CREDIT NUMBER 6071-VN
Amendment
CREDIT NUMBER: 5031-VN

Scale-Up Facility (SUF) Financing Agreement

(Additional Financing for Medium Cities Development Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated Dec. 15th, 2017

CREDIT NUMBER 6071-VN
Amendment
CREDIT NUMBER: 5031-VN

SUF FINANCING AGREEMENT

AGREEMENT dated Dec. 15th, 2017 between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of:

(a) providing additional financing for certain activities under Part A and Part B of the Original Project (as defined in the Appendix to this Agreement); and

(b) amending the Original Financing Agreement (as reflected in Section III of the Appendix to this Agreement).

WHEREAS the Recipient has requested the Association to provide assistance towards the additional financing of certain activities under Part A and Part B of the Original Project and the Association has agreed to provide such assistance, on the terms and subject to the conditions provided or referred to in the Financing Agreement, in an amount of nine million five hundred thousand Special Drawing Rights (SDR 9,500,000).

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, the Original Financing Agreement, the Financing Agreement or in the Appendix to this Agreement.

ARTICLE II — CREDIT

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 the amount of forty million Dollars (USD 40,000,000) ("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 Front-end Fee payable by the Recipient shall be equal to one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. (a) The Commitment Charge payable by the Recipient shall be one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

(b) The Association shall, on behalf of the Recipient, withdraw from the Credit Account on each of the Payment Dates, and pay to itself the amount required to pay the Commitment Charge accrued and payable as at such date, subject to limit specified in this Agreement on the amount to be so withdrawn.

2.05. (a) The Interest Charge payable by the Recipient for each Interest Period shall be at a rate equal to four and thirty-eight hundredths percent (4.38 %) per annum.

(b) The Association shall, on behalf of the Recipient, withdraw from the Credit Account on each of the Payment Dates, and pay to itself the amount required to pay the Interest Charge accrued and payable as at such date, subject to limit specified in this Agreement on the amount to be so withdrawn.

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 the amortization 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 Lao Cai Province and Ha Nam Province 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 Conditions of Effectiveness consist of the following, namely the Financing Agreement has been executed and delivered and all conditions

precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

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 Lý Thái Tổ
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 Diané

Title: County Director

SCHEDULE 1

Project Description

The objective of the Project is to increase access to improved urban infrastructure service in the selected medium-sized cities in Vietnam.

The Project consists of Parts A and B of the Original Project.

SCHEDULE 2

Project Execution

Section I. **Implementation Arrangements**

A. Institutional Arrangements

1. The institutional arrangements described in Section I. A of Schedule 2 to the **Original Financing Agreement** are hereby incorporated by reference in this Part A with the following modifications, unless the context otherwise requires, and which shall apply, *mutatis mutandis,* to the Credit, and the Recipient hereby undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.

2. For greater clarity and the avoidance of doubt, in view of the above incorporation of Section I. A of Schedule 2 to the **Original Financing Agreement** in this Agreement, if the **Original Financing Agreement** terminates prior to the termination of this Agreement, such termination shall have no effect for purposes of this Agreement, and the provisions of the **Original Financing Agreement** incorporated in this Agreement pursuant to Section I. A. 1 above shall continue in full force and effect between the Recipient and the Association for purposes of this Agreement following and notwithstanding such termination of the **Original Financing Agreement**.

B. Subsidiary Agreement

1. To facilitate the carrying out of each Lao Cai Province's and Ha Nam Province's Respective Part of the Project, the Recipient, through its Ministry of Finance shall make the proceeds of the Credit and the Financing available to Lao Cai Province and Ha Nam Province under a subsidiary agreement between the Recipient, through its Ministry of Finance, and the respective 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 and the Financing. 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. Anti-Corruption

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

D. Safeguards

1. The Recipient shall implement the Safeguards Instruments in a manner and substance satisfactory to the Association.

2. The Recipient shall, through Lao Cai Province and Ha Nam Province:

   (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; and

   (b) in the event that Project activities give rise to Affected Persons, prior to the commencement of such activities, cause to be prepared, a Resettlement Action Plan, acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the Resettlement Policy Framework, and thereafter implement in a timely manner said Resettlement Action Plan.

3. The Recipient shall, through Lao Cai Province and Ha Nam Province, 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 Affected Persons; and (c) all other costs associated with environmental and/or social mitigation measures set forth in the Safeguard Instruments.

4. The Recipient, through Lao Cai Province and Ha Nam Province, shall:

   (a) ensure that no civil works carried out under the Project, shall commence unless and until the relevant Safeguards Instruments are furnished to the Association and all requisite consultation and public disclosure activities have been carried out, all in a manner and form satisfactory to the Association; and

   (b) 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.

