LOAN NUMBER 8621-VN
Amendment
CREDIT NUMBER: 4948-VN

# Loan Agreement

**(Additional Financing for Urban Water Supply and Wastewater Project and Amendment to Original Financing Agreement)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**Dated** July 25 **, 2016**

## LOAN AGREEMENT

Agreement dated July 25, 2016 between SOCIALIST REPUBLIC OF VIETNAM ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). This Agreement sets out: (i) the terms and conditions related to the Additional Financing for the Urban Water Supply and Wastewater Project; and (ii) amendments to the Original Financing Agreement as set out in Section III of the Appendix to this Agreement.

WHEREAS for purposes of the Original Project, the International Development Association ("Association") had agreed to extend to the Borrower a Credit in an amount equivalent to one hundred twenty six million one hundred and forty thousand Special Drawing Rights (SDR126,140,000) on the terms and conditions set forth or referred to in the Original Financing Agreement (Credit Number 4948-VN) dated July 13, 2011, between the Borrower and the Association; and

WHEREAS the Borrower has requested the Bank to provide further additional financial assistance in support of the **Original Project**; and the Bank has agreed on the basis, inter alia, of the foregoing, to provide such additional financial assistance to the Borrower upon the terms and conditions set forth in this Agreement and the Financing Agreement, of even date herewith;

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, the **Original Financing Agreement** 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 sixty-nine million Dollars (USD69,000,000) , 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 activities described in Part 1(b)(ii) of 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. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.

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 Variable 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 (e) of the General Conditions.

2.06. The Payment Dates are June 1 and December 1 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in 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 objective of the Project. To this end, the Borrower shall carry out Part 2(c) of the Project through its Ministry of Construction, and shall cause the Project Provinces to carry out their respective activities under Part 1 of the Project 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 a Sub-Loan Agreement (Binh Duong Province) has been executed by the Borrower, acting through its Ministry of Finance and the Binh Duong PPC, for the purpose of carrying out Part 1(b)(ii) of the Project.

4.02. The Additional Legal Matters consist of the following, namely, the Sub-Loan Agreement (Binh Duong Province) between the Borrower, acting through the Ministry of Finance, and the Binh Duong PPC has been duly authorized and/or ratified by the Borrower and the Binh Duong PPC and is legally binding upon the Borrower and Binh Duong PPC 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<br>Hanoi | 412248<br>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

| Telex: | Facsimile: | |
|---|---|---|
| 248423(MCI) or | 1-202-477-6391 | 64145(MCI) |

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 BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By _____
Authorized Representative

Name: Victoria Kwakwa

Title: Vice President

## SCHEDULE 1

### Project Description

The objective of the Project is to increase access to sustainable water services and environment sanitation in selected urban areas in the Project Provinces.

The Project consists of the **Original Project** but reflects modifications to Part 1 through the addition of a new Part 1(b)(ii), and to Part 2 through the addition of a new Part 2(c) as set out below:

**Part 1: Investments and Project Implementation**

(a) Water Supply

Provision of water supply services to selected urban areas in the Project Provinces including: (i) provision of Sub-Loans to finance Sub-Projects; (ii) provision of technical advisory services; and (iii) carrying out of studies.

(b) Environmental Sanitation

Provision of environmental sanitation services to selected urban areas in Project Provinces including: (i) provision of Sub-Grants to finance Sub-Projects; (ii) provision of a Sub-Loan (Binh Duong Province) to Binh Duong Province for the carrying out of a Sub-Project (Binh Duong Province); (iii) provision of technical advisory services; and (iv) carrying out of studies.

**Part 2: Technical Assistance**

(a) Institutional Strengthening and Project Monitoring

Provision of support to strengthen the water and sanitation sector and to help Project implementation and monitoring, including: (i) (A) development of a water sector database and associated regulations to facilitate transfer of information on utility companies' performance to MOC; and (B) development of capacity on matters related to wastewater and sanitation, including developing guidance on developing Strategic Sanitation Plans, helping Project Provinces identify least-cost options to collect and treat wastewater, improving management of on-site sanitation, identifying investment priorities and associated financing plans, and facilitation of a study tour to learn about sanitation and wastewater collection and management; and (ii) provision of Project implementation support on procurement, financial management, environmental and social safeguards, monitoring, and audits.

(b) Improving the Efficiency of Investments and Operations

Provision of support for policy and regulatory development and private sector participation, including: (i) development of government regulations on wastewater tariffs, water and sanitation operational improvements and investments needs, and private sector participation in the water and sanitation sector; and (ii) promoting private sector participation in the water and sanitation sector.

