CREDIT NUMBER 4688-VN

Financing Agreement

(Central North Region Health Support Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 25th, 2010

CREDIT NUMBER 4688-VN

FINANCING AGREEMENT

AGREEMENT dated May 25th, 2010, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty one million five hundred thousand Special Drawing Rights (SDR 41,500,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Health and Central North Provinces 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:

(a) The Recipient has entered into the Memoranda of Understating referred to under paragraph 10 of Section I.A of Schedule 2 to this Agreement.

(b) The Recipient has adopted the Operations Manual referred to under paragraph 11 of Section I.A of Schedule 2 to this Agreement.

(c) The Resettlement Policy Framework has been duly approved by the Recipient's Prime Minister.

4.02. The Additional Legal Matters consist of the following:

(a) The Resettlement Policy Framework has been duly approved by the Recipient's Prime Minister and is legally binding upon the Recipient in accordance with their respective terms.

(b) The Resettlement Action Plans, the Health Care Waste Management Plan, the Ethnic Minority Planning Framework, and the Ethnic Minority Development Plan have all been duly adopted by MOH and are legally binding upon the Recipient in accordance with their respective terms.

4.03. 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 Ly Thai To
Hanoi, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 825 0612

5.03. The Association's Address is:

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

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

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

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to strengthen district level curative and preventive health services and to improve their accessibility for the economically vulnerable population in the Central North Provinces.

The Project consists of the following parts:

Part A: Supporting Health Insurance for the Near Poor

Provision of support to expand access to health insurance for Near Poor households and strengthen the Recipient's capacity to manage health insurance schemes, through:

(i) carrying out of a program to assist the Near Poor in purchasing health insurance;

(ii) carrying out of social marketing; and information and communication campaigns; and

(iii) strengthening the Recipient's institutional capacity to administer health insurance schemes including the establishment and provision of support to the Joint Working Group in Health Financing.

Part B: Strengthening District Level Health Services

Strengthening heath services at selected districts in the Central North Provinces, and at district and provincial levels in Quang Tri Province, through:

(i) improving the capacity of selected district hospitals to provide basic curative health services to the population;

(ii) strengthening the capacity of selected district preventive health centers to provide basic public health services to the population; and

(iii) developing and piloting Performance-Based Financing Mechanism to incentivize health care providers to enhance their performance and efficiency.

Part C: Improving Supply and Quality of Human Resources for Health Services

Strengthening the capacity of selected medical education institutions to improve skills and knowledge of practicing medical personnel in selected districts through:

(i) the provision of support to transform Nghe An Medical College into a medical university, and strengthening the teaching capacity at Thanh Hoa Medical College, Ha Tinh Medical College, Quang Binh Medical College, Hue Medical College, and Quang Tri Medical College; and

(ii) improving the capacity of clinical staff, personnel, and administrators of selected district hospitals and preventive health centers in the Central North Provinces, in addition to selected provincial and district hospitals and preventive health centers in Quang Tri Province.

Part D: Project Management, Monitoring, and Evaluation:

Support for effective Project management, monitoring, and evaluation including establishment and support of PSC, CPMU, PPMU, and MCPMU.

SCHEDULE 2

Project Execution

Section I. **Implementation Arrangements**

A. Institutional Arrangements

1. The Recipient shall, by no later than May 1, 2010, establish and maintain throughout the implementation of the Project a Project Steering Committee within MOH with composition and terms of reference satisfactory to the Association, and to be chaired by the Vice-Minister of MOH and include, among others, representatives of the relevant MOH departments. The PSC shall be responsible for providing strategic guidance for the overall Project implementation.

2. The Recipient shall maintain throughout the implementation of the Project a Central Project Management Unit within MOH under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, a chief accountant, two accountants, a chief procurement officer, two procurement officers, in each case with qualifications, experience and under terms of reference acceptable to the Association.

