CREDIT NUMBER 6113 - VN

Financing Agreement

(National Target Programs for New Rural Development and Sustainable Poverty Reduction Support Program)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 28, 2018

CREDIT NUMBER 6113 - VN

FINANCING AGREEMENT

AGREEMENT dated December 28, 2018, 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 one hundred eleven million five hundred thousand Special Drawing Rights (SDR111,500,000) ("Credit"), to assist in financing the Program.

2.02. The Recipient may withdraw the proceeds of the Credit in accordance with Section IV of Schedule 2 to this Agreement. All withdrawals from the Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 1 and November 1 in each year.

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

2.08. The Payment Currency is Dollar.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the objective of the Program. To this end, the Recipient shall carry out the Program through its Ministry of Agriculture and Rural Development (MARD), its Committee for Ethnic Minorities Affairs (CEMA), and the Participating 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely the Program has been modified or suspended so as to affect materially and adversely the ability of the Recipient to achieve the objective of the Program.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient, through MARD and CEMA, has duly adopted the Enhanced Operations Manual.

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

5.03. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister, or a Vice Minister, of Ministry of Finance.

6.02. The Recipient's Address is:

Ministry of Finance
28 Tran Hung Dao
Hanoi, Vietnam

Facsimile:

(84-24) 2220 8020

6.03. The Association's Address is:

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

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

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

SOCIALIST REPUBLIC OF VIETNAM

By _____

Authorized Representative

Name: Dinh Tien Dung

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____

Authorized Representative

Name: Ousmane Diane

Title: Country Director

SCHEDULE 1

Program Description

The objective of the Program is to improve the delivery of, and access to, investments for increasing agricultural production and enhancing livelihood opportunities within the Program Area.

The Program consists of the following activities:

1. **New Rural Development Program.** Supporting selected portions of the Recipient's National Target Program for New Rural Development, namely:

   (a) institutional capacity for new rural development master planning;

   (b) socio-economic infrastructure investments in enhancement of agriculture productivity and resilience;

   (c) production development, through, *inter alia*, value chain integration, extension services, training of rural workers and agriculture production reforms; and

   (d) capacity building, monitoring and evaluation, and communications.

2. **Sustainable Poverty Reduction Support Program-P135.** Supporting selected portions of the Recipient's National Target Program for Sustainable Poverty Reduction Support-P135 in extremely disadvantaged and vulnerable areas, namely:

   (a) infrastructure investments;

   (b) production development, livelihood diversification and replication of poverty reduction models; and

   (c) capacity building for community and grassroots-level officers.

SCHEDULE 2

Program Execution

Section I. **Implementation Arrangements**

A. Program Fiduciary, Environmental and Social Systems

Without limitation upon the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Credit proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and

2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation upon the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

(a) Without limitation upon the generality of Part A of this Section I, the Recipient shall carry out the Program in accordance with the institutional and administrative arrangements set forth in and with budgetary resources allocated from time to time to the National Target Program for New Rural Development and the National Target Program for Sustainable Poverty Reduction Support Program-P135, and specifically:

(i) under the overall guidance and oversight of the Central Program Steering Committee;

(ii) through MARD and CEMA, cause the respective NCO to be responsible for Program management coordination activities; and

(iii) at the provincial level, district and commune through respective Provincial People's Committee, District People's Committee, and Commune People's Committee of each Participating Province to be responsible for Program implementation within their respective jurisdiction.

(b) Except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive any of such arrangements if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof.

2. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient, through MARD, CEMA and the Participating Provinces, shall:

(a) undertake the actions set forth in the Program Action Plan in accordance with the provisions of the Enhanced Operations Manual;

(b) carry out the Program in accordance with the provisions of the Enhanced Operations Manual;

(c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the PAP or the Enhanced Operations Manual, or any provision thereof, without the prior written agreement of the Association; and

(d) maintain policies and procedures adequate to enable it to monitor and evaluate, in a manner acceptable to the Association, the implementation of the PAP and the Enhanced Operations Manual.