(c) Priority Investment Support

Provision of support for support to MOC for the development of a water sector priority investment, including: carrying out of surveys and conducting a feasibility study for Mekong regional water supply investments; detailed engineering designs; bidding documents; environmental and social safeguards reports; institutional development; financial audits; and MOC Project management activities.

## SCHEDULE 2

### Project Execution

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

1. The institutional arrangements described in Sections I. A. 1, 2, 4, 5, 6 and 7 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 Loan, and the Borrower 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, except that:

   (a) the term "Recipient" shall be read as "Borrower";
   (b) the term "Financing" shall be read as "Loan";
   (c) the term "Association" shall be read as "Bank";
   (d) the terms "this Agreement" shall be read as "the Loan Agreement"; and
   (e) the terms "Part 2(a) of the Project" shall be read as "Parts 2(a) and 2(c)" of the Project."

2. For greater clarity and the avoidance of doubt, in view of the above incorporation of Sections I. A. 1, 2, 4, 5, 6, and 7 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 of this Agreement shall continue in full force and effect between the Borrower and the Bank for purposes of this Agreement following and notwithstanding such termination of the **Original Financing Agreement**.

**B. Sub-Loan (Binh Duong Province) to the Binh Duong PPC**

1. To facilitate the carrying out of the Project, the Borrower shall make the proceeds of the Loan available to the Binh Duong PPC under a Sub-Loan Agreement (Binh Duong Province) between the Borrower, acting through its Ministry of Finance and the Binh Duong PPC, in accordance with the eligibility criteria and procedures acceptable to the Bank as set forth in the OM, and under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the following:

   (a) the Binh Duong PPC shall replace the environment protection fee applicable to Binh Duong PPC with a surcharge consisting of a percentage of water supply bill as wastewater tariffs by July 1, 2019, in accordance with the Government's regulations pertaining to the drainage and

treatment of wastewater, as amended and/or supplemented from time to time; and

(b) the terms and conditions set forth in Section I.B.2 of Schedule 2 to the **Original Financing Agreement**, except that:

(i) the term "Recipient" shall be read to mean "Borrower";
(ii) the term "Association" shall be read to mean "Bank";
(iii) the term "Sub-Loan" shall be read to mean "Sub-Loan (Binh Duong Province)";
(iv) the terms "Sub-Loan Agreement" shall be read to mean "Sub-Loan Agreement (Binh Duong Province)";
(v) the term "Sub-Project" shall be read to mean "Sub-Project (Binh Duong Province)";
(vi) the term "Water Supply Company" or "WSC" shall be read to mean " Binh Duong PPC";
(vii) the term "this Agreement" shall be read as "the Loan Agreement"; and
(viii) Section I.B.2(d)(ii)(I) shall be deleted in its entirety.

2. The Borrower shall exercise its rights under said Sub-Loan Agreement (Binh Duong Province) in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive said Sub-Loan Agreement (Binh Duong Province) or any of its provisions reflecting the terms and conditions acceptable to the Bank referred to in paragraph 1.(a) of this Section I. B

## C. Anti-Corruption

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

## D. Safeguards

1. The safeguards provisions in Section I. D. 1, 2, 3, 4 and 5(d) of Schedule 2 to the **Original Financing Agreement** are hereby incorporated by reference in this Part D with the following modifications, unless the context otherwise requires, and which shall apply, *mutatis mutandis,* to the Loan, and the Borrower 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:

(a) the term "Recipient" shall be read as "Borrower";
(b) the term "Association" shall be read as "Bank"; and
(c) the terms "this Agreement" shall be read as "this Loan Agreement".

2. Without limitation to any of its reporting obligations under Section II.A of this Schedule, the Borrower shall, or shall cause Binh Duong Province to, 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 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**

1. The Borrower shall, or shall cause MOC and Binh Duong Province to, 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 acceptable to the Bank set forth in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Borrower shall carry out jointly with the Bank, not later than twenty-four (24) months after the Effective Date, or such other period as may be agreed by the Bank, a midterm review to assess the status of Project implementation, as measures against the performance indicators set forth in the Operations 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.

**B. Financial Management, Financial Reports and Audits**

1. The Borrower shall maintain or cause to be maintained 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, or shall cause MOC and Binh Duong PPC to, prepare and furnish to the Bank as

part of the Project Report not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower shall, or shall cause MOC and Binh Duong PPC to, have its 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. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (06) 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 procedures.