3. The CPMU shall be responsible for the general planning, management, monitoring and reporting of Project activities including coordination with the MOH, the provincial People's Committees, the provincial Departments of Health, the PPMUs, MCPMU, and other ministries or agencies at the national level; management of procurement of equipment through international and national competitive bidding on behalf of the Central North Provinces and Nghe An Medical College; and shall manage major technical assistance contracts which provide consulting services across the provinces; manage the Project account at the central level; support the Joint Working Group on Health Financing and serve as its secretariat; prepare project annual procurement plans and progress reports including monitoring and evaluation of Project achievements against the indicators; and organize the Project midterm review, final review and semi-annual supervisions.

4. The Recipient shall cause the People's Committee of each Central North Province to establish and maintain, throughout the duration of Project implementation a Provincial Project Management Unit within the provincial Department of Health under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, a chief accountant, an accountant, a

chief procurement office, and a procurement officer, in each case with qualifications, experience and terms of reference acceptable to the Association.

5. Each PPMU shall be responsible for managing and coordinating the implementation of Project activities within its respective province including preparing provincial annual work and procurement plans; procurement of equipment; procurement of civil works; financial management and project accounting; and provision of technical support and guidance to the districts.

6. The Recipient shall cause Nghe An Medical College to maintain throughout the implementation of the Project a Medical College Project Management Unit within Nghe An Medical College under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, a procurement officer, an accountant, and a training coordinator in each case with qualifications, experience and terms of reference acceptable to the Association.

7. The MCPMU shall be responsible for managing and coordinating the implementation of its respective activities under Part C(i) of the Project including preparing annual work and procurement plans; procurement of equipment; procurement of civil works; financial management and project accounting; and provision of technical support and guidance for the implementation of Part C(i) of the Project.

8. The Recipient shall establish, no later than August 31, 2010, and maintain throughout implementation of the Project a Joint Working Group on Health Financing with representation from MOH, Health Strategy and Policy Institute, MOLISA, and VSS; and with terms of reference acceptable to the Association.

9. The Joint Working Group on Health Financing shall be responsible for fostering national level engagement by stakeholders in the implementation of health financing elements of Parts A and B of the Project including organizing venues for discussion, knowledge exchange, workshops, study tours, and small scale research.

10. The Recipient shall:

(a) enter into a Memorandum of Understanding, in form and substance satisfactory to the Association, with the Peoples' Committee of each Central North Province describing roles and responsibilities of various Project parties in line with the institutional, financial management, and procurement arrangements of the Project; and

(b) not amend, waive or abrogate, nor allow to be amended, waived or abrogated, the provisions of said Memorandum of Understanding without the prior concurrence of the Association.

11. The Recipient shall:

(a) prepare and adopt an Operations Manual acceptable to the Association, setting forth guidelines and procedures for the implementation of the Project, including therein: (i) a Financial Management Manual consistent with the requirements of this Schedule 2, which establishes the 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; and (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 between MOH and the CPMU at one level, and, at the other level, the People's Committees, the PPMUs, and MCPMU; and

(b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said Operations Manual or any part thereof, without the prior concurrence of the Association.

12. The Recipient, through the CPMU, PPMUs, and MCPMU, no later than June 30, 2010, and in a manner consistent with the provisions of Section III of this Schedule 2, shall contract the services of procurement advisors with experience, qualifications and terms of reference acceptable to the Association; said advisors to be responsible for assisting the CPMU and PPMU in developing the annual procurement plans, preparing the bidding documents and the bidding evaluation reports; delivering procurement training; and advising on policy and implementation issues in procurement.

13. The Recipient, through the CPMU, no later than June 30, 2010 and prior to initiating the bidding for acquiring medical equipment under international competitive bidding procedures, shall contract the services of at least one (1) of the procurement advisors referred to in paragraph 11 above, with international experience acceptable to the Association on technical specifications of medical equipment, civil works and international bidding procedure, and with terms of reference acceptable to the Association.

