LOAN NUMBER 8460-VN

Loan Agreement

(Second Ho Chi Minh City Environmental Sanitation Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated March 12, 2015

LOAN AGREEMENT

AGREEMENT dated March 12, 2015, between SOCIALIST REPUBLIC OF VIETNAM ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS the Borrower has requested the Association to provide assistance towards the financing of the Project and, by an agreement of even date herewith between the Borrower and the Association ("Financing Agreement"), the Association has agreed to provide such assistance, on the terms and subject to the conditions provided or referred to therein, in amounts equivalent to one hundred thirty five million three hundred thousand Special Drawing Rights (SDR 135,300,000) (variously, "Credit" and "Financing").

NOW THEREFORE the Borrower and the Bank 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 — LOAN

2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred fifty million Dollars ($250,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount.

2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (c) of the General Conditions.

2.06. The Payment Dates are January 1 and July 1 in each year.

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

2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through Ho Chi Minh City People's

Committee in accordance with the provisions of Article V of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely 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 Additional Legal Matter consists of the following, namely the Subsidiary Agreement has been duly authorized or ratified by the Borrower and the HCMC PC and is legally binding upon the Borrower and the HCMC PC in accordance with its terms.

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

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 3825 0612

5.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(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 BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
Authorized Representative

Name: Victoria Kwakwa

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to improve wastewater services in a sustainable manner in selected areas of Ho Chi Minh City and increase awareness on sanitation.

The Project consists of the following parts:

Part 1: Interceptor

Construction of an interceptor to convey the wastewater generated in the Nhieu Loc- Thi Nghe Basin catchment and District 2 to the wastewater treatment plant constructed under Part 2 of the Project.

Part 2: Wastewater Treatment Plant

Construction of a wastewater treatment plant to treat the wastewater collected in the Nhieu Loc – Thi Nghe Basin and in District 2 areas.

Part 3: Sewerage in District 2 Areas

Installation of a sewerage system and sewerage household connections in selected areas of District 2.

Part 4: Construction Supervision, Project Management, Land Acquisition, and Operating Costs of IMA

(a) Provision of support to: (1) Project construction supervision activities; and (2) Project management activities, including project implementation support to the IMA, sanitation management in Ho Chi Minh City through institutional strengthening of relevant agencies responsible for sanitation services and provision of technical assistance to said agencies; audit, environmental and social monitoring and evaluation; and water quality monitoring.

(b) Provision of support for: (1) resettlement and land acquisition, including compensation for Displaced Persons; and (2) operating costs of the Investment Management Authority during Project implementation.

SCHEDULE 2

Project Execution

Section I Implementation Arrangements

A. Institutional Arrangements

1. The Borrower shall cause the HCMC PC to maintain throughout the implementation of the Project an Investment Management Authority under the direction of qualified management and provided with sufficient resources, and staffed with competent personnel in adequate numbers, in each case with qualifications, experience and under terms of reference acceptable to the Bank, to be responsible for the overall management and coordination of the Project, the daily implementation of the Project, and the monitoring and evaluation of Project achievements and impacts.

2. The Borrower shall cause the HCMC PC to take all necessary measures to ensure that IMA is responsible for the day-to-day implementation of the Project in a manner satisfactory to the Bank, including (a) maintaining accounting and financial systems; and (b) maintaining competent staff, including technical, environmental and social personnel in adequate numbers, in each case with relevant qualifications and experience.

3. The Borrower shall cause the HCMC PC to ensure the following, for the purposes of implementing the Project, that:

   (a) the SCFC shall:

   (i) provide the necessary support to the IMA for the purposes of supervising the performance of the DBO Contractor;

   (ii) within one year of the Effective Date of this Agreement, restructure the wastewater and flood management operations by separating the respective revenues and expenditures of each such operation; and

   (iii) furnish to the Bank no later than forty-five (45) days of each calendar year, beginning 2016, its financial statements which reflect its cost recovery on wastewater operations through contributions from Ho Chi Minh City and through collected tariffs;