3. In case of any inconsistency between the provisions of the Enhanced Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or

B. involve the procurement of: (1) works, estimated to cost US$ 50 million equivalent or more per contract; (2) goods, estimated to cost US$ 30 million equivalent or

more per contract; (3) non-consulting services, estimated to cost US$ 30 million equivalent or more per contract; or (4) consultants' services, estimated to cost US$ 15 million equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one (1) calendar year, and shall be furnished to the Association not later than three (3) months after the end of the period covered by such report.

2. Without limiting the generality of the provisions of Part A.1 of this Section, the Recipient, through the State Audit of Vietnam, shall:

   (a) undertake or cause to be undertaken, at least once annually, a verification process, in accordance with terms of reference acceptable to the Association, for the fulfillment of the Disbursement Linked Results set forth in the table of Schedule 4 to this Agreement; and

   (b) furnish to the Association, by no later than six (6) months after the end of the respective Year, corresponding verification reports, in form and substance acceptable to the Association.

3. Notwithstanding the provisions of paragraphs 1-2 of this Section III.A, the Recipient, through MARD, shall: (a) undertake or cause to be undertaken a survey, in accordance with terms of reference acceptable to the Association, for the purpose of measuring the baseline impact of the Program; and (b) by no later than August 31, 2018, furnish to the Association a report, in form and substance acceptable to the Association, containing the corresponding results.

B. Program Financial Audits

Without limitation upon the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Unless otherwise agreed by the Association, each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than seven (7) months after the end of such period.

C. **Midterm Review**

The Recipient shall: (a) carry out jointly with the Association, by no later than June 1, 2019 (or such other date the Association has confirmed in writing), a midterm review to assess the overall progress in implementation of the Program; (b) prepare and furnish to the Association, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Association, needed to undertake the review, and (c) review, jointly with the Association, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

Section IV. Withdrawal of Credit Proceeds

A. **General**

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association may specify from time to time by notice to the Recipient to finance the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table of Schedule 4 to this Agreement, and in the table in paragraph 2 of this Part A, respectively.

2. The following table specifies each category of withdrawal of the proceeds of the Credit (including the Disbursement Linked Indicators as applicable) ("Category"), and the allocation of the amounts of the Credit to each Category:

Category (including Disbursement Linked Indicator as applicable)	Amount of Credit Allocated (expressed in SDR)
(1) **DLI #1**: Issuance of Policy and Guidance Instruments for the NRD and SPR-P135	14,580,000
(2) **DLI #2**: Number of Participating Provinces with an NTP-SEDP integrated planning process	10,940,000
(3) **DLI #3**: Percentage of Infrastructure Investment Sub-projects implemented in compliance with the Enhanced Operations Manual	21,850,000
(4) **DLI #4**: Percentage points increase in the share of ethnic minorities and women satisfied with access to and quality of community assets or services for increasing agricultural production and livelihoods	7,300,000
(5) **DLI #5**: Percentage of Livelihood Support Sub-projects implemented in compliance with the Enhanced Operations Manual	21,850,000
(6) **DLI #6**: Percentage points increase in the share of households with additional diversified income sources	7,300,000
(7) **DLI #7**: Number of officers at the provincial-, district-, commune- and village-level trained in the use of the Enhanced Operations Manual	7,300,000
(8) **DLI #8**	
DLI #8.1: Number of monitoring and evaluation frameworks developed for NRD and SPR-P135	3,640,000
DLI #8.2: Number of Participating Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS	6,550,000
DLI #8.3: Number of publicly accessible websites publishing semi-annual reports on physical progress and financial information on NRD and SPR-P135	3,640,000
(9) **DLI #9**: Baseline and end-line tracking survey for NRD and SPR-P135	6,550,000
TOTAL AMOUNT	111,500,000

B. Withdrawal Conditions; Withdrawal Period

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

   (a) for purposes of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this

Agreement and relating to *Program Expenditures*), for DLRs achieved prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 14,580,000; may be made for such DLR under DLI Category (1) achieved prior to this date but on or after July 1, 2016; and

(b) for any DLR under DLI Categories (1) through (9), until and unless the Recipient has furnished evidence satisfactory to the Association that the Minimum DLR of the corresponding DLI, and thereafter any DLR above up to the Maximum DLR, have been achieved.