14. The Recipient shall, through the CPMU and no later than December 1 of each year commencing December 1, 2011, prepare and submit to the Association for its review, a consolidated annual implementation plan of the Project including a procurement plan for each Central North Province.

14. The Recipient, prior to commencing on the implementation of the pilot Performance-Based Financing Mechanism under Part B (iii) of the Project, shall submit to the Association for its review the draft guidelines that will govern the implementation of said pilot, and shall finalize the guidelines taking the Association's comments into account.

B. Anti-Corruption

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

C. Safeguards

1. The Recipient shall:

(a) ensure that the Project is carried out in accordance with the provisions of the Health Care Waste Management Plan;

(b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Health Care Waste Management Plan without the prior concurrence of the Association; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the said Health Care Waste Management Plan.

2. The Recipient shall:

(a) take, and cause to be taken, all necessary actions to minimize to the extent possible any involuntary relocation of persons, or their loss of shelter, assets, or access to assets, or loss of income sources or means of livelihood, temporarily or permanently;

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

(c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Resettlement Policy Framework or the Resettlement Action Plan without the prior concurrence of the Association; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the

implementation of the said Resettlement Policy Framework and the Resettlement Action Plan.

3. The Recipient shall:

(a) ensure that the Project is carried out in accordance with the provisions of the Ethnic Minority Planning Framework and Ethnic Minority Development Plan;

(b) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Ethnic Minority Planning Framework or the Ethnic Minority Development Plan without the prior concurrence of the Association; and

(c) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of the said Ethnic Minority Planning Framework and the Ethnic Minority Development Plan.

Section II. <u>Project Monitoring, Reporting and Evaluation</u>

A. Project Reports and Review

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

2. The performance indicators referred to above in paragraph 1 above consist of the following:

(a) Outcome Indicators:

(i) Ten percent (10%) increase in the outpatient and inpatient services by the poor and Near Poor at the level of district hospitals.

(ii) Thirty percent (30%) reduction in the referrals for deliveries, pneumonia and appendicitis from district hospitals to provincial hospitals.

(iii) Ninety percent (90%) of children under age one fully vaccinated according with national EPI program.

(iv) Twenty percent (20) new District Preventive Health Centers constructed with adequate facilities and equipment to provide the full range of preventive health services according to the government norms.

(b) Intermediate Indicators:

(i) Forty percent (40%) of the Near Poor are covered by the health insurance program.

(ii) The share of Near Poor households spending twenty five percent (25%) or more of their non-food consumption on health is reduced to twelve percent (12%) or less.

(iii) The share of district hospitals in claims reimbursed by health insurance is fifty percent (50%) or more.

(iv) Fifty percent (50%) of patients satisfied with the overall quality of care at district hospitals, the reduction of waiting time, and the availability of services and diagnostic facilities.

(v) Nghe An Medical College fully meets the national standards for medical universities.

(vi) One hundred seventy five (175) Doctors from district hospitals trained for level one specialization and at least six hundred eighty (680) health professionals trained for medical doctor degrees.

(vii) Eighty percent (80%) of medical professionals return to their original place of work or residence after long-term training supported by the project.

2. Unless otherwise agreed by the Association, by no later than March 1, 2013, the Recipient shall hold a mid-term review with the Association to evaluate the progress in Project implementation and in achievement of the Project objectives.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the

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

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) 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 and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

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

2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods 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 provisions set forth in the Annex to this Schedule 2
(b) Direct Contracting
(c) Shopping

C. **Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) Least Cost Selection
(b) Selection Based on Consultants' Qualification
(c) Selection of Individual Consultants
(d) Single Source Selection

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

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods estimated to cost the equivalent of $200,000 or more procured on the basis of International Competitive Bidding or National Competitive Bidding; (b) each contract for works estimated to cost the equivalent of $500,000 or more procured on the basis of International Competitive Bidding or National Competitive Bidding; (c) each contract for goods or works regardless of its value procured on the basis of Direct Contracting; (d) each contract for consultants' services provided by a firm estimated to cost the equivalent of $100,000 or more; and (e) each contract consultants' services regardless of its value procured on the basis of Single Source Selection. All other contracts shall be subject to Post Review by the Association.