5. The Recipient, through Lao Cai Province, shall carry out its Respective Part of the Project in accordance with the provisions of the Ethnic Minorities Development Plan.

6. The Recipient, through Lao Cai Province and Ha Nam 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.A of this Schedule 2, the Recipient 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 when 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

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 5.08 of the General Conditions and on the basis of the indicators set forth in the Project Implementation Manual 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, through Lao Cai Province and Ha Nam Province, prepare and furnish to the Association as part of the Project Report not later than forty five (45) days after

the end of each calendar semester, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall, through Lao Cai Province and Ha Nam Province, 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.

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 Credit and 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 Credit and 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

   (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2;
   (b) Shopping; and

(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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

(a) Least Cost Selection;

(b) Selection Based on Consultants' Qualifications;

(c) Selection of Individual Consultants; and

(d) Single Source Selection.

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 Credit and Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Credit and 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 "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 and the Financing ("Category"), the allocation of the amounts of the Credit and the Financing 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 USD)	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consultants' services for Parts A.1, A.2, A.3, A.4(a) and A.4(b) of the Original Project	19,088,000	4,750,000	100%
(2) Goods, works, non-consulting services, and consultants' services for Part B.1, B.2, B.3, B.4(a) and B.4(b) of the Original Project	18,149,000	4,750,000	100%
(3) Front-end Fee	100,000		Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.01 (a) of the General Conditions
(4) Commitment Charges and Interest Charges on the Credit accrued on or before the last Payment Date immediately preceding the Closing Date	2,663,000		Amount payable pursuant to Sections 2.04 (a) and 2.05 (a) of this Agreement in accordance with Section 2.04 (b) and 2.05 (b) of this Agreement
TOTAL AMOUNT	**40,000,000**	**9,500,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement;

   (b) under Category (1) unless the Recipient has furnished to the Association evidence acceptable to the Association that a Subsidiary Agreement has been duly authorized or ratified by the Recipient, through its Ministry of Finance, and Lao Cai Province; or

   (c) under Category (2) unless the Recipient has furnished to the Association evidence acceptable to the Association that a Subsidiary Agreement has been duly authorized or ratified by the Recipient, through its Ministry of Finance, and Ha Nam Province.

2. 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 20 on Open Bidding of the Borrower's Law on Procurement No. 43/2013/QH13 dated November 26, 2013 and related provisions necessary to effect the same; and (b) the Borrower's Decree No. 63/2014/ND-CP Guiding Implementation of the Law on the Procurement dated June 26, 2014 (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-Borrower.

Time for Bid Preparation

4. The time allowed for the preparation and submission of bids for large and/or complex packages 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

5. The standard bidding documents acceptable to the Association shall be used.

Bid Opening and Bid Evaluation

6. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.

7. 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. No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations. The evaluation of bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

8. 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. 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.

9. 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. 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 complaints mechanism, acceptable to the Association, allowing bidders to complain and have their complaints handled in a timely manner.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Principal Amount of the Credit Repayable (expressed as a percentage)*
On each January 15 and July 15	
Commencing on July 15, 2025, to and including January 15, 2034	2.5%
and on July 15, 2034, to and ending on January 15, 2044	2.75%

* The percentages represent the percentage of the principal amount of the Credit to be repaid.

APPENDIX

Section I. Definitions

1. "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.

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

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

4. "Financing Agreement" means the agreement between the Recipient and the Association for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. "Financing Agreement" includes all appendices, schedules and agreements supplemental to the Financing Agreement.

5. "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.

6. "Interest Period" means the initial period from and including the date of this Agreement to but excluding the first Payment Date occurring thereafter, and after the initial period, each period from and including a Payment Date to but excluding the next following Payment Date.

7. "Ha Nam Province" means the Recipient's province of Ha Nam, as represented by its Provincial People's Committee, or any successor thereto.

8. "Lao Cai Province" means Recipient's province of Lao Cai, as represented by its Provincial People's Committee, or any successor thereto.

9. "Original Financing Agreement" means the financing agreement for an Original Project between the Recipient and the Association, dated January 12, 2012 as amended from time to time (Credit No. 5031-VN).

10. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.

11. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

12. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 4, 2017 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.

13. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Credit and the Financing available to Lao Cai Province and Ha Nam Province.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified, as necessary, to reflect the modifications set forth in the paragraphs below.

