CREDIT NUMBER 5441-VN

Financing Agreement

(Health Professionals Education and Training for Health System Reforms Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 17, 2014

CREDIT NUMBER 5441-VN

FINANCING AGREEMENT

AGREEMENT dated July 17, 2014, 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 sixty eight million six hundred thousand Special Drawing Rights (SDR 68,600,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 1 and November 1 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 objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Health 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

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

4.04. 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

Cable address:	Telex:	Facsimile:
VIETBANK	412248	(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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

SOCIALIST REPUBLIC OF VIETNAM

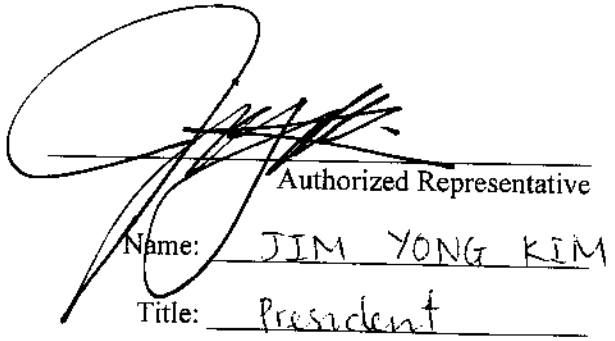
By 

Authorized Representative

Name: NGUYEN VAN BINH

Title: Governor
State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative

Name: JIM YONG KIM

Title: President

SCHEDULE 1

Project Description

The objectives of the Project are to improve the quality of health professionals education, strengthen management competencies of the Recipient in the health sector, and improve the competencies of primary health care teams at the grass-roots level.

The Project consists of the following:

Part 1: Improving the Quality of Health Professionals Education

(a) Improving the Quality Assurance System of Health Professionals Education: (i) establishment of standards for health professionals education; (ii) establishment of a quality assurance council within MOH; and (iii) provision of support to said quality assurance council to set up a peer review assessment system and a standardized examination system.

(b) Supporting Measures to Meet the Standards of Health Professionals Education: provision of Grants to selected health professionals education and training institutions to scale up their performance and achieve the national standards established under Part 1(a) of the Project.

Part 2: Strengthening Management Competencies in the Health Sector

(a) Strengthening Health Management Training: provision of support to Hanoi School of Public Health and Ho Chi Minh City Institute of Public Health to strengthen their capacity in health management training, including: (i) training of trainers, and health managers and officials; (ii) minor renovation and repair of existing facilities; (iii) provision of training equipment, office equipment and furniture; (iv) development of training materials; and (v) enhancement of health management learning resources.

(b) Improving Policy Making in Human Resources for Health: (i) carrying out of studies, dissemination, and knowledge exchange activities leading to the improvement of the policy environment for the human resources in the health sector; and (ii) launching of a pilot program to improve the distribution of human resources for the health sector in disadvantaged areas, including: (A) carrying out of physician needs assessment(s) in the targeted disadvantaged areas, (B) carrying out of information campaigns to relevant stakeholders, and (C) provision of support to selected teaching institutions and/or hospitals to encourage freshly graduated and/or trained physicians to volunteer to work in the disadvantaged areas.

Part 3: Improving Competencies of Primary Health Care Teams at the Grass-roots Level

(a) Training Primary Health Care Teams at the Grass-roots Level: (i) carrying out of needs assessment and curriculum review and development; (ii) provision of support to selected training institutions to carry out training to health professionals in primary health care through a combination of long-term and short-term modular training courses and on-the-job training; and (iii) provision of support for an independent organization to carry out post training evaluation of the primary health care teams' performance.

(b) Improving Trained Primary Health Care Teams Access to Basic Equipment According to the National Benchmarks: provision of laboratory and medical equipment and furniture to primary health care teams and clinical training sites.

Part 4: Project Implementation Support and Coordination

Provision of support for Project management activities, including supervision, procurement, financial management, disbursement, audit, and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain within MOH and throughout the implementation of the Project, a Central Project Management Unit under the direction of qualified management, provided with sufficient resources, and staffed with competent personnel in adequate numbers, with qualifications, experience and under terms of reference acceptable to the Association. The CPMU will be responsible for the overall management and coordination of the Project, and monitoring and evaluation of Project achievements and impacts.

