(s), and in a manner satisfactory to the Association; and

(c) whenever required in terms of the RPF, proceed to have RAP(s): (i) prepared in form and substance satisfactory to the Association; (ii) except as otherwise agreed with the Association, submitted to the Association for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such additional resettlement action plan or plans in accordance with their terms and in a manner acceptable to the Association.

3. The Recipient shall ensure that all land acquisition required for the purposes of carrying out works under the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for these purposes, including: (a) all land acquisition required for the purposes of carrying out the Project; (b) resettlement and rehabilitation payments to Displaced Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.

4. The Recipient, through the Participating Universities, shall:

(a) carry out the Project, in accordance with the Environmental and Social Management Plans, including Environmental Codes of Practice, as the case may be, and in a manner acceptable to the Association; and

(b) ensure that each contract for works under the Project includes the obligations of the work contractors and any sub-contractor to comply with the relevant provisions of the Environmental and Social Management Plans, as the case may be.

5. The Recipient, through MOET and the Participating Universities, shall ensure, that all terms of references for any studies or technical assistance carried out under the Project are consistent with, and pay due attention to, the Association's Safeguards Policies.

6. The Recipient, through MOET and the Participating Universities, shall:

(a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Safeguard Instruments or any provision of any one thereof, without the prior written agreement of the Association; and

(b) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the Safeguard Instruments.

7. In case of any inconsistency between the provisions of any of the Safeguard Instruments and this Agreement, the provisions of this Agreement shall prevail.

8. Without limitation to the provisions of paragraph 1 of Section II.A of this Schedule 2, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, and promptly in a separate report whenever the circumstances warrant, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

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

F. Anti-Corruption

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

Section II. <u>Project Monitoring, Reporting and Evaluation</u>

A. Project Reports

1. The Recipient shall, through MOET and the Participating Universities, 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 the indicators acceptable to the Association, and set forth in the Project Operations Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall, through MOET and the Participating Universities: (a) on or about the date thirty (30) months after the Effective Date, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Part A, and setting out the measures recommended to ensure the continued efficient

carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Association such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or 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, the Recipient, through MOET, shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for Parts 2.1, 2.2 and 2.3 of the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient, through MOET, shall have its Financial Statements 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 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.

4. Notwithstanding the provisions of paragraph 1-3 above, the Recipient, through MOET, MARD and MOIT, shall cause the relevant Participating University to:

   (a) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Participating University, including the operations, resources and expenditures related to the Participating University's Respective Part of the Project;

   (b) without limitation on the provisions of Part A of this Section, prepare and furnish to the Recipient and Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Participating University's Respective Part of Project covering the semester, in form and substance satisfactory to the Association;

   (c) have its financial statements referred to above audited by independent auditors acceptable to the Association, in accordance with consistently

applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Participating University; and

(d) ensure that the audited financial statements for each period shall be: (i) furnished to the Recipient and the Association not later than six (6) months after the end of the fiscal year of the Participating University; and (ii) made publicly available in a timely fashion and in a manner acceptable to the Association.

Section III. Procurement

All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Credit shall be procured in accordance with the requirements set forth or referred to in the Procurement Regulations and the provisions of the Procurement Plan.

Section IV. Withdrawal of the Proceeds of the Credit

A. General

1. The Recipient may withdraw the proceeds of the Credit 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 "Disbursement Guidelines for Investment Project Financing" dated February 2017, 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 Credit ("Category"), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consulting services and non-consulting services for Part 1 of the Project	103,200,000	100%
(2) Goods, consulting services and non-consulting services for Part 2 of the Project	11,100,000	100%
TOTAL AMOUNT	**114,300,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 740,000 may be made for payments made prior to this date but on or after March 31, 2017, for Eligible Expenditures.

2. The Closing Date is December 31, 2022.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2022 to and including May 15, 2032	**1.65%**
commencing November 15, 2032 to and including May 15, 2042	**3.35%**

* The percentages represent the percentage of the principal amount of the 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. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

2. "Association's Safeguards Policies" means the operational policies and procedures for financing of development projects by the Association at the date of this Agreement and relating to Environmental Assessment, Natural Habitats, Pest Management, Indigenous Peoples (Ethnic Minorities), Physical Cultural Resources, Involuntary Resettlement, Forests, Safety of Dams, Projects on International Waterways, and Projects in Disputed Areas, as published under www.WorldBank.org/opmanual.

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

4. "Displaced Persons" means persons who, on account of implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

5. "Environmental Codes of Practice" or "ECOPs" means the standardized requirements and practices referred to in paragraph 4(a) Section I.E of Schedule 2 to this Agreement, included in the Environmental and Social Management Plans to be followed by the Recipient in the implementation of Project activities to ensure compliance with certain environmental aspects of the Project, as said environmental codes of practice may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such codes of practice.

