HB3453

CREDIT NUMBER 5139-VN

Financing Agreement

(Vietnam – Managing Natural Hazards Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 13, 2012

CREDIT NUMBER 5139-VN

FINANCING AGREEMENT

AGREEMENT dated September 13, 2012, 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 and modified 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 ninety nine million four hundred thousand Special Drawing Rights (SDR 99,400,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 Dollar.

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"), Ministry of Natural Resources and Environment ("MONRE"), and the Project Provinces, all 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 Legal Matter consists of the following, namely, the RPF has been duly approved by the Prime Minister and is legally binding upon the Recipient in accordance with its respective terms.

4.02. 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) 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 OF THE 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 increase the resilience of the people and economic assets to natural hazards in selected river basins of the Project Provinces within the overall framework of the Recipient's National Disaster Prevention, Response and Mitigation Strategy Towards 2020.

The Project consists of the following parts:

Part 1: Strengthening Disaster Risk Management ("DRM") Institutions, Information Systems and Planning

(a) Strengthening DRM Institutions: strengthening capacity of DRM institutions, including: (i) facilitation of inter-ministerial coordination meetings, policy dialogue and knowledge-sharing mechanisms; (ii) establishment of Provincial disaster management centers in Project Provinces where such centers are needed; and (iii) provision of technical assistance for the Recipient's public agencies at different levels.

(b) Improvement of DRM Information Systems: improving the capacity, harmonization, coordination and sharing of DRM databases and information, including: (i) harmonizing and integrating existing DRM databases and information systems; (ii) development of an inventory of existing medium and small scale reservoirs in Project Provinces, their safety standards, safety guidelines, and operational procedures; (iii) development of software for the management of reservoirs to be used at the national and Provincial levels; and (iv) provision of technical assistance on the use of the databases and software and the implementation of safety guidelines.

(c) Support for the Integration of DRM in River Basin Planning: integrating DRM in river basin planning, including: (i) provision of support for data collection and assessment of exposure, risks and vulnerability at the basin scale; (ii) provision of support for identification of vulnerable areas, and possible structural and non-structural measures to mitigate natural disaster risks; and (ii) provision of capacity building on the use of hydrological models and geographic information system to DRM staff at Provincial level.

Part 2: Strengthening Weather Forecasting and Early Warning Systems

(a) Technical Assistance for Development and Implementation of an Integrated National Hydromet Forecasting and Early Warning System and End-to-End Applications: provision of technical assistance for the design and implementation of a nation-wide integrated system, including: (i) preparation of hydromet

implementation plans at the national level and for the central region; (ii) design of a nation-wide communication system; and (iii) strengthening of the End-to-End communication system through provision of support for training on interpretation of early warning products for relevant staff and communities, improvement of products and services and communication between hydromet services and users, application of forecast interpretation tools, and development of user-tailored products in areas such as agriculture, tourism, energy, transport and water resource management.

(b) Strengthening Hydromet Observation and Monitoring Network, Computer Hardware and Information and Communication Technology Infrastructure: provision of support for the establishment of multi-hazard early warning systems, including the provision of support for: (i) the installation of automated hydromet observing networks and communication systems; and (ii) relevant capacity building activities.

(c) Monitoring and Evaluation: establishment and implementation of a monitoring and evaluation system for Part 2 of the Project.

Part 3: Community-Based Disaster Risk Management ("CBDRM")

(a) Commune Institutional Strengthening: strengthening the capacity of participating commune-level stakeholders and agencies in planning and engaging in a broad range of risk reduction measures, including provision of support for: (i) improving commune-level flood and storm risks management procedures; (ii) capacity building of for commune-based institution leaders; (iii) the development of inter-communal support platforms; (iv) the development of community resilient planning; and (v) the enhancement of private sector-commune partnerships.