2. Section 2.07 (*Refinancing Preparation Advance*) is retitled as "*Refinancing Preparation Advance; Capitalizing Front-end Fee*", amended by adding a new paragraph (b), and modified to read as follows:

"Section 2.07. *Refinancing Preparation Advance; Capitalizing Front-end Fee*

(a) If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Bank or the Association ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.

(b) Except as otherwise provided in the Financing Agreement, the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date and pay to itself the amount of the Front-end Fee payable pursuant to Section 3.01 (a)."

3. Section 3.01 (*Commitment Charge*) is retitled as "*Front-end Fee; Commitment Charge*", amended by adding a new paragraph (a), and modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Recipient shall pay the Association a front-end fee on the Credit amount at the rate specified in the Financing Agreement (the "Front-end Fee").

(b) The Recipient shall pay the Association a commitment charge on the Unwithdrawn Credit Balance at the rate specified in the Financing Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Financing Agreement to the respective dates on which amounts are withdrawn by the Recipient from the Credit Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date."

4. Section 3.02 (*Service Charge*) is retitled as "*Interest Charge*" and modified to read as follows:

"Section 3.02. *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 Charges shall be computed on the basis of a 360-day year of twelve 30-day months."

5. Section 3.03 (*Repayment of the Credit*) is modified by deleting paragraph (b) in its entirety and amending the remaining paragraph (a) to read as follows:

"Section 3.03. *Repayment of the Credit*

The Recipient shall repay the Withdrawn Credit Balance to the Association in installments as provided in the Financing Agreement."

6. In the Appendix, **Definitions,** all relevant references to Sections, numbers and paragraphs are modified, as necessary, to reflect the modifications set forth in paragraphs 1 through 5 above.

7. Paragraph 28 of the Appendix ("Financing Payment") is modified to read as follows:

"28. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement or these General Conditions, including (but not limited to) any amount of the Withdrawn Credit Balance, interest, the Front-end Fee and the Commitment Charge."

8. A new paragraph 30 is inserted in the Appendix with the following definition of "Front-end Fee", and the subsequent paragraphs are renumbered accordingly:

"30. "Front-end Fee" means the fee specified in the Financing Agreement for the purpose of Section 3.01 (a)."

9. A new paragraph 33 is inserted in the renumbered Appendix with the following definition of "Interest Charge", and the subsequent paragraphs are renumbered accordingly:

"33. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02."

10. Renumbered paragraph 38 (originally paragraph 36) of the Appendix ("Payment Date") is modified by deleting the words "Service Charges" and inserting the words "Interest Charges".

11. Renumbered paragraph 51 (originally paragraph 49) of the Appendix ("Service Charge") is deleted in its entirety, and the subsequent paragraphs are renumbered accordingly.

Section III. Modifications to the Original Financing Agreement

1. The objective of the Project described under Schedule 1 to the **Original Financing Agreement** is amended to read as follows:

The objective of the Project is to increase access to improved urban infrastructure service in the selected medium-sized cities in Vietnam.

2. Paragraph 5 of Section I.D of Schedule 2 to the **Original Financing Agreement** is hereby amended by adding a new sub-paragraph (c), which shall read as follows:

"(c) 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."

3. Paragraph 5 of Section I of the Appendix to the **Original Financing Agreement** is deleted and replaced to read as follows:

"5. "Environmental Management Plan" or "EMP" means, respectively, the plan, acceptable to the Association: (a) prepared and adopted by: (i) Lao Cai Provincial Peoples' Committee Decision Number 2976/QD-UBND dated November 2, 2011 and Decision Number 1421/QD-UBND dated April 26, 2017 with respect to Lao Cai Province; (ii) Ha Nam Provincial People's Committee Decision Number

101/QD-STN&MT dated March 28, 2017; and (iii) Nghe An Provincial Peoples' Committee Decision Number 4842/QD-UBND.DC dated November 8, 2011 with respect to Nghe An Province; or (b) to be prepared and adopted by a Project Province, which sets forth the specific actions, measures and policies designed to maximize the benefit of the Project, as well as eliminate, offset or mitigate any adverse environmental 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 EMP 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."

4. Paragraph 6 of Section I of the Appendix to the **Original Financing Agreement** is deleted and replaced to read as follows:

"6. "Ethnic Minorities Development Plan" or "EMDP" means the plan, acceptable to the Association, adopted by Lao Cai Provincial Peoples' Committee Decision Number 2917/QD-UBND dated October 27, 2011, and Decision Number 1089/QD-UBND dated April 7, 2017, which sets forth measures designed to ensure that ethnic minority communities affected by the Project in Lao Cai Province 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."

5. Paragraph 33 is added to Section I of the Appendix to the **Original Financing Agreement** to read as follows:

"33. "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."