6. "Environmental and Social Management Plans" or "ESMPs" means the plans acceptable to the Association, referred to in paragraph 4(a) Section I.E.3 of Schedule 2 to this Agreement, dated January 2017, and approved by HUST, VNUA and IUH; which set forth the specific actions, measures and policies designed to maximize the benefit of the respective activities under the Project, as well as eliminate, offset or mitigate any adverse environmental and social impacts, or reduce such impacts to acceptable levels, along with administrative and

monitoring arrangements to ensure the implementation of said actions, measures and policies, as said ESMPs may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

7. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

8. "Hanoi University of Science and Technology" or the acronym "HUST" means the university established pursuant to Decision Number 147/ND, dated March 6, 1956, issued by the Ministry of Education and Training, as amended thereof, or any successor thereto.

9. "Industrial University of Ho Chi Minh City" or the acronym "IUH" means the university established pursuant to Decision Number 214/2004/QD-TTg, dated December 24, 2004, issued by the Recipient's Prime Minister, as amended thereof, or any successor thereto.

10. "MARD" means the Recipient's ministry of agriculture and rural development, or any successor thereto.

11. "MOET" means the Recipient's ministry of education and training, or any successor thereto.

12. "MOF" means the Recipient's ministry of finance, or any successor thereto.

13. "MOIT" means the Recipient's ministry of industry and trade, or any successor thereto.

14. "National Economic University" or the acronym "NEU" means the university established pursuant to Decision Number 678/TTg, dated January 25, 1956, issued by the Recipient's Prime Minister, as amended thereof, or any successor thereto.

15. "Participating Universities" means collectively, the Recipient's universities of Hanoi University of Science and Technology (HUST), Vietnam National University of Agriculture (VNUA), Industrial University of Ho Chi Minh City (IUH) and the National Economic University (NEU), or such other university selected by the Recipient as agreed with the Association; and "Participating University" means any of said Participating Universities.

16. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 12, 2017, and provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Association.

17. "Procurement Regulations" means the "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016.

18. "Projects Management Board" or "PMB" means the unit established within MOET, pursuant to Decision Number 2969/QD-BGDDT, dated August 24, 2016, and referred to in paragraph 1of Section I.A of Schedule 2 to this Agreement; or any successor thereto.

19. "Project Operations Manual" or "POM" means the manual referred to in Section I.B of Schedule 2 to this Agreement, prepared and to be adopted by the Recipient, through MOET, as agreed with the Association for the purpose of Project implementation, as the same may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

20. "Resettlement Action Plan" or "RAP" means, collectively, the resettlement action plan acceptable to the Association, dated May 22, 2017, adopted by Ho Chi Minh City's People's Committee, and any additional resettlement action plans, acceptable to the Association, to be prepared and adopted in accordance with the RPF, as referred to in paragraph 2(b) of Section I.E of Schedule 2 to this Agreement; which set forth principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation of Displaced Persons under Part 1.3 of the Project, in accordance with the guidelines and procedures set forth in the RPF, as said plans may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

21. "Resettlement Policy Framework" or "RPF" means the policy framework for resettlement and land acquisition acceptable to the Association, referred to in paragraph 2(b) of Section I.E of Schedule 2 to this Agreement, dated April 20, 2017, adopted by Ho Chi Minh City's People's Committee; which sets forth principles for formulating entitlements and/or support for affected households, mitigation measures, grievance redress mechanisms, monitoring and evaluations of resettlement activities, budget and implementation arrangements, including capacity building through training, to carry out the acquisition of land and related assets under Part 1.3 of the Project and compensation, resettlement, support and livelihoods rehabilitation of Displaced Persons, and the preparation of RAPs during the implementation of the Project, as said RPF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

22. "Respective Part of the Project" means, (a) Parts 1 and 2.4 of the Project to be implemented by the Participating Universities, as follows: (i) Part 1.1 by HUST; (ii) Part 1.2 by VNUA; (iii) Part 1.3 by IUH; and (iv) Part 2.4 by NEU; and (b) Parts 2.1, 2.2 and 2.3 of the Project to be implemented by MOET.

23. "Safeguards Instruments" means, collectively, the Environmental and Social Management Plans, the Environmental Codes of Practice, the Resettlement Policy Framework and the Resettlement Action Plan(s).

24. "Subsidiary Agreements" means, the agreements referred to in Section I.D of Schedule 2 to this Agreement pursuant to which the Recipient, through MOF shall make part of the proceeds of the Credit available to the Participating Universities; and "Subsidiary Agreement" means any of such Subsidiary Agreements.

25. "University Project Management Unit" or "U-PMU" means each unit to be maintained by each Participating University in accordance with the provisions of paragraph 2 of Section I.A of Schedule 2 to this Agreement.

26. "Vietnam National University of Agriculture" or the acronym "VNUA" means the university established pursuant to Decision Number 53-NL-QT-ND, dated October 12, 1956, issued by MARD, as amended thereof; or any successor thereto.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

2. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

3. The Appendix is modified by inserting a new paragraph.32 with the following

definition of "Interest Charge", and renumbering the subsequent paragraphs accordingly:

> "32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b)."

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).