Section IV. <u>Withdrawal of the Proceeds of the Financing</u>

A. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance 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 Financing ("Category"), the allocations of the amounts of 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 SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Eligible Expenditure under Part A of the Project	5,800,000	100%
(2) Eligible Expenditure under Part B of the Project	20,600,000	100%
(3) Eligible Expenditure under Part C of the Project	10,200,000	100%
(4) Eligible Expenditure under Part D of the Project	4,900,000	100%
TOTAL AMOUNT	41,500,000	

3. For purposes of the above table in Part A of this Section:

(a) The term "Eligible Expenditures under Part A of the Project" means expenditures for the reasonable costs of: (i) consultants' services; (ii) goods; (iii) payments to health insurance providers; (iv) translation, printing and media campaigns; and (v) workshops and training, including per diem and transportation for those attending workshops and training, costs of related material, equipment and venue rental.

(b) The term "Eligible Expenditures under Part B of the Project" means expenditures for the reasonable costs of: (i) consultants' services; (ii) goods including vehicles and ambulances; (iii) civil works; (iv) payments or reimbursements to hospitals and health centers for services provided under the pilot Performance-Based Financing Mechanism; and (v) workshops and training, including per diem and transportation for those attending workshops and training, costs of related material, equipment and venue rental.

(c) The term "Eligible Expenditures under Part C of the Project" means expenditures for the reasonable costs of: (i) consultants' services; (ii) goods; and (iii) workshops and training, including per diem and transportation for those attending workshops and training, costs of related material, equipment and venue rental.

(d) The term "Eligible Expenditures under Part D of the Project" means expenditures for the reasonable costs of: (i) consultants' services; (ii) goods including vehicles and office equipment; (iii) workshops and training, including per diem and transportation for those attending workshops and training, costs of related material, equipment and venue rental; and (iv) incremental operating costs, including office rental and operational cost, office equipment and consumables, costs of communication, and travel costs and per diem for Project staff.

(e) In all cases, the term "Eligible Expenditures" excludes salaries and salary supplements of civil servants.

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; except that withdrawals up to an aggregate amount not to exceed SDR 650,000 may be made for payments made prior to this date but on or after January 1, 2010; or

(b) under Categories (1) and (2) until the Recipient has furnished to the Association satisfactory evidence that: (i) the CPMU has appointed one (1) chief accountant and two (2) accountants all with qualifications and experience and under terms of reference acceptable to the Association; (ii) PPMUs have each appointed one (1) chief accountant and one accountant all with qualifications and experience and under terms of reference acceptable to the Association; (iii) MCPMU has appointed an accountant with qualifications and experience and under terms of reference acceptable to the Association; and (iv) all chief accountants and accountants have been trained to understand and comply with Project financial management guidelines and procedure.

2. The Closing Date is August 31, 2016.

Section V. Other Undertakings

1. The Recipient, through the CPMU and no later than September 30, 2010, shall prepare and submit to the Association for its review at least two (2) packages of bidding documents and technical specifications of medical equipment for district hospitals listed in the first eighteen (18) month Procurement Plan and to be acquired under International Competitive Bidding procedure, and shall finalize said documents and specifications taking the Association's comments into account.

2. The Recipient, through the CPMU, shall prepare and submit to the Association for its review: (a) no later than June 30, 2010, architectural designs for the construction of District Preventive Health Centers listed in the first eighteen (18) month Procurement Plan; and (b) no later than December 31, 2010, at least 10 packages of bidding documents for the construction of District Preventive Health Centers listed in the first eighteen (18) month Procurement Plan, and shall finalize said documents and specifications taking the Association's comments into account.