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 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 in accordance with the provisions of Article II of the 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 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 or the Credit ("Category"), as the case may be, the allocation of the amounts of the Loan or 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 and Consulting Services for Sub-Loans under Part 1(a)(i) of the Project | | 5,800,000 | 90% of works and goods, and 100% of consulting services |
| (2) Goods, Works and Consulting Services for Sub-Grants under Part 1(b)(i) of the Project | | 8,330,000 | 90% of works and goods, and 100% of consulting services |
| (3) Goods, Works and Consulting Services for Sub-Loan (Binh Duong Province) under Part 1(b)(ii) of the Project | 69,000,000 | 16,230,000 | 90% of works and goods, and 100% of consulting services |
| (4) Consulting Services, Non-Consulting Services and Trainings and Workshops under Part 2(c) of the Project | | 4,940,000 | 100% |
| **TOTAL AMOUNT** | **69,000,000** | **35,300,000** | |

**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 December 31, 2019.

## 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 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 June 1 and December 1 Beginning June 1, 2021 through December 1, 2040 | 2.5% |

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. "Binh Duong PPC" means the local government of Binh Duong Province, or any successor thereto.

3. "Binh Duong Province" means the province of such name located in southern part of the Borrower's territory, or any successor thereto.

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

5. "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).

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

7. "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.

8. "Original Financing Agreement" means the financing agreement for the Original Project between the Borrower and the Association, dated July 13, 2011 (Credit No 4948-VN).

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

10. ""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).

11. "Procurement Plan" means the Borrower's procurement plan for the Project, dated March 22, 2016 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.

12. "Safeguard Instruments" means, collectively, the Resettlement Policy Framework, Resettlement Action Plan, or Environmental Management Plan and Environmental Code of Practice, as amended and/or supplemented from time to time.

13. "Sub-Loan (Binh Duong Province)" means a loan made by the Borrower out of a portion of the proceeds of the Loan and the Financing to a Project Province, in accordance with a Sub-Loan Agreement (Binh Duong Province) for financing a Sub-Project (Binh Duong Province) under Part 1(b)(ii) of the Project, and referred to in Section I.B of Schedule 2 to this Agreement.

14. "Sub-Loan Agreement (Binh Duong Province)" means an agreement entered into between the Borrower and Binh Duong PPC, out of a portion of the proceeds of the Loan and the Financing, to said Province for purposes of implementing the Sub-Project (Binh Duong Province) under Part 1(b)(ii) of the Project, and referred to in Section I.B.1 of Schedule 2 to this Agreement, 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 agreement.

15. "Sub-Project (Binh Duong Province)" means a waste water investment project financed by a Sub-Loan (Binh Duong Province) under Part 1(b)(ii) of the Project in accordance with the eligibility criteria set forth in this Agreement and the Operations Manual.

**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)."

5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of "Front-end Fee" is modified by replacing the reference to Section 3.01 with Section 3.01 (a).

6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term "Loan Payment" is modified to read as follows:

"68. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of "Payment Date" is modified by deleting the word "is" and inserting the words "and Commitment Charge are" after the word "interest".

## Section III. Modifications to the Original Financing Agreement

1. Section II. A of Schedule 2 to the **Original Financing Agreement** is amended to read as follows:

"A. **Project Reports**

1. The Recipient shall, or shall cause MOC and Project Provinces to, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators acceptable to the Association as set forth in the Operations Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five days after the end of the period covered by such report".

2. Section I. A. 6 (a) of Schedule 2 to the **Original Financing Agreement** is amended to read as follows:

"(a) maintain an Operations Manual acceptable to the Association, setting forth guidelines and procedures for the implementation of the Project, including: (i) policies, procedures and requirements under the Project in regard to financial management, flow of funds, definition of roles and responsibilities, internal control and reconciliation, record keeping, reporting and auditing; (ii) guidelines and procedures for procurement consistent with the provisions of Section III of this Schedule 2, as well as the allocation of roles and responsibilities for procurement review and approval; (iii) the Governance and Transparency Action Plan; and (iv) (A) Sub-Projects eligibility criteria; (B) guidelines and procedures for Sub-Grant applications; (C) approval process, assessment, monitoring, and evaluation of Sub-Projects; (D) guidelines on procurement and financial management aspects under Sub-Projects; and (E) a template for Implementation Agreements".

3. Section IV. B. 2 of Schedule 2 to the **Original Financing Agreement** is amended to read as follows:

The Closing Date is December 31, 2019.