2. Notwithstanding the provisions of Part B.1.(b) of this Section, the amount of the Credit to be withdrawn upon the verified achievement of any DLR, shall be calculated, in accordance with the Formula.

3. Notwithstanding the provisions of Part B.1.(b) of this Section, if:

(a) any of the DLRs under DLI Category (1) has not been achieved by the date which the said DLR is set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to (i) reallocate all or a portion of the proceeds of the Credit then allocated to said DLR to any other DLR; and/or (ii) cancel all or a portion of the proceeds of the Credit then allocated to said DLR.

(b) any of the DLRs under DLI Categories (2), (3), (4), (5), (6), (7), (8) or (9) has not been achieved by the date by which the said DLR is set to be achieved, the Association may, by notice to the Recipient: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Credit then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the Formula; (ii) reallocate all or a portion of the proceeds of the Credit then allocated to said DLR to any other DLR ; and/or (iii) cancel all or a portion of the proceeds of the Credit then allocated to said DLR.

5. The Closing Date is December 31, 2021.

6. Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Financing Balance does not exceed the total amount of Program Expenditures, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Financing Balance. The Association shall cancel the refunded amount of the Withdrawn Financing Balance.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1:	
commencing November 1, 2022 to and including May 1, 2032	**1.65%**
commencing November 1, 2032 to and including May 1, 2042	**3.35%**

* 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.

SCHEDULE 4

Disbursement Linked Results

DLI CATEGORY	DLRS TO BE ACHIEVED IN YEAR 1	DLRS TO BE ACHIEVED IN YEAR 2	DLRS TO BE ACHIEVED IN YEAR 3	DLRS TO BE ACHIEVED IN YEAR 4	DLRS TO BE ACHIEVED IN YEAR 5
1	Issuance of the Policy and Guidance Instruments for the NRD and SPR-P135				
2		Nine (9) Participating Provinces with approved NRD and SPR-P135 plans integrated with provincial SEDP plans	Eighteen (18) Participating Provinces with approved NRD and SPR-P135 plans integrated with provincial SEDP plans		
3		Sixty percent (60%) of the Infrastructure Investment Sub-projects implemented in compliance with the Enhanced Operations Manual	Seventy-five percent (75%) of the Infrastructure Investment Sub-projects implemented in compliance with the Enhanced Operations Manual	Ninety (90%) of the Infrastructure Investment Sub-projects implemented in compliance with the Enhanced Operations Manual	
4					Twenty (20) percentage points increase over the Baseline in the share of ethnic minorities and women satisfied with access to and quality of community assets or services for increasing agricultural productivity
5		Sixty percent (60%) of Livelihood Support Subprojects implemented	Seventy-five percent (75%) of Livelihood Support Subprojects implemented	Ninety (90%) of Livelihood Support Subprojects implemented	

DLI CATEGORY	DLRS TO BE ACHIEVED IN YEAR 1	DLRS TO BE ACHIEVED IN YEAR 2	DLRS TO BE ACHIEVED IN YEAR 3	DLRS TO BE ACHIEVED IN YEAR 4	DLRS TO BE ACHIEVED IN YEAR 5
		in compliance with the Enhanced Operations Manual	in compliance with the Enhanced Operations Manual	in compliance with the Enhanced Operations Manual	
6					Twenty (20) percentage points increase over the Baseline in the share of households with additional diversified income sources
7		20,000 officers at the provincial-, district-, commune- and village-level trained in the use of the Enhanced Operations Manual	30,000 officers at the provincial-, district-, commune- and village-level trained in the use of the Enhanced Operations Manual		
8.1	Two (2) monitoring and evaluation results frameworks for the NTPs (one for each of NRD and SPR-P135)				
8.2		Eight (8) Participating Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS	Twelve (12) Participating Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS	Eighteen (18) Participating Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS	
8.3			Two (2) publicly accessible websites publishing semi-		

