CREDIT NUMBER 6297-VN

Financing Agreement

(Dynamic City Integrated Development Project – Thai Nguyen)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6297-VN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-Concessional Financing for purposes of the General Conditions, in the amount of eighty million Dollars ($80,000,000), as such amount may be converted from time to time through a Currency Conversion ("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 III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The Payment Dates are January 15 and July 15 in each year.

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

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 the Project Province in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

4.02. For purposes of Section 10.05 (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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam; and

(b) the Recipient's Electronic Address is:

Facsimile:
(84-4) 3825 0612

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

(b) the Association's Electronic Address is:

Facsimile:
1-202-477-6391

AGREED as of the Signature Date.

SOCIALIST REPUBLIC OF VIETNAM

By _____
Authorized Representative

Name: Lê Minh Hưng

Title: Governor

Date: June 29, 2018

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Authorized Representative

Name: Ousmane Dione

Title: Country Director

Date: June 29, 2018

SCHEDULE 1

Project Description

The objectives of the Project are to improve access to urban infrastructure and to improve integrated urban planning and management in the Project City.

The Project will improve the quality of transport connectivity; urban environmental sanitation; and education services.

The Project consists of the following parts:

Part 1: Structural Investments - Rehabilitation and Construction of Urban Infrastructure

Supporting selected city-level investments consisting of: (a) improvements in the local urban drainage system, including, *inter alia,* construction of new drains, dredging and embankment of, ditches, streams, and channels; (b) urban environmental sanitation, including, *inter alia,* rehabilitation and construction of sewer collection networks and expansion of the existing wastewater collection system; (c) urban transport, including, *inter alia,* rehabilitation and construction of strategic urban roads and bridges; and (d) urban amenities and public spaces, including kindergartens.

Part 2: Non-Structural Investments - Technical Assistance and Implementation Support

Providing: (a) analytical and technical support for institutional capacity strengthening for: (i) the development or update of integrated strategic urban development plans; (ii) the development of public transport development strategies and plans; and (iii) the development of asset management plans; and (b) Project implementation support, including technical design, construction supervision and management, independent monitoring of environmental and social safeguards, and independent financial audits.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient, through the Project Province, shall, throughout the period of implementation of the Project, maintain, and cause to be maintained, a Project Management Unit, with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association, responsible for: (i) planning and managing the implementation of the Project, including financial management and procurement; (ii) ensuring coordination among all relevant departments and agencies; and (iii) monitoring and reporting.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to the Project Province under a subsidiary agreement between the Recipient and the Project Province, under terms and conditions acceptable to the Association ("Subsidiary Agreement").

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.

C. Project Implementation Manual

Throughout the implementation of the Project, the Recipient, through the Project Province, shall carry out the Project in accordance with the Project Implementation Manual in a timely and efficient manner satisfactory to the Association. The Recipient, through the Project Province, shall not amend, suspend, or waive said Project Implementation Manual or any provision or schedule thereof, without the prior written agreement of the Association. In the event of any inconsistency between the provisions of the Project Implementation Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Safeguards

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

2. The Recipient, through the Project Province, shall:

(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 Resettlement Policy Framework ("RPF") and the Resettlement Action Plans ("RAPs"), and in a manner satisfactory to the Association; and

(c) whenever required in terms of the RPF, proceed to have RAPs: (i) prepared in form and substance satisfactory to the Association; (ii) except as otherwise agreed with the Association, furnished to the Association for review and approval; (iii) thereafter, adopted and publicly disclosed; and (iv) thereafter, to implement, or cause to be implemented, such 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 is financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for the purposes of implementing the Safeguards Instruments, 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 Project Province, shall 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 Plan.

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

6. The Recipient, through the Project Province, 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 of this Schedule 2, the Recipient, through the Project Province, shall take all measures necessary on its part to regularly collect, compile, and furnish 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.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. The Recipient, through the Project Province, shall carry out jointly with the Association, not later than thirty-six (36) months after the Effective Date, or such other period as may be agreed by the Association, a midterm review to assess the status of Project implementation, as measures against the performance indicators set forth in the Project Implementation Manual. Such review shall include an assessment of: (i) the progress in implementation; (ii) the results of monitoring and evaluation activities; (iii) the progress on procurement and disbursement; (iv) compliance with safeguard requirements; (v) adequacy of implementation arrangements; and (vi) the need to make any adjustments to the Project to improve performance.

Section III. Withdrawal of the Proceeds of the Credit

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Credit to finance 100% of Eligible Expenditures consisting of goods, works, non-consulting services, and consulting services under Parts 1 and 2(b) of the Project (exclusive of Taxes).

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is December 31, 2023.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each January 15 and July 15 Beginning July 15, 2023 through July 15, 2041	2.63%
On January 15, 2042	2.69%

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 http://policies.worldbank.org/.

3. "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.

4. "Environmental and Social Management Plan" means the Project Province's environmental and social management plan acceptable to the Association, dated March 28, 2018, which sets forth the specific actions, measures and policies designed to maximize the benefit of the respective activities under the Project, protect natural habitats, 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 plan 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.

5. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated July 14, 2017.

6. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017.

7. "Project City" means the Project Province's city of Thai Nguyen, or any successor thereto.

8. "Project Implementation Manual" means the Project Province's manual, acceptable to the Association, dated May 11, 2018, as referred to in Section I.C of Schedule 2 to this Agreement, which sets forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social safeguards management; (e) monitoring and evaluation, reporting and communication; (f) an integrity action plan; (g) performance indicators; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes, schedules or amendments to such manual.

9. "Project Management Unit" means the unit established and maintained by the Project City in respect of the Project, in accordance with Section I.A. of Schedule 2 to this Agreement, and any successor thereto.

10. "Project Province" means the Recipient's province of Thai Nguyen, or any successor thereto; and the "Project Implementing Entity" for purposes of the General Conditions.

11. "Resettlement Action Plans" or "RAPs" means, collectively, the Project Province's resettlement plan acceptable to the Association, dated March 28, 2018, and any additional resettlement plans to be prepared and adopted by the Project Province in accordance with the RPF; as referred to in Section I.D 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 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.

12. "Resettlement Policy Framework" or "RPF" means the Recipient's resettlement policy framework acceptable to the Association, dated February 7, 2018, 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 the Project and compensation, resettlement, support and livelihoods rehabilitation of Displaced Persons, and the preparation of additional 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.

13. "Safeguards Instruments" means, collectively, the Environmental and Social Management Plan, the Resettlement Policy Framework and the Resettlement Action Plans.

14. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.