(b) CBDRM Investments: provision of support for risk reduction measures, including provision of support for the implementation of: (i) structural measures including construction of small-scale physical structural measures in a hazard-resilient manner such as multi-purpose shelters or evacuation roads, and preparation of plans and designs for prevention measures as well as plans for the management, operation and maintenance of each structural measure unit; and (ii) other measures including evacuation drills, public awareness raising, communication and early warning systems, relevant equipments, and participatory workshops.

Part 4: Priority Disaster Risk Mitigation Investments

Identification, prioritization, and implementation of DRM investments (sub-projects) within the four selected river basins in the Project Provinces including rehabilitation of selected dams and reservoirs to improve their safety,

rescue roads and bridges, river banks protection, and safe harbors for fishing boats.

Part 5: Project Management, Monitoring and Evaluation

(a) Project Management: provision of support for the Project Steering Committee ("PSC"), Central Project Management Office ("CPMO"), Project Management Office ("PMO"), Provincial Project Management Units ("PPMUs") and other implementing agencies for effective Project management, implementation, and supervision.

(b) Monitoring and Evaluation: provision of support for the establishment and implementation of an effective monitoring and evaluation system.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, by no later than December 31, 2012, establish within MARD and thereafter maintain, throughout the implementation of the Project, a PSC with composition and terms of reference satisfactory to the Association. The PSC shall be responsible for coordination among relevant government agencies at national level, review of overall implementation progress, and provision of timely solutions to address any outstanding issues of the Project.

2. The Recipient shall maintain within MARD, throughout the implementation of the Project, a CPMO under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, three component managers, an accountant, a procurement officer, a training coordinator, a planning officer, a social and environmental safeguards officer, and a monitoring and evaluation officer, in each case with qualifications, experience and under terms of reference acceptable to the Association.

3. The CPMO shall be responsible for: (a) overall Project implementation planning and budgeting; (b) coordination with other government line ministries; (c) operation of the Designated Account for Parts 1, 3, 4 and 5 of the Project; (d) preparation of quarterly management reports for Parts 1, 3, 4 and 5 of the Project; and (e) all necessary resettlement, environment and social safeguards monitoring reports for Parts 1, 3, 4 and 5 of the Project.

4. The Recipient shall cause MONRE to maintain, throughout the implementation of the Project, a PMO 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 technical advisor, an accountant, a procurement officer, a planning officer, a social and environmental safeguards officer, and a monitoring and evaluation officer, in each case with qualifications, experience and under terms of reference acceptable to the Association.

5. The PMO shall be responsible for the implementation of Part 2 of the Project, including: (a) operation of the Designated Account for Part 2 of the Project; (b) preparation of quarterly management reports for Part 2 of the Project; and (c) all necessary environment and social safeguards monitoring reports for Part 2 of the Project.

6. The Recipient shall cause each Project Province to maintain, throughout the implementation of the Project, a PPMU (or two (2) PPMUs in Nghe An Province and Ha Tinh Province) under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an accountant, a procurement officer, a planning officer, a social and environmental safeguards officer, and a monitoring and evaluation officer, in each case with qualifications, experience and under terms of reference acceptable to the Association.

7. The PPMUs shall be responsible for: (a) preparing Project reports and plans; (b) handling procurement activities; (c) preparing and submitting evaluation reports for approval; (d) maintaining a sound Project accounting system satisfactory to the Association; (e) monitoring the quality of Project implementation and safeguards compliance; and (f) coordinating with selected Districts and Communes to carry out planned activities.

8. The Recipient shall:

   (a) carry out the Project, and cause the Project to be carried out, in accordance with the Operational Manual ("OM") 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) the Governance and Transparency Action Plan; 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.

9. In case of any inconsistency between the provisions of the OM and this Agreement, the provisions of this Agreement shall prevail.

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, and shall cause Project Provinces to:

   (a) take 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; and

   (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 ("RAP"), acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the Resettlement Policy Framework ("RPF"), and thereafter implement in a timely manner said RAP as approved by the Association.