2. Prior to commencing the respective activities under Parts 2 and 3(a) of the Project, the Recipient shall cause the CPMU and each of the Institutional Beneficiaries to: (a) enter into one or more Memorandum of Understanding(s) in form and substance satisfactory to the Association for the purpose of implementing the respective activities of the Project; (b) carryout the Project in accordance with the provisions of said MOU(s); and (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said MOU(s) or any part thereof, without the prior written agreement of the Association.

3. The Recipient shall:

(a) (i) cause MOH to, by no later than four (4) months after Effective Date, adopt the Project Operations Manual, in form and substance satisfactory to the Association, setting forth guidelines and procedures for the implementation of the Project; and (ii) thereafter carry out the Project, and cause the Project to be carried out, in accordance with said POM; and

(b) 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.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall: (a) implement the Project in accordance with the guidelines, requirements and procedures set forth in the Environmental and Social Management Framework in a manner acceptable to the Association; and (b) cause contractors carrying out activities under the Project to implement such activities in accordance with the guidelines, requirements and procedures set forth in the ESMF in a manner acceptable to the Association.

2. The Recipient shall implement the Ethnic Minorities Development Plan in a manner acceptable to the Association.

3. The Recipient shall:

   (a) not amend, revise or waive, nor cause 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.

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

5. 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, 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.

D. Grants

1. The Recipient shall make available Grants to Beneficiaries in accordance with procedures acceptable to the Association and outlined in the POM for the purpose of carrying out activities under Part 1(b) of the Project.

2. The Recipient shall make each Grant pursuant to a Grant Agreement with the respective Beneficiary, on terms and conditions approved by the Association, and shall obtain rights adequate to protect its interests and those of the Association, all in accordance with the Grant Agreement template attached to the POM. Such Grant Agreement shall include, among others, the requirement that the Beneficiary carry out the activities financed by the Grant in accordance with the applicable provisions of the POM, the Procurement Guidelines, the Consultant Guidelines, the Safeguard Instruments and those provisions of the Anti-Corruption Guidelines applicable to recipients of grant proceeds other than the Recipient; that the Beneficiary have its records and accounts audited by independent auditors acceptable to the Association; that the Beneficiary enable the Recipient and the Association to inspect the activities financed by the Grant, their operation and any relevant records and documents; and that the Beneficiary prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 the indicators included in the POM and acceptable to the Association. 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.

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 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 the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient 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, or any other periods acceptable to the Association. 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, Works and Non-consulting Services.** All goods, works and non-consulting services 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 Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services 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 Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works, and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Methods
(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping
(c) Direct Contracting

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.

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:

Procurement Methods
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Selection Based on Consultants' Qualifications
(d) Single Source Selection of Consulting Firms
(e) Selection of Individual Consultants
(f) Single Source Selection of Individual Consultants

D. **Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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 100% (inclusive of Taxes) of Eligible Expenditures including goods (including vehicles), works, services, Incremental Operating Costs, Training and Workshops, and Output Based Payments under Parts 2(a)(i), 2(b)(ii)(C) and 3(a)(ii) according to the MOUs entered into under Parts 2 and 3(a) of the Project.

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.

2. Notwithstanding the provision of paragraph 1 above, the Recipient shall ensure that:

(a) the amounts requested for withdrawal for Output Based Payments at any point in time shall be determined and calculated using the Unit Cost to be paid for the training provided and any other activity under Parts 2(a)(i), 2(b)(ii)(C) and 3(a)(ii) of the Project, each of which Unit Cost shall be:

(i) calculated on the basis of a methodology acceptable to the Association and set forth in the POM, and designed to ensure that the Unit Cost: (A) does not exceed the reasonable cost of the training provided and any other activity under Parts 2 (a)(i), 2(b)(ii)(C) and 3(a)(ii) of the Project; and (B) excludes any amount of the cost of the training which is to be financed from another source of financing; and

(ii) reviewed and adjusted from time to time, in a manner and at a level acceptable to the Association, as necessary to ensure that it continues to comply with the criteria set forth in the previous sub-paragraph (i);

(b) the training provided and any other activity under Parts 2(a)(i), 2(b)(ii)(C) and 3(a)(ii) of the Project is verified, in accordance with terms of reference and in a manner acceptable to the

Association and elaborated in the POM, by an independent expert whose terms of reference, qualifications and experience shall be satisfactory to the Association; and

(c) a verification report of said independent expert, in form and substance satisfactory to the Association and elaborated in the POM, is furnished to the Association upon any request for withdrawal for Output Based Payments.