ANNEX to SCHEDULE 2

National Competitive Bidding Procedures

The procedure to be followed for National Competitive Bidding shall be those set forth in Article 18 on *Open Bidding of the Law on Procurement 61/2005/QH11* dated November 29, 2005, Law 38/2009/QH12 dated June 19, 2009 on Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment, and *Decree 85/2009/ND-CP, Guiding Implementation of Law on Procurement and Selection of Construction Contractors under the Construction Law* dated October 15, 2009 (collectively, "National Procurement Laws") with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Association in May 2004 and revised in October 2006 (the "Guidelines") and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the requirements of said paragraphs 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

Eligibility

1. The eligibility of bidders shall be as defined under Section I of the 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 national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

2. In addition to the foregoing requirements, equitized Government-owned enterprises in which the Recipient holds less than fifty percent of the shares are eligible to participate, *provided that* the procuring entity or investment owner does not own shares (or represent the Government's shares) in the enterprise and the governing Board and management team are autonomous from the procuring entity and the investment owner. Military or security units or enterprises established under, reporting directly or indirectly to, or owned wholly or partly by, the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

Registration

3. Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of

registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising; Time for Bid Preparation

4. Invitations to bid shall be advertised in at least one widely circulated national newspaper, allowing a minimum of thirty (30) days, from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later, for the preparation and submission of bids, and potential bidders shall be allowed to purchase bidding documents up to any time prior to the deadline for the submission of bids. In addition, the Recipient is encouraged to advertise in the Government Public Procurement Newspaper and on a free and open access website.

Standard Bidding Documents

5. Standard Bidding Documents, acceptable to the Association, shall be used.

Qualification Criteria

6. Qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a pass or fail basis and merits points shall not be used. Such assessment shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity.

Bid Submission, Bid Opening and Bid Evaluation

7. Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction and delivery, and no other conditions shall be imposed on the sale of the bidding documents.

(b) Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

(c) A contract shall be awarded to the technically responsive bid that offers

the lowest evaluated price and no negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(e) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior concurrence.

(f) A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to prior review.

Rejection of All Bids and Re-bidding

8 All bids shall not be rejected or new bids solicited without the Association's prior written concurrence.

Complaints by Bidders and Handling of Complaints

9. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

Fraud and Corruption

10. The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

Right to Inspect/Audit

11. Each bidding document and contract financed from the proceeds of a Credit shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

License

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

Publication of the Award of Contract

13. The Recipient shall publish the following information on contract award in the Government Public Procurement Newspaper or on a free and open access website or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated regularly.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15:	
commencing September 15, 2020 to and including March 15, 2030	1.25%
commencing September 15, 2030 to and including March 15,2045	2.50%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who, on account of the execution of the Project, had or would have their: (a) standard of living adversely affected; (b) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected.

2. "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.

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

4. "Central North Provinces" means the following Provinces in Recipient's territory: Thanh Hoa Province, Nghe An Province, Ha Tinh Province, Quang Binh Province, Quang Tri Province, and Thua Thien Hue Province

5. "Central Project Management Unit" or "CPMU" means the unit to be maintained within MOH, in accordance with the provisions of paragraphs 1and 2 of Section I.A of Schedule 2 to this Agreement, for overseeing the overall management and implementation of the Project.

6. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006.

7. "Department of Health" means the department of health at the Province level or any successor thereto"

8. "EPI" means expanded program on immunization, the Recipient's health immunization program for children.

9. "Ethnic Minority Development Plan" means the plan dated November 30, 2009 dopted by MOH and referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement which sets forth measures designed to ensure meaningful consultation with and informed participation of ethnic minority communities of Central North Provinces in Project activities, and Project benefits for said communities which are culturally appropriate and socially inclusive.

10. "Ethnic Minority Planning Framework" means the framework dated November 13, 2009 adopted by MOH and referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement which sets forth the policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minority of Central North Provinces in Project activities, and to prepare Ethnic Minorities Development Plans as may be required during implementation of the Project.

11. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 1, 2005 (as amended through October 15, 2006).

12. "Ha Tinh Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Ha Tinh Province or any successor thereto.

13. "Health Care Waste Management Plan" means the plan dated November 13, 2009 adopted by MOH and referred to in paragraph 1 of Section I.C of Schedule 2 to this Agreement setting forth guidelines and procedures for handling medical waste in hospitals and health care facilities which are part of the Project.

14. "Health Strategy and Policy Institute" means the institute established within MOH to conduct policy and research on health issues or any successor thereto.

15. "Hue Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Hue Province or any successor thereto

16. "Joint Working Group on Health Financing" means the working group to be established by the Recipient for purposes of the health financing elements under Parts A and B of the Project, all in accordance with the provisions of paragraphs 8 and 9 of Section I.A of Schedule I to this Agreement.

17. "Medical College Project Management Unit" or "MCPMU" means the unit to be maintained, in accordance with the provisions of paragraphs 6 and 7 of Section I.A of Schedule 2 to this Agreement, for managing and coordination the implementation of Project activities in Nghe An Medical College under Part C (i) of the Project.

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

19. "Memorandum of Understanding" means the document to be signed by the Recipient and each Central North Province in accordance with paragraph 10 of Section I.A of Schedule 2 to this Agreement whose main objective is to describe the roles and responsibilities of the various Project parties in line with the

institutional, financial management, and procurement arrangements of the Project.

20. "MOLISA" means the Recipient's Ministry of Labor, Invalids, and Social Affairs or any successor thereto.

21. "Nghe An Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Nghe An Province or any successor thereto

22. "Near Poor" means individuals living in Central North Provinces with income level between 100% to 130% of the Recipient's official poverty line, and who could be classified as such according to the Recipient's government regulations.

23. "Operations Manual" means the document to be prepared and adopted by the Recipient, in accordance with the provisions of paragraph 11 of Section I.A of Schedule 1 to this Agreement, that shall set forth guidelines and procedures for the implementation of the Project.

24. "Performance-Based Financing Mechanism" means the financing mechanism to be developed and tested under Part B (iii) of the Project for the purpose of linking government subsidies and reimbursement of hospitals and other health service providers to their performance.

25. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.

26. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 13, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

27. "Project Steering Committee" or "PSC" means the committee to be established and maintained in MOH in accordance with the provisions of paragraph 1 of Section I.A of Schedule 2 to this Agreement.

28. "Province" means any of the government administrative unit established in accordance with the Recipient's constitution and laws or any successor thereto.

29. "Provincial Project Management Unit" or "PPMU" means the unit to be maintained in accordance with the provisions of paragraphs 4 and 5 of Section I.A of Schedule 2 to this Agreement for the purpose of overseeing overall management and implementation of the Project in the respective Province.

30. "Quang Binh Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Quang Binh Province or any successor thereto.

31. "Quang Tri Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Quang Tri Province or any successor thereto

32. "Resettlement Action Plan" means an action plan adopted by MOH and a Central North Province for land acquisition, resettlement, compensation, and rehabilitation of Affected Persons and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, as said Resettlement Action Plan may be revised from time to time with the prior concurrence of the Association.

33. "Resettlement Policy Framework" means the policy framework for resettlement and land acquisition dated November 13, 2009 adopted by the Recipient's Minister of Health's Decision No. 4834/QD-BYT dated December 14, 2009, and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth policies and procedures for land acquisition, resettlement, compensation, and rehabilitation of Affected Persons, and the preparation of Resettlement Action Plans during the implementation of the Project, as said Resettlement Policy Framework may be revised from time to time with the prior concurrence of the Association.

34. "Thanh Hoa Medical College" means the medical college established by the Recipient's Ministry of Education and Training and operating in Thanh Hoa Province or any successor thereto.

35. "Vietnam Social Security Office" or "VSS" means the Recipient's government agency responsible for the administration of the government's social security scheme.