2. The Recipient shall cause Project Provinces to prepare, and cause to be prepared, Environmental Management Plans ("EMPs") or Environmental Codes of Practice ("ECOPs"), as the case may be, acceptable to the Association, all in accordance with the guidelines, requirements and procedures set forth in the Environmental and Social Management Framework ("ESMF"), and thereafter implement in a timely manner said EMPs or ECOPs.

3. The Recipient shall cause Project Provinces to prepare, and cause to be prepared, Ethnic Minorities Development Plans ("EMDPs"), acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the Ethnic Minorities Policy Framework ("EMPF"), and thereafter implement in a timely manner said EMDP as approved by the Association.

4. Prior to the commencement of any activity under Part 4 of the Project involving the dredging of sand from harbors, the Recipient shall cause Project Provinces to prepare and furnish to the Association for its review a Dredging Material Disposal Plan ("DMDP"), in form and substance satisfactory to the Association and in accordance with the provisions of the ESMF, and finalize and adopt said DMDP taking into consideration the Association's comments thereon.

5. The Recipient shall:

   (a) establish, by no later than March 31, 2013, and maintain throughout the duration of Project implementation, an independent Panel of Experts ("POE") including experts acceptable to the Association under terms of reference acceptable to the Association, which shall be responsible, *inter alia*, for the review of and provision of advice relating to dam safety and other critical aspects of rehabilitation of dams and reservoirs under Part 4 of the Project including reviewing Dam Safety Plans ("DSPs") and

recommending any remedial work or safety related measures necessary for rehabilitation of such dams or reservoirs; and

(b) provide financial and administrative support and cooperation necessary for the POE to carry out its functions in accordance with its terms of reference.

6. Prior to the commencement of any rehabilitation work under Part 4 of the Project involving a dam or a reservoir, the Recipient shall cause each Project Province to:

(a) ensure that such rehabilitation work has been agreed to by the Association;

(b) carry out such activities in accordance with the provision of the Dam Safety Framework ("DSF");

(c) prepare, as necessary, and provide to the Association for its review and comments DSPs in form and substance satisfactory to the Association and in accordance with the provision of DSF which shall have been reviewed by the POE, and thereafter implement such plans as shall have been agreed by the Association in a manner satisfactory to the Association; and

(d) ensure, when necessary or when recommended by the POE or the Association, that such rehabilitation work is designed and supervised by competent professionals.

7. The Recipient shall cause Quang Nam Province:

(a) by no later than December 31, 2012 and prior to the commencement of any rehabilitation work for the Thach Ban Dam under Part 4 of the Project to:

(i) prepare DSPs in form and substance satisfactory to the Association and in accordance with the provision of DSF, and furnish these DSPs to be reviewed and commented upon by the dam safety panel of experts established under the Vietnam Water Resources Assistance Project;

(ii) revise such DSPs taking into consideration the comments received from the dam safety panel of experts, and furnish it to the Association for its review and comments;

(iii) revise such DSPs taking into consideration the comments received from the Association referred to in sub-paragraph (a)(ii) above; and

(b) implement such DPSs as shall have been agreed by the Association in a manner satisfactory to the Association.

8. The Recipient shall:

(a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the Safeguards 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.

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

10. 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.

11. 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 paragraph 2 of this Section II.A. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

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

(a) Outcome Indicators:

(i) Fifty thousand (50,000) hectares of land protected by enhanced flood protection measures;

(ii) Five hundred fifty thousand (550,000) people protected by enhanced priority infrastructure built by the Project;

(iii) One hundred (100) Communes covered by storm and flood early warning services and with increased awareness about emergency response; and

(iv) Ten (10) Provincial river basin plans prepared or updated with DRM factors and approved by the Provincial Peoples' Committee.

(b) Intermediate Indicators:

(i) for Part 1:

(A) Four hundred and ten (410) government staff trained at the national and Provincial levels;

(B) Three (3) DRM-related databases established and maintained; and

(C) One hundred (100) Commune-level socio-economic development plans revised to include integrating DRM and approved.