DLI CATEGORY	DLRs TO BE ACHIEVED IN YEAR 1	DLRs TO BE ACHIEVED IN YEAR 2	DLRs TO BE ACHIEVED IN YEAR 3	DLRs TO BE ACHIEVED IN YEAR 4	DLRs TO BE ACHIEVED IN YEAR 5
			annual reports on physical progress and financial information on NRD and SPR-P135		
9		One (1) baseline tracking survey for NRD and SPR-P135			One (1) end line tracking survey for NRD and SPR-P135

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing" dated February 1, 2012, and revised July 10, 2015.

2. "Baseline" means: (a) with respect to DLI#4, the base in survey value for the share of ethnic minorities and women satisfied with access to and quality of community assets or services for increasing agricultural production and livelihoods; and (b) with respect to DLI#6, the base in survey value for the share of households with additional diversified income sources; both to be established pursuant to the survey referred to in Section II.A.3 of Schedule 2 to this Agreement.

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

4. "Commune People's Committee" means the local governments of the Participating Provinces at the commune level.

5. "CEMA" means the Recipient's Committee of Ethnic Minority Affairs, or any successor thereto.

6. "Central Program Steering Committee" means the committee established pursuant to Decision No. 1584/QD-TTg, dated August 10, 2016 issued by the Recipient's prime minister, or any successor thereto.

7. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category, the indicator related to said Category as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.

8. "Disbursement Linked Result" or "DLR" means the results/targets set forth in the table in Schedule 4 to this Agreement, in the columns entitled "DLRs to be achieved in Year 1", "DLRs to be achieved in Year 2", "DLRs to be achieved in Year 3", "DLRs to be achieved in Year 4", and "DLRs to be achieved in Year 5"on the basis of the achievement of which, the amount of the Credit allocated to the Category of the corresponding DLI of said result may be withdrawn in accordance with the provisions of Section IV of Schedule 2 to this Agreement.

9. "District People's Committee" means the local governments of the Participating Provinces at the district level.

10. "DLR Unit Price" means with respect to DLIs#2-9, an amount corresponding to the unit of achievement of the corresponding DLRs above the Minimum DLR and up to the Maximum DLR, calculated as the quotient produced by the division of: (a) the difference of the Maximum DLR Allocation and Minimum DLR Allocation; and (b) the difference of the Maximum DLR and Minimum DLR.

11. "Enhanced Operations Manual" means collectively, the set of procedures, acceptable to the Association, to be adopted by MARD with respect to the NRD, and CEMA with respect to the SPR-P135, which include guidelines, policies, procedures and requirements for: (a) planning and investment prioritization, infrastructure, and enterprise and livelihood support under NRD and SPR-P135; (b) the implementation of the Program, including the Program Action Plan, the verification protocol, and additional measures to strengthen the Recipient's procurement, financial management, anticorruption, environmental and social systems, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules thereto.

12. "Formula" means the measure for calculating disbursements against DLRs in a given Year, given by the addition of: (i) the Minimum DLR Allocation; and (ii) if applicable, the product of the DLR Unit Price per the actual target achieved above the Minimum DLR and up to the Maximum DLR, as determined by the Association, under a given DLR in the respective Year.

13. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

14. "Infrastructure Investment Sub-projects" means small scale infrastructure investments to be carried out by Commune People's Committees and/or District People's Committees in the Participating Provinces under NRD and SPR-P135 aimed at enhancing agricultural productivity and value added.