3. The Closing Date is December 31, 2020.

ANNEX to SCHEDULE 2

National Competitive Bidding: Additional Procedures

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 18 on Open Bidding of the Recipient's Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient's Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient's Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, "National Procurement Laws"), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following provisions:

Conflict of Interest

1. A bidder shall not have a conflict of interest. Any bidder found to have a conflict of interest shall be ineligible for award of a contract. The provisions on conflict of interest as stated under Section I of the Procurement Guidelines shall apply.

Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement 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 or be subcontractors to national bidders in order to submit a bid.

3. Government-owned enterprises or institutions of the Recipient's country are eligible to bid in the Recipient's country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

Registration

4. 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

5. The complete text of advertisement shall be published in a national newspaper of wide circulation or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Recipient may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access. Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

6. The time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

Standard Bidding Documents

7. Standard bidding documents acceptable to the Association shall be used.

Qualification Criteria

8. 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 merit 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. The evaluation of the bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening, and Bid Evaluation

9. Bidders may submit bids, at their option, either in person or by courier service or by mail, as required in the bidding documents. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.

(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 at any time prior to the deadline for

bid submission, 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, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. No negotiations shall be permitted. A bidder shall neither be required nor permitted, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations.

(e) The comparison of all bids and the award of contract may be based on the total cost at destination including all taxes and duties.

(f) No bid shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior written agreement.

Rejection of All Bids and Re-bidding

10. Rejection of all bids is justified when there is lack of effective competition, or all bids are not substantially responsive, or no bidder meets the specified qualification criteria, or the bid price of the lowest evaluated winning bid is substantially higher than the Recipient's updated estimated cost or available budget. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid is submitted, the bidding process may be considered valid, if the bid was satisfactorily advertised, the qualification criteria were not unduly restrictive, and prices are reasonable in comparison to market values. All bids shall not be rejected or new bids solicited without the Association's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and have their protests handled in a timely manner. An independent protest mechanism shall provide for the review of complaints by an

independent entity that is not involved in any aspect of the underlying procurement process (e.g., bid evaluation, contract approval, etc.).

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Guidelines. The Association will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

13. Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the Association, 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. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Guidelines constitute an obstructive practice as defined in the Guidelines.

License

14. Foreign contractors shall be given a reasonable opportunity to apply for and obtain a work license, which shall not be arbitrarily withheld.

Publication of the Award of Contract

15. Within two weeks of receiving the Association's no objection to the award recommendation for contracts subject to the Association's prior review, and within two weeks of the Recipient's award decision for contracts subject to the Association's post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

Contract Modifications

16. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1:	
commencing November 1, 2019 to and including May 1, 2029	**1.65%**
commencing November 1, 2029 to and including May 1, 2039	**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.

2. "Beneficiary" means a health professionals education and training institution that satisfies the requirements set out in the POM to carry out activities under Part 1(b) of the Project and to receive a Grant in accordance with a Grant Agreement with the Recipient.

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

4. "Central Project Management Unit" or "CPMU" means the unit established by Ministry of Health through its Decision Number 932/QD-BYT dated March 18, 2014, which is responsible for the implementation of the Project, and referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement, as such unit may be reconstituted from time to time with the prior written agreement of the Association.

5. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011.

6. "Environmental and Social Management Framework" or "ESMF" means, respectively, the framework, acceptable to the Association, adopted by Ministry of Health through its Decision Number 321/QD-BYT dated January 23, 2014 and referred to in paragraph 1 of Section I.C of Schedule 2 to this Agreement, which sets forth the environmental protection measures in respect of the Project, including administrative and monitoring arrangements to ensure the implementation of said framework, as said ESMF 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.

7. "Ethnic Minorities Development Plan" or "EMDP" means the plan, acceptable to the Association, adopted by Ministry of Health through its Decisions Number 321/QD-BYT dated January 23, 2014, and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth measures designed to ensure that ethnic minority communities affected by the Project receive culturally appropriate social and economic benefits, and if any potential adverse effects on such communities are identified, measures to ensure their effects are avoided,

minimized, mitigated, or compensated for, as said EMDP 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.

8. "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.

9. "Grant" means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a Beneficiary to carry out activities under Part 1(b) of the Project in accordance with the relevant provisions of this Agreement and the Project Operations Manual.

10. "Grant Agreement" means an agreement entered into, or to be entered into, between the Recipient and a Beneficiary, for the purpose of extending a Grant, and referred to in paragraph 2 of Section I.D of Schedule 2 to this Agreement.