(ii) for Part 2:

(A) Seventy three (73) additional hydromet stations installed and connected to the national system; and

(B) Integrated national early warning system and operations plan for hydromet sector adopted by 2014.

(iii) for Part 3:

(A) One hundred (100) Communes with emergency preparedness plans in place; and

(B) One hundred (100) disaster prone Communes that participate in evacuation drills.

(iv) for Part 4:

(A) Twelve (12) kilometers of evacuation or rescue roads established or rehabilitated following prescribed standards;

(B) Twenty five (25) kilometers of dyke and river embankments improved; and

(C) Fourteen (14) dams strengthened or rehabilitated.

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 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, 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 Method
(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping
(c) 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 Method
(a) Quality Based Selection
(b) Least Cost Selection
(c) Selection Based on Consultants' Qualifications
(d) Single-Source Selection of Consulting Firms
(e) Procedures set forth in Paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole-Source Procedures for the 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)
(1) Eligible Expenditures under Part 1 of the Project	3,640,000	100%
(2) Eligible Expenditures under Part 2 of the Project	18,220,000	100%
(3) Eligible Expenditures under Part 3 of the Project	12,260,000	100%
(4) Eligible Expenditures under Part 4 of the Project	61,300,000	100%
(5) Eligible Expenditures under Part 5 of the Project	3,980,000	100%
TOTAL AMOUNT	**99,400,000**	

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 March 31, 2019.

ANNEX to SCHEDULE 2

National Competitive Bidding: Additional Procedures

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 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 Borrower'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 Borrower or Sub-Borrower. 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

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 a 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 January 15, 2018 to and including July 15, 2027	1.65%
commencing January 15, 2028 to and including July 15, 2037	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. "Binh Dinh Province" means the Recipient's province of Binh Dinh, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

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

5. "Central Project Management Office" or "CPMO" means the unit established within MARD pursuant to Decision Number 1149/QD-BNN-TCCB dated June 19, 2012, for the overall Project implementation and coordination and referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement, as such unit may be reconstituted from time to time with the prior written agreement of the Association.

6. "Commune" means any of the Recipient's administrative areas established as such within a District in accordance with the Recipient's constitution and laws or any successor thereto.

7. "Community-Based Disaster Risk Management" or "CBDRM" means the participation of local communities in managing disaster risks.

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

9. "Da Nang City" means the Recipient's city of Da Nang, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

10. "Dam Safety Framework" or "DSF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 1301/QD-BNN-TCTL dated June 1, 2012 and referred to in the paragraph 6 of Section I.C of Schedule 2 to this Agreement, which sets forth the dam safety measures in respect of the Project, including the preparation of DSPs during the implementation of the Project, and administrative and monitoring arrangements to ensure the implementation of said framework, as said DSF 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.

11. "Dam Safety Plans" or "DSPs" means, collectively, the: (a) construction supervision and quality assurance plan; (b) emergency preparedness plan; (c) instrumentation plan; and/or (d) operation and maintenance plan.

12. "Disaster Risk Management" or "DRM" means the management of potential disaster risks such as tsunami, flood, or typhoon.

13. "District" means any of the Recipient's administrative areas established as such within a Province in accordance with the Recipient's constitution and laws or any successor thereto.

14. "Dredging Material Disposal Plan" or "DMDP" means a plan, acceptable to the Association, to be prepared by a Project Province, as the case may be, and referred to in paragraph 4 of Section I.C of Schedule 2 to this Agreement, which sets forth the specific actions and measures designed to dispose of dredging material in an environmentally and socially safe manner, in accordance with the guidelines, requirements and procedures set forth in the ESMF, along with administrative and monitoring arrangements to ensure the implementation of said actions and measures, as said DMDP 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.

15. "End-to-End" means the two-way communication concerning information on weather forecasting and early warning.

16. "Environmental Code of Practice" or "ECOP" means the standardized requirements and practices to be prepared and adopted by a Project Province, and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, to be followed in the implementation of Project activities to ensure compliance with certain environmental aspects of the Project, as said code 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 code of practice.

