CREDIT NUMBER 5352-VN

Financing Agreement

(Irrigated Agriculture Improvement Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 24, 2014

CREDIT NUMBER 5352-VN

FINANCING AGREEMENT

AGREEMENT dated April 24, 2014, 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 of one hundred seventeen million one hundred thousand Special Drawing Rights (SDR 117,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 January 15 and July 15 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 in Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Agriculture and Rural Development (MARD) 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. 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	412248	(84-4) 3825 0612

5.03. The Association's Address is:

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

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

Name: Nguyen Van Binh

Title: Governor, State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Authorized Representative

Name: Victoria Kwakwa

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to improve the sustainability of irrigated agricultural production systems in selected Central coastal and Northern mountainous provinces in Vietnam.

The Project consists of the following:

Component 1: Improved Irrigation Water Management

Improving institutional capacity for modern, efficient, and accountable irrigation and drainage service delivery, to enable the reduction in recurring government expenditures on operations and management of irrigation systems as well as through establishment of a financially self-reliant and transparent water services sector in all Project Provinces and at the MARD level, including: (i) formation or strengthening of water user organizations and associations and the application of the concept of IMT; (ii) enhancing irrigation and drainage asset management and investment planning at provincial and scheme levels; (iii) updating and applying efficiency and performance standards for water user organizations and associations and irrigation and drainage management companies; and (iv) installation of supervisory, control and data acquisition systems for improved water management, with associated logistical support.

Component 2: Irrigation and Drainage Scheme Level Improvements

Improving bulk water delivery to irrigation systems, service delivery and management in the selected irrigation and drainage schemes through: (i) physical improvement of selected existing large, medium and small scale irrigation and drainage infrastructure such as canals, pumps, weirs, pipes, and control structures; (ii) improvement and protection works for existing dams; (iii) rehabilitation and construction of small multi-purpose water village ponds; and (iv) construction of measuring devices.

Component 3: Support Services for Climate Smart Agricultural Practices

Building on the improved irrigation infrastructure and water delivery activities carried out under Component 2 above, improving the productivity of agriculture, increase farmers' incomes, and reducing their vulnerability to adverse climatic events, including : (i) enhancing on-farm systems for crop intensification and diversification; (ii) provision of laser land leveling services; (iii) provision of advisory services to facilitate shifts into feed and horticultural crop production; (iv) identification and implementation of measures to reduce the water and environmental footprints of cropping systems; (v) support for Project beneficiaries, including WUAs, for the implementation of climate-smart agricultural plans; (vi) stimulating modernization by promoting the use of sprinkler

and drip irrigation systems; and (vii) application of remote sensing imagery for the monitoring of crop performance.

Component 4: Project Management, Monitoring and Evaluation

Supporting the operating costs of the implementing agencies, including MARD and the selected provinces to manage the Project, through the provision of financing for: (i) Incremental Operating Costs; (ii) equipment and vehicles purchase; (iii) monitoring and evaluation, including third-party monitoring; (iv) staff training; (v) internal and external audits; and (vi) various consultancies for the design, construction supervision, quality control support, gender action plan and safeguards compliance.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall cause MARD to:

a) vest CPO with the responsibility for overall implementation of the Project, which shall maintain a Central Project Management Unit (CPMU) to provide day-to-day Project management and coordination support between the Implementation Agencies, the Association, provincial authorities and other relevant departments of MARD. The CPMU shall, inter alia: (a) review the draft annual work plans to determine consistency with project targets and with the overall implementation schedule; (b) prepare consolidated annual work plans and submit them to the Association; (c) coordinate and monitor Project activities based on the M&E and the environment management plans; and (d) consolidate the designated accounts management reports for the Project and prepare disbursement applications; and

b) vest CPMU with the mandate to oversee management of the Project's designated account, procurement of ICB and QCBS contracts, and ensure safeguards compliance.

Implementation Agencies

2. The Recipient shall cause the Project, at the provincial level, to be implemented though the Implementing Agencies, which shall be responsible for launching the calls for proposals, conducting proposal screening and short-listing, supervising procurement and construction activities, and payment of contractors.