   (b) the relevant departments and agencies under the HCMC PC provide the necessary support for the effective implementation of the Project, including such support related to financial, technical, environmental, and

land acquisition and resettlement of Displaced Persons matters, all in accordance with applicable laws and regulations;

(c) the HCMC PC will, in order to ensure the financial sustainability of the Project to the extent that wastewater revenues are at least equal to or more than wastewater expenditures: (i) facilitate the timely increase of wastewater fees and tariffs; (ii) facilitate the collection and transfer of wastewater fees and tariffs to SCFC; and (iii) from time to time, provide necessary financial support to SCFC in such amounts that may exceed the revenues collected from wastewater fees and tariffs; and

(d) all works and services under the Project are carried out in a timely and in accordance with the relevant contractual instruments.

4. The Borrower shall cause the HCMC PC to provide necessary counterpart resources including financial support to implement the Project in a timely manner and satisfactory to the Bank, including full financing in respect of the Project activities carried out under Part 4(b) of the Project.

B. Subsidiary Agreement

1. To facilitate the HCMC PC's implementation of the Project, the Borrower shall make the proceeds of the Loan and the Financing available to the HCMC PC under a Subsidiary Agreement between the HCMC PC and the Borrower, represented by its Ministry of Finance, under terms and conditions acceptable to the Bank, which shall include the obligations of the HCMC PC to:

(a) with respect to the proceeds of the Loan, (i) pay the Borrower a front-end-fee in an amount equal to the Front-end Fee specified in Section 2.03 of this Agreement; (ii) repay the proceeds of the Loan over a period of twenty eight (28) years, inclusive of a grace period of ten (10) years; and (iii) pay interest on the principal amount of the Loan withdrawn and outstanding from time to time at the rate payable by the Borrower pursuant to Section 2.04 of this Agreement, subject to any request that the Borrower may make pursuant to Section 2.07 of this Agreement;

(b) ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;

(c) ensure that the Project is carried out in accordance with the provisions of the Project Operations Manual, and except as the Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

(d) ensure that the Project is carried out in accordance with the provisions of the Safeguard Instruments, and except as the Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof;

(e) ensure that: (i) an acceptable financial management system is maintained and financial statements are prepared in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the HCMC PC, including the operations, resources, and expenditures related to the Project; and (ii) such statements are audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and such audited financial statements are furnished to the Borrower and the Bank and made publicly available in a timely fashion and in a manner acceptable to the Bank; and

(f) ensure that procurement of the goods, works, and non-consulting and consultants' services required for the Project is carried out in accordance with the provisions of Section III of this Schedule 2, as said provisions may be further elaborated in the Procurement Plan.

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

C. Anti-Corruption

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

D. Project Operations Manual

1. The Borrower shall: (a) ensure that the Project is carried out in accordance with the POM; and (b) except as the Bank shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. In the event of a conflict between the provisions of such POM and those of this Agreement, the latter shall govern.

E. Safeguards

1. The Borrower shall and shall cause HCMC PC to:

   (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 Displaced Persons, prior to the commencement of such activities, cause to be prepared, a Resettlement Action Plan, acceptable to the Bank, in accordance with the guidelines, requirements and procedures set forth in the Resettlement Policy Framework, and thereafter implement in a timely manner said RAP as approved by the Bank.

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

3. The Borrower shall and shall cause HCMC PC to:

   (a) implement in a timely manner the Environmental Management Plans, in accordance with the Environmental and Social Management Framework and the Environmental Impact Assessment acceptable to the Bank, as the case may be; and

   (b) ensure that no civil works carried out under Parts 1, 2, or 3 of the Project, shall commence unless and until the relevant Safeguards Instruments are furnished to the Bank and all requisite consultation and public disclosure activities have been carried out, all in a manner and form satisfactory to the Bank.

4. The Borrower shall and shall cause HCMC PC to:

   (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 Bank; and

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

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

6. Without limitation to the provisions of paragraph 1 of Section II.A of this Schedule 2, the Borrower shall take all measures necessary on its part to regularly collect, compile, and submit to the Bank, 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.