17. "Environmental Management Plan" or "EMP" means, respectively, the plan, acceptable to the Association, to be prepared and adopted by a Project Province,

and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth the specific actions, measures and policies designed to maximize the benefit of the Project, as well as eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, along with administrative and monitoring arrangements to ensure the implementation of said actions, measures and policies, as said EMP 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.

18. "Environmental and Social Management Framework" or "ESMF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 1220/QD-BNN-KHCN dated May 24, 2012 and referred to in the paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth the environmental and social protection measures in respect of the Project, including an environmental code of practice as well as the preparation of EMPs during the implementation of the Project, and administrative and monitoring arrangements to ensure the implementation of said framework, as said ESMF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

19. "Ethnic Minorities Development Plan" or "EMDP" means the plan, acceptable to the Association, to be prepared and adopted by a Project Province, and referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement, which sets 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 EMDP 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.

20. "Ethnic Minorities Policy Framework" or "EMPF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 966/QD-BNN-HTQT dated May 2, 2012 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 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.

21. "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.

22. "Governance and Transparency Action Plan" means the plan included as part of each OM and referred to in paragraph 8 (a)(vi) of Section I.A of Schedule 2 to this Agreement, which sets forth measures developed to reinforce Project governance, enhance transparency of Project activities, increase public accountability, and reduce opportunities for corruption, 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 to such plan.

23. "Ha Tinh Province" means the Recipient's province of Ha Tinh, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

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

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

26. "Ministry of Natural Resources and Environment" or "MONRE" means the Recipient's Ministry of Natural Resources and Environment, or any successor thereto.

27. "National Disaster Prevention, Response and Mitigation Strategy Towards 2020" is the instrument setting forth the overall framework for the national disaster prevention, response and mitigation, as approved by the Recipient's Prime Minister pursuant to Decision No. 172/2007/QD-TTg dated November 16, 2007.

28. "Nghe An Province" means the Recipient's province of Nghe An, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

29. "Ninh Thuan Province" means the Recipient's province of Ninh Thuan, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

30. "Operational Manual" or "OM" means the document, including the Governance and Transparency Action Plan, adopted by the Recipient through its Ministry of Agriculture and Rural Development pursuant to Decision Number 1377/QD-BNN-HTQT dated June 12, 2012, and referred to in paragraph 8 of Section I.A of Schedule 2 to this Agreement, which sets forth guidelines, policies and procedures for the implementation 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 to such manual.

31. "Panel of Experts" or "POE" means the independent panel of experts, satisfactory to the Association, to be established by the Recipient no later than March 31, 2013, and referred to in paragraph 5(a) of Section I.C of Schedule 2 to this Agreement, as said panel may be reconstituted from time to time with the prior written agreement of the Association under terms of reference and with experts whose qualifications and experience are acceptable to the Association.

32. "Prime Minister" means the Prime Minister of the Socialist Republic of Vietnam, the highest ranking official in the executive branch of the Recipient's government.

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

34. "Procurement Plan" means the Recipient's procurement plan for the Project, dated June 11, 2012 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.

35. "Project Management Office" or "PMO" means the unit established within MONRE pursuant to Decision number 758/QD-BTNMT dated May 23, 2012, for the implementation of Part 2 of the Project, and referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement, as such unit may be reconstituted from time to time with the prior written agreement of the Association.

36. "Project Provinces" means, collectively, the Recipient's Thanh Hoa Province, Nghe An Province, Ha Tinh Province, Da Nang City, Quang Nam Province, Quang Ngai Province, Quang Binh Province, Quang Tri Province, Binh Dinh Province, and Ninh Thuan Province, or any successors thereto.

37. "Project Steering Committee" or "PSC" means the committee to be established within MARD for purposes of providing overall strategic guidance for Project implementation and referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement, as such committee may be reconstituted from time to time with the prior written agreement of the Association.