3. The Recipient shall:

(a) carry out the Project, and cause the Project to be carried out, in accordance with the Project Operational Manual setting forth guidelines and procedures for the implementation of the Project, including: (i) technical components; (ii) monitoring and evaluation arrangements; (iii) environmental and social safeguards compliance; (iv) 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; (v) 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; and (vi) performance indicators; and

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

B. Specialized Institutions

The Recipient may procure services from Specialized Institutions in accordance with paragraph 1.13(c) of the Association's Consultant Guidelines for the provision of capacity building, training, and institutional strengthening, for: (1) climate change agriculture practice support under Component 3; (2) water management improvement including PIM, IMT, and national policies development under Components 1, 3, and 4; and (3) irrigation modernization capacity building and training under Component 4..

C. Anti-Corruption

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

D. Safeguards.

1. The Recipient shall:

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

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

2. The Recipient shall implement in a timely manner the Environmental Codes of Practice acceptable to the Association, as the case may be.

3. The Recipient shall cause to be prepared, the Ethnic Minorities Development Plans, acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the EMPF, and thereafter implement in a timely manner each EMDP as approved by the Association.

4. The Recipient shall:

(a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Safeguard Instruments or any provision of any one thereof, without the prior written agreement of the Association; and

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

5. The Recipient shall ensure that all land acquisition required for the purposes of carrying out works under the Project are financed exclusively out of its own resources, and shall provide, promptly as needed, the resources needed for this purpose.

6. The Recipient shall implement the Dam Safety Policy Framework in a manner acceptable to the Association.

7. Without limitation to the provisions of paragraph 1 of Section II.A of this Schedule 2, the Recipient shall take all measures necessary on its part to regularly collect, compile, and submit to the Association, as part of the Project Reports, information on the status of compliance with the Safeguards Instruments, giving details of:

(a) measures taken in furtherance of the Safeguards Instruments;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and

(c) remedial measures taken or required to be taken to address such conditions.

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators included in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be

furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

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

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, 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 fiscal year of the Recipient, or any other periods acceptable to the Association. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

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

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works, and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Methods:
(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping
(c) Direct Contracting
(d) Force Account

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 Methods:
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Selection Based on Consultants' Qualifications
(d) Single Source Selection of Consulting Firms
(e) Selection of Individual Consultants
(f) Single Source Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Works, goods (including vehicles), services, Incremental Operating Costs, and Training and Workshops	117,100,000	100%
Total	**117,100,000**	

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, 2020.

ANNEX to SCHEDULE 2

National Competitive Bidding: Additional Procedures

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 18 on Open Bidding of the Recipient's Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient's Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient's Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, "National Procurement Laws"), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following provisions:

Conflict of Interest

1. A bidder shall not have a conflict of interest. Any bidder found to have a conflict of interest shall be ineligible for award of a contract. The provisions on conflict of interest as stated under Section I of the Procurement Guidelines shall apply.

Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with or be subcontractors to national bidders in order to submit a bid.

3. Government-owned enterprises or institutions of the Recipient's country are eligible to bid in the Recipient's country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

Registration

4. 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

5. The complete text of advertisement shall be published in a national newspaper of wide circulation or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access. The Recipient may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access. Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.

6. The time allowed for the preparation and submission of bids 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

7. Standard bidding documents acceptable to the Association shall be used.

Qualification Criteria

8. 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 merit 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. The evaluation of the bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

Bid Submission, Bid Opening, and Bid Evaluation

9. Bidders may submit bids, at their option, either in person or by courier service or by mail, as required in the bidding documents. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.

(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 at any time prior to the deadline for

bid submission, 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, 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. No negotiations shall be permitted. 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.

(d) No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations.

(e) The comparison of all bids and the award of contract may be based on the total cost at destination including all taxes and duties.

(f) No bid shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior written agreement.

Rejection of All Bids and Re-bidding

10. Rejection of all bids is justified when there is lack of effective competition, or all bids are not substantially responsive, or no bidder meets the specified qualification criteria, or the bid price of the lowest evaluated winning bid is substantially higher than the Recipient's updated estimated cost or available budget. Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid is submitted, the bidding process may be considered valid, if the bid was satisfactorily advertised, the qualification criteria were not unduly restrictive, and prices are reasonable in comparison to market values. All bids shall not be rejected or new bids solicited without the Association's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and have their protests handled in a timely manner. An independent protest mechanism shall provide for the review of complaints by an

independent entity that is not involved in any aspect of the underlying procurement process (e.g., bid evaluation, contract approval, etc.).