Section II **<u>Project Monitoring Reporting and Evaluation</u>**

A. Project Reports

The Borrower shall monitor and evaluate the progress of the Project and cause HCMC PC through the IMA, to prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of the indicators acceptable to the Bank and as set forth in the POM. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than 45 days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall cause HCMC PC through the IMA, to maintain a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each semester, an interim unaudited financial report for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower shall cause HCMC PC through the IMA to have the Project Financial Statements audited in accordance with the provisions of Section 5.09

(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower, or any other periods acceptable to the Bank. The audited Financial Statements for each such period shall be furnished to the Bank not later than six 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 Loan 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 Loan 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 Bank 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. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, non-consulting services, and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding, subject to the additional procedures set out in the Annex to this Schedule
(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 the 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 Method
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Selection Based on the Consultants' Qualifications
(d) Single-Source Selection
(e) Selection of Individual Consultants

D. Review by the Bank of Procurement Decisions

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

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan and the Credit in accordance with the provisions of Article II of the respective General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance: (a) the Front-end Fee in accordance with Section 2.07 (b) of the General Conditions; and (b) 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 Loan and the Credit ("Category"), the allocation of the amounts of the Loan and the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Workshops, and Incremental Operating Costs under Parts 1, 2, 3, and 4(a) of the Project	247,000,000	135,300,000	100%
(2) Front-end Fee	625,000		Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(3) Commitment Charge	2,375,000		Amount payable pursuant to Section 2.04 of this Agreement in accordance with Section 3.01(b) of the General Conditions
TOTAL AMOUNT	**250,000,000**	**135,300,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is June 30, 2021.

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 "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" (dated January 2011, revised July 2014) (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 Bank 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 Borrower's country are eligible to bid in the Borrower'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 Borrower 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 Bank 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 Bank'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 Borrower's updated estimated cost or available budget. All bids shall not be rejected or new bids solicited without the Bank's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Borrower shall implement an effective and independent protest mechanism, acceptable to the Bank, allowing bidders to protest and have their protests handled in a timely manner.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date[, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.]

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each January 1 and July 1, Beginning January 1, 2025 through January 1, 2042	2.78%
On July 1, 2042	2.70%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

   (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.

   (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

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. "Category" means a category set forth in the table in Section IV of Schedule 4 to this Agreement.

3. "City" means the government administrative areas established as such in accordance with the Borrower's constitution and laws, or any successor thereto.

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

5. "DBO Contract" means the design – build – operate contract, with terms and conditions satisfactory to the Bank, which contract is to be entered into between the HCMC PC through the IMA and the DBO Contractor for the purposes of carrying out Part 2 of the Project.

6. "DBO Contractor" means the contractor entering into the DBO Contract with the HCMC PC through the IMA for the purposes of carrying out Part 2 of the Project.

7. "Displaced Person" means a person who, on account of implementation of the Project, has 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 person 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; and "Displaced Persons" means, collectively, all such persons.

8. "District" means the government administrative areas established as such in accordance with the Borrower's constitution and laws, or any successor thereto.

9. "District 2" means District 2 of Ho Chi Minh City.

10. "Environmental Impact Assessment" means the environmental impact assessment, acceptable to the Bank, adopted by the Department of Natural Resources and Environment (DONRE) on behalf of HCMC PC in respect of Part 2 of the Project, pursuant to its Decision Number 1039/QD-TNMT-CCBVMT,

dated September 29, 2014, and such term includes any annexes or schedules to such assessment.

11. "Environment Management Plans" or "EMPs" means environmental management plans, to be agreed with the Bank and setting out mitigation, enhancement, monitoring, reporting and institutional measures, including capacity building through training, to eliminate any adverse environmental impacts of activities to be implemented under the Project, offset them, or reduce them to acceptable levels, or enhance positive impacts, in accordance with the provisions of the Environmental and Social Management Framework and the Environmental Impact Assessment, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plans.

12. "Environmental and Social Management Framework" or "ESMF" means the framework acceptable to the Bank, adopted IMA on behalf of HCMC PC on October 27, 2014, which sets forth the environmental protection measures in respect of activities carried out under the Project, including the preparation of EMPs during the implementation of the Project, and 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 Bank, and such term includes any annexes or schedules to such framework.