11. "Hanoi School of Public Health" means the institution established by the Prime Minister pursuant to Decision Number 65/2001/QD-TTg dated April 26, 2001, or any successor thereto.

12. "Ho Chi Minh City Institute of Public Health" means the institution established by the Ministry of Health pursuant to Decision Number 270/BYT-QD dated April 2, 1988, and thereafter renamed pursuant to the Prime Minister's Decision Number 246/QD-TTg dated February 12, 2014, or any successor thereto.

13. "Incremental Operating Costs" means the reasonable cost of incremental eligible expenditures incurred by the Recipient and implementing agencies as well as concerned participating agencies and local beneficiaries in the implementation of the Project, based on annual work plans and budgets approved by the Association, which expenditures would not have been incurred absent the Project, including the costs of consumables, operation, maintenance, and/or rental of equipment and vehicles; communication costs; information and communication campaigns; transportation costs; and per diem for Project staff including contracted staff and other participants for purposes of Project implementation, management, and supervision; and wages of contracted staff; but in all cases excluding salaries, salary allowances, and salary supplements of the Recipient's civil servants ("công chức", "viên chức").

14. "Institutional Beneficiaries" means those selected to receive support under Parts 2 and 3(a) of the Project.

15. "Memorandum of Understanding" or "MOU" means the memorandum of understanding to be entered into between the CPMU and each of the respective

selected institution or hospitals, for the purpose of implementing Parts 2(a), 2(b), and 3(a) of the Project.

16. "Ministry of Health" or "MOH" means the Recipient's Ministry of Health, or any successor thereto.

17. "Output Based Payments" means the reasonable costs for the training provided and any other activity under Parts 2 (a)(i), 2(b)(ii)(C) and 3(a)(ii) of the Project, as such costs shall be determined/calculated on the basis of the Unit Cost.

18. "Prime Minister" means the Prime Minister of the Socialist Republic of Vietnam, the highest ranking official in the executive branch of the Recipient's government.

19. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011.

20. "Procurement Plan" means the Recipient's procurement plan for the Project, dated March 13, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

21. "Project Implementing Agencies" means, collectively, the following: (a) CPMU; (b) Grant recipients under Part 1 of the Project; (c) Hanoi School of Public Health; and (d) Hochiminh City Institute of Hygiene and Public Health; and "Project Implementing Agency" means any one (1) of said agencies.

22. "Project Operations Manual" or "POM" means the document, to be adopted by Ministry of Health, and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement, which sets forth guidelines, policies 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 provisions of Section III of this Schedule 2, as well as the allocation of roles and responsibilities for procurement review and approval; (f) specific guidelines and procedures for the implementation of Grants under Part 1(b) of the Project, including: (i) Grant eligibility and award criteria, (ii) screening protocols for Grant proposals, (iii) terms and conditions of Grants, (iv) templates for the Grant Agreements, and (v) Grant financial management, disbursement, procurement, and monitoring and evaluation; (g) guidelines and procedures for selection of institutions to carry out activities under Parts 2(b) and 3(a) of the Project; (h)

templates for the MOUs for Parts 2(a), 2(b), and 3(a) of the Project; (i) performance indicators; and (k) modalities for the Output Based Payments, including the methodology for calculating and updating the Unit Cost to be paid for the training provided and verification arrangements; as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules or amendments to such manual.

23. "Safeguards Instruments" means, collectively, the Ethnic Minorities Development Plan and the Environmental and Social Management Framework.

24. "Sub-project" means a specific project to be carried out by a Beneficiary under Part 1(b) of the Project.

25. "Training and Workshops" means the reasonable costs of expenditure incurred by the Recipient, based on annual work plans and/or terms of reference acceptable to the Association, in facilitating, conducting, and/or undertaking domestic and overseas training and workshop activities under the Project, including: costs of training or workshop materials; equipment and venue rental; and per diem, accommodation, and transportation for those attending the training or workshop, honoraria for trainers (including Recipient's civil servants ("công chức", "viên chức") but excluding staff of Project Implementing Agencies); but excluding salary and salary supplements of the Recipient's civil servants ("công chức", "viên chức").

26. "Unit Cost" means for the training provided and any other activity under Parts 2 (a)(i), 2(b)(ii)(C) and 3(a)(ii) of the Project, the unit cost determined in accordance with the provisions of Section IV.B.2 of Schedule 2 to this Agreement, which unit cost represents the average cost per individual participant of said training or activities.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are 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 remaining 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).