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Guidelines. The Association will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

13. Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the Association 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. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Guidelines constitute an obstructive practice as defined in the Guidelines.

License

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

Publication of the Award of Contract

15. Within two weeks of receiving the Association's no objection to the award recommendation for contracts subject to the Association's prior review, and within two weeks of the Recipient's award decision for contracts subject to the Association's post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

Contract Modifications

16. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each January 15 and July 15:	
commencing July 15, 2019 to and including January 15, 2029	**1.65%**
commencing July 15, 2029 to and including January 15, 2039	**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.

APPENDIX

Section I. Definitions

1. "Affected Persons" means persons who, on account of implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.

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 and revised in January 2011.

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

4. "Central Project Management Unit" or "CPMU" means the unit established by MARD and dedicated to implement this Project, with responsibilities including liaising with the Association and all concerned departments and provincial authorities and serving as the secretariat of the PISC.

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

6. "CPO" means the Central Project Office of MARD (as hereinafter defined), which is assigned as the project owner and is responsible for the management of the Project following the Government Decree No. 38/2013/ND-CP dated April 23, 2013 on management and utilization of official development assistance (ODA) and concessional loans from donors .

7. "DARD" means the Recipient's Department of Agriculture and Rural Development, or any successor thereto.

8. "Dam Safety Framework" means the Recipient's Dam Safety Policy Framework, dated September 2013, prepared by the Recipient.

9. "DWR" the Recipient's Directorate of Water Resources, mandated to provide policy, planning, and management oversight of irrigation schemes in the territory of the Recipient, or any successor thereto.

10. "EMP" means each of the Environmental Management Plans, acceptable to the Bank, to be prepared by the Recipient in accordance with the ESMFs, which sets out specific actions, measures and policies designed to maximize the benefit of the Project and for the protection of the environment; and eliminate, offset or mitigate any adverse impact on the environment, as well as administrative and monitoring arrangements to ensure the implementation of said actions, measures and policies, as said plan may be revised from time to time with the prior written agreement of the Association, and such term includes all schedules and supplements to said plan.

11. "Environmental Codes of Practice" or "ECOPs" means the standardized requirements and practices to be followed in the implementation of Project activities to ensure compliance with the environmental requirements under the Project, as said codes of practice may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such codes of practice.

12. "ESMF" and "Environmental and Social Management Framework" means the Recipient's Framework for undertaking environmental and social analysis and developing mitigation measures for all Project activities, acceptable to the Association, publicly disclosed in July 2013, and providing, among other things, for: (a) the institutional arrangements for implementation of environmental safeguards in the carrying out of the Project; (b) details of potential environmental issues that may arise under the proposed civil works and the necessary background for environmental considerations to be built into the design of the Project; (c) detailed guidelines on when and how to prepare EMPs; (d) guidelines and procedures for social safeguard screening and impact assessment, including guidelines and procedures for stakeholder consultation and participation; (e) measures to monitor activities for significant social impacts, and, if necessary, to assist in mitigation of such impacts; and (f) a grievance redress mechanism; as said ESMF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

13. "Ethnic Minorities Development Plans" or "EMDPs" means the plans, acceptable to the Association, to be prepared and adopted by MARD, setting forth measures designed to ensure that ethnic minority communities affected by the Project receive culturally appropriate social and economic benefits, and if any potential adverse effects on such communities are identified, measures to ensure their effects are avoided, minimized, mitigated, or compensated for, as said EMDPs may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plans.

14. "Ethnic Minorities Policy Framework" or "EMPF" means the framework, dated July 2013, acceptable to the Association, which sets forth the policies and

procedures to ensure that ethnic minority communities affected by the Project receive culturally appropriate social and economic benefits, and if any potential adverse effects on such communities are identified, measures to ensure their effects are avoided, minimized, mitigated, or compensated, as well as the preparation of EMDPs during the implementation of the Project, as said EMPF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

15. "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.

16. "Implementation Agencies" means collectively the agencies involved in the implementation of the Project, and inter alia, include the PPMUs, provincial DARDs, and IDMCs.