15. "Livelihood Support Sub-projects" means a set of on-farm and /or off-farm activities to be carried by Commune People's Committees in the Participating Provinces under NRD and SPR-P135 for the purpose of securing food, basic necessities and/or accruing income and /or profits.

16. "Maximum DLR" means with respect to: (i) DLI#1, the DLR to be achieved in Year 1; (ii) DLI#2, 9 Participating Provinces for Year 2, and 18 Participating Provinces for Year 3; (iii) DLI#3, 60% for Year 2, 75% for Year 3, and 90% for Year 4; (iv) DLI#4, twenty percentage points increase over the Baseline; (v) DLI#5, 60% for Year 2, 75% for Year 3, and 90% for Year 4; (vi) DLI#6, twenty percentage points increase over the Baseline; (vii) DLI#7, 50,000; (viii) DLI#8.1, two (2) monitoring and evaluation frameworks; (ix) DLI#8.2, 18 Participating

Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS; (x) DLI#8.3, two (2) publicly accessible websites publishing semi-annual reports on physical progress and financial information on NRD and SPR-P135; and (xi) DLI#9, the DLR to be achieved in Year 5; as said Maximum DLR for any DLI may be amended from time to time with the prior written agreement of the Association.

17. "Maximum DLR Allocation" means the amount of the Credit corresponding to the achievement of the Maximum DLR, as set forth in the Enhanced Operations Manual.

18. "Minimum DLR" means with respect to: (i) DLI#1, the DLR to be achieved in Year 1; (ii) DLI#2, 6 Participating Provinces for Year 2, and 15 Participating Provinces for Year 3; (iii) DLI#3, 50% for Year 2, 65% for Year 3, and 80% for Year 4; (iv) DLI#4, ten percentage points increase over the Baseline; (v) DLI#5, 50% for Year 2, 65% for Year 3, and 80% for Year 4; (vi) DLI#6, ten percentage points increase over the Baseline; (vii) DLI#7, 20,000; (viii) DLI#8.1, one (1) monitoring and evaluation framework; (ix) DLI#8.2, eight (8) Participating Provinces with an operational NRD-MIS web-based platform including semi-annual reports with physical outputs and financial information from the TABMIS; (x) DLI#8.3, one (1) publicly accessible website publishing semi-annual reports on physical progress and financial information on NRD and SPR-P135; and (xi) DLI#9, the DLR to be achieved in Year 2; as said Minimum DLR for any DLI may be amended from time to time with the prior written agreement of the Association.

19. "Minimum DLR Allocation" means the amount of the Credit corresponding to the achievement of the Minimum DLR, as set forth in the Enhanced Operations Manual.

20. "MARD" means the Recipient's Ministry of Agriculture and Rural Development, or any successor thereto.

21. "MIS" means management information system.

22. "National Target Programs" or the acronym "NTPs" means, collectively, New Rural Development and Sustainable Poverty Reduction-P135.

23. "NCO" means, collectively, the national coordinating office established by MARD, pursuant to Decision No. 309/QD-BNN-TCCB, dated February 27, 2014, or any successor thereto, and the national coordinating office established by CEMA, pursuant to Decision No. 272/QD-UBDT dated June 4, 2013, or any successor thereto.

24. "New Rural Development Program" or the acronym "NRD" means the Recipient's National Target Programs for New Rural Development for the period of 2016 – 2020 approved by the Recipient's prime minister pursuant to Decision No. 1600/QD-TTg, dated August 16, 2016.

25. "Participating Provinces" means the Recipient's provinces of Cao Bằng, Hà Giang, Lào Cai, Bắc Kạn, Điện Biên, Lai Châu, Hà Tĩnh, Quảng Bình, Quảng Trị, Thừa Thiên Huế, Quảng Ngãi, Ninh Thuận, Bình Thuận, Bình Định, Kon Tum, Đắk Lắk, Sóc Trăng, Trà Vinh, or such other province as agreed with the Association, as each of them is represented by its respective Provincial People's Committee.