13. "Financing Agreement" means the agreement between the Borrower 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.

14. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.

15. "Ho Chi Minh City People's Committee" or "HCMC PC" means the local government of Ho Chi Minh City, or any successor thereto.

16. "Investment Management Authority" or "IMA" means the unit established within HCMC PC pursuant to Decision Number 4422/QD-UBND dated August 19, 2013, or any successor thereto.

17. "Incremental Operating Costs" means the incremental operating costs under the Project incurred by the Borrower for purposes of Project management, implementation, and monitoring and evaluation, including office supplies and consumables, utilities, bank charges, communications, information and communication campaigns, mass media and printing services, vehicle rental,

operation, maintenance, and insurance, office space rental, building and equipment maintenance, travel, lodging, and subsistence allowances, the incremental operating costs of the auditing services for the Project, and salaries of contractual and temporary staff, but excluding salary and salary supplements of staff of the Borrower's civil service ("công chức" and "viên chức") and staff of the implementing agencies.

18. "Nhieu Loc – Thi Nghe Basin" means the approximately 33 square kilometer basin covering approximately half of the Ho Chi Minh City center and comprising the Phu Nhuan District and portions of Districts 1, 3, 10, Tan Binh, Go Vap, and Binh Thanh of Ho Chi Minh City.

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, revised July 2014.

20. "Procurement Plan" means the Borrower's procurement plan for the Project, dated November 14, 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 Operations Manual" means the document adopted by HCMC PC pursuant to Decision Number 5962/UBND-QLDA dated November 14, 2014, and referred to in Section I.D of Schedule 2 to this Agreement, agreed with the Bank and setting out implementation, organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, as the same may be amended from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such manual.

22. "Resettlement Action Plans" or "RAPs" means HCMC PC's plans, acceptable to the Bank and setting out detailed measures, covering those related to compensation payment and support, including also mitigation, enhancement, monitoring, and institutional measures, and capacity building through training, to carry out compensation, support, resettlement, and livelihoods restoration of Displaced Persons, and land acquisition for a site specific civil works under the Project, in accordance with the provisions of the Resettlement Policy Framework, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plans.

23. "Resettlement Policy Framework" or "RPF" means the framework, adopted by HCMC PC on October 17, 2014, agreed with the Bank and setting out the principles, covering those related to compensation payment and support, including also mitigation, enhancement, monitoring, institutional measures, and

capacity building through training, to carry out compensation payment, support, resettlement, and livelihoods restoration of any Displaced Persons, and guidelines and procedures for the preparation of Resettlement Action Plan(s) that are required under the Project, as the same may be modified from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such framework.

24. "Saigon River" means the part of the Saigon river located within the territory of the Ho Chi Minh City.

25. "Safeguards Instruments" means, collectively, the Environmental Impact Assessment including the Environmental Management Plans, the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Resettlement Action Plans.

26. "Steering Committee of Flood Control" or "SCFC" means the committee established within HCMC PC pursuant to Decision Number 1121/QD-UBND dated March 14, 2008, which committee is responsible for operating wastewater treatment plants in Ho Chi Minh City, or any successor thereto.

27. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Borrower shall make the proceeds of the Loan and the Financing available to the HCMC PC.

28. "Training and Workshops" means the reasonable costs of expenditure incurred by the Borrower, based on annual work plans and terms of reference acceptable to the Bank, in facilitating and conducting domestic and overseas training and workshop activities of the Project, including costs of training or workshop materials; honoraria; interpretation and translation; equipment and venue rental; lunches; and per diem, accommodation, and transportation for those attending the training or workshop; but excluding salary and salary supplements of Borrower's civil servants ("công chức" and "viên chức") and staff of the implementing agencies.

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 to reflect the modifications set forth in the paragraphs below.

2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

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

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

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

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.

4. The Appendix is modified by inserting a new paragraph 19 with the following definition of "Commitment Charge", and renumbering the subsequent paragraphs accordingly:

"19. "Commitment Charge" means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b)."