17. "Incremental Operating Costs" means the reasonable cost of incremental eligible expenditures incurred by the Recipient and implementing agencies as well as concerned participating agencies in the implementation of the Project, based on annual work plans and budget approved by the Association, which expenditures would not have been incurred absent the Project, including the cost of consumables, operation and maintenance, and/or rental of equipment and vehicles, communication and public media costs, information and communication campaigns, transportation cost; and per diem for Project staff including contracted staff and other participants for the purpose of Project implementation, management, and supervision and wages of contracted staff but in all cased excluding salaries, salary allowances, and salary supplements of the Recipient's civil servants.

18. "IDMCs" means irrigation and drainage management companies, responsible for operation and maintenance of the headworks and main canals, and are responsible for the supply of water to the Water Users Association (WUAs).

19. "IMT" means irrigation management transfer program.

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

21. "Panel of Experts" or "POE" means the panel of dam safety experts maintained by the Recipient.

22. "Project Operational Manual" or "OM" means the document, adopted by MARD pursuant to Decision Number 3016/QD-BNN-HTQT dated December 20, 2013, which sets forth guidelines, policies and procedures for the implementation of the

Project, including the indicators for monitoring the progress of the Project, 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 or amendments to such manual.

23. "PPMU" means each of the Provincial Project Management Units, in each of the Project Provinces, comprising primarily of staff from the provincial Departments of Agriculture and Rural Development, and the IDMCs.

24. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011.

25. "PIM" means participatory irrigation management.

26. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 2013, 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.

27. "Province" means any of the government administrative areas, under the direct jurisdiction of the central government of the Socialist Republic of Vietnam, established as such in accordance with the Recipient's constitution and laws, or any successor thereto.

28. "Project Provinces" means collectively the Provinces of (i) Thanh Hoa; (ii) Ha Tinh; (iii) Quang Nam; (iv) Hoa Binh; (v) Phu Tho; (vi) Quang Tri; and (vii) Ha Giang, and "Project Province" means any of such Provinces.

29. "Resettlement Action Plans" or "RAPs" means any of the resettlement plans acceptable to the Association, to be prepared and adopted by the Recipient for each of the Sub-projects; setting forth principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation of Affected Persons in accordance with the guidelines and procedures set forth in the RPF, as said plans may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

30. "Resettlement Policy Framework" or "RPF" means the policy framework for resettlement and land acquisition dated November 1, 2013, acceptable to the Association; which sets forth principles for formulating entitlements and/or support for affected households, mitigation measures, monitoring and evaluations of resettlement activities, budget and implementation arrangements, including capacity building through training, to carry out the acquisition of land and related assets under the Project and compensation, resettlement, support and livelihoods

rehabilitation of Affected Persons, and the preparation of RAPs during the implementation of the Project, as said RPF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

31. "Safeguards Instruments" means, collectively, the Dam Safety Policy Framework, the Environmental and Social Management Framework, the Environmental Codes of Practice, the Resettlement Policy Framework, the Resettlement Action Plans, the Ethnic Minorities Policy Framework, and the Ethnic Minorities Development Plans.

32. "Specialized Institutions" means the institutions referred to in Section I.B of Schedule 2 to this Agreement, including but not limited to, in respect of: (1) climate change agriculture practice support referred to in item (1) of said Section I.B, the Vietnam Academy of Agricultural Sciences and Hanoi University of Agriculture; (2) water management improvement including PIM, IMT, irrigation modernization capacity building and training , and national policies development referred to in item (2) and (3) of said Section I.B, the Vietnam Academy of Water Resources and the Hanoi Water Resources University.

33. "Sub-project" means any of the irrigation and drainage schemes carried out in the Project Provinces, under Component 2 of the Project, as selected and agreed by the Project Province.

34. "Training and Workshops" means the reasonable costs of expenditure incurred by the Recipient, based on annual work plans and/or terms of reference acceptable to the Association, in facilitating, conducting and/or undertaking domestic and overseas training and workshops activities under the Project, including: cost of training or workshop materials, equipment and venue rental; and per diem, accommodation, and transportation for those attending the training and or workshop, honoraria for government trainers; but excluding salary and salary supplements of the Recipient's civil servants.

35. "WUAs" or "Water Users Associations" means collectively the organizations to be strengthened or formed, registered and operated by farmers participating in Project activities in accordance with the Recipient's laws to carry out community-based water management activities.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. 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."

2. 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".

3 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)."

4. 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".

5. 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).