26. "Policy and Guidance Instruments" means the Recipient's prime minister Decisions No. 1600/QD-TTg, dated August 16, 2016, on the approval of the National Target Program on New Rural Development for the period 2016 – 2020; and No. 1722/QD-TTg, dated September 2, 2016, on the approval of the National Target Program on Sustainable Poverty Reduction for the period 2016 - 2020.

27. "Program Area" means the selected districts, communes and villages of the Participating Provinces.

28. "Program Action Plan" or "PAP" means the Recipient's plan, acceptable to the Association, as set forth in the Enhanced Operations Manual, and referred to in Section I.C of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.

29. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.

30. "Provincial People's Committee" means, collectively, the local governments of the Participating Provinces at the provincial level; and "Provincial People's Committee" means any one of the Provincial People's Committees in the Participating Provinces.

31. "SEDP" means the Recipient's Socio-Economic Development Plan for 2016-2020.

32. "State Audit of Vietnam" means the entity established by the Recipient's National Assembly pursuant to Law Number 81/2015/QH13 on State Audit, dated June 24, 2015, or any successor thereto.

33. "Sustainable Poverty Reduction Support Program-P135" or the acronym "SPR-P135" means the Program 135 under the Recipient's National Target Program for Sustainable Poverty Reduction for the period of 2016 - 2020 approved by the

Recipient's prime minister pursuant to Decision No. 1722/QD-TTg, dated September 2, 2016.

34. "TABMIS" means the Recipient's treasury and budget management information system.

35. "Year" means any of the Year 1 through Year 5 of Program implementation, as determined by the context.

36. "Year 1" means the first period of implementation of Program activities, expected to take place in date of signing of this Agreement to December 31, 2017 in order to achieve the results shown in the table in Schedule 4 to this Agreement.

37. "Year 2" means the second period of implementation of Program activities, expected to take place in January 1, 2018 - December 31, 2018 in order to achieve the results shown the table in Schedule 4 to this Agreement.

38. "Year 3" means the third period of implementation of Program activities, expected to take place in January 1, 2019 - December 31, 2019 in order to achieve the results shown in the table in Schedule 4 to this Agreement.

39. "Year 4" means the fourth period of implementation of Program activities, expected to take place in January 1, 2020 - December 31, 2020 in order to achieve the results shown in the table in Schedule 4 to this Agreement.

40. "Year 5" the fifth period of implementation of Program activities, expected to take place in January 1, 2021 - December 31, 2021 in order to achieve the results shown in the table in Schedule 4 to this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Wherever used throughout the General Conditions, the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; and the term "Eligible Expenditures" is modified to read "Program Expenditures".

2. 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.

3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

4. In Section 2.02 (originally numbered as Section 2.03), the heading "*Applications for Withdrawal or for Special Commitment*" is replaced with "*Applications for Withdrawal*", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.

5. The section originally numbered as Section 2.04, *Designated Accounts,* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.

6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;".

7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: "To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association."

8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: "Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program."

9. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

(a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

(b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement.

Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months."

10. Section 6.01, *Cancellation by the Recipient*, is modified to read: "The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance."

11. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled "Misprocurement", is deleted, and subsequent paragraphs are relettered accordingly.

12. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.

13. In the **Appendix**, *Definitions*, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term "Special Commitment" set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

14. Paragraph 28 of the Appendix ("Financing Payment") is modified by inserting the words "the Interest Charge" between the words "the Service Charge" and "the Commitment Charge".

15. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."

16. Renumbered paragraph 37 (originally paragraph 36) of the Appendix ("Payment Date") is modified by inserting the words "Interest Charges" between the words "Service Charges" and "Commitment Charges".

17. Renumbered paragraph 50 (originally paragraph 49) of the Appendix ("Service Charge") is modified by replacing the reference to Section 3.02 with Section 3.02 (a).