38. "Peoples' Committee" means the local government at the Province, District, or Commune level, as the case may be, or any successor thereto.

39. "Provincial Project Management Unit" or "PPMU" means, respectively, the unit established and/or assigned by each Project Province in accordance with the provisions of paragraph 6 of Section I.A of Schedule 2 to this Agreement and pursuant to: (a) Thanh Hoa Province's Decision No. 1123/QD-SNN&PTNT dated December 30, 2011; (b) Nghe An Province's Decision No. 417/QD.SNN-QLXD dated May 24, 2012; (c) Ha Tinh Province's Decision No. 1971/QD-SNN dated June 1, 2012 and Decision No. 1972/QD-SNN dated June 1, 2012; (d) Quang Binh Province's Decision No. 254/QD-SNN dated May 21, 2012; (e) Quang Tri Province's Decision No. 154/QD-SNN dated May 22, 2012; (f) Quang Ngai Province's Decision No. 218/QD-SNN&PTNT dated May 23, 2012; (g) Quang Nam Province's Decision No. 324/QD-SNN&PTNT dated May 16, 2012; (h) Da Nang City's Decision No. 160/QD-SNN dated June 8, 2012; (i) Binh Dinh Province's Decision No. 1321/QD-SNN dated May 21, 2012; and (j) Ninh Thuan Province's Decision No. 259/QD-SNNPTNT dated May 22, 2012; to manage the overall implementation of said Project Province's Respective Part of the Project, as such unit may be reconstituted form time to time with the prior written agreement of the Association.

40. "Province" means any of the government administrative areas established as such in accordance with the Recipient's constitution and laws, or any successor thereto.

41. "Quang Binh Province" means the Recipient's province of Quang Binh, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

42. "Quang Nam Province" means the Recipient's province of Quang Nam, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

43. "Quang Ngai Province" means the Recipient's province of Quang Ngai, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

44. "Quang Tri Province" means the Recipient's province of Quang Tri, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

45. "Resettlement Action Plan" or "RAP" means the resettlement plan acceptable to the Association, referred to in paragraph 1(b) of Section I.C of Schedule 2 to this Agreement, to be prepared and adopted by each Project Province; which sets 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 plan 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.

46. "Resettlement Policy Framework" or "RPF" means the policy framework for resettlement and land acquisition acceptable to the Association, referred to in paragraph 1(b) of Section I.C of Schedule 2 to this Agreement, adopted by the Recipient's Prime Minister pursuant to the Prime Minister's Decision Number 636/TTg-QHQT dated May 16, 2012; which sets forth mitigation, enhancement, monitoring and institutional measures, including capacity building through training, to carry out the acquisition of land and related assets under the Project and compensation, resettlement, and 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.

47. "Respective Part of the Project" means Project activities, which shall have been approved by the Association, to be implemented in a Project Province.

48. "Safeguards Instruments" means, collectively, the Environmental and Social Management Framework, the Environmental Management Plans, the Environmental Codes of Practice, the Resettlement Policy Framework, the Resettlement Action Plans; the Ethnic Minorities Policy Framework, the Ethnic Minorities Development Plan; the Dam Safety Framework, the Dam Safety Plans; and the Dredging Material Disposal Plans.

49. "Thach Ban Dam" means a dam located in Quang Nam Province, owned and operated by Quang Nam Province's Peoples' Committee through the Quang Nam Irrigation Exploitation Management Company.

50. "Thanh Hoa Province" means the Recipient's province of Thanh Hoa, under the direct jurisdiction of the Recipient's central government, and any successor thereto.

51. "Training and Workshops" means the reasonable costs of expenditure incurred by the Recipient, based on annual budgets approved by the Association, in

facilitating and conducting training and workshop activities under the Project, including costs of training or workshop materials, equipment and venue rental, per diem and transportation for those attending the training or workshop, and such term includes international study tours.

52. "Vietnam Water Resources Assistance Project" means the project referred to in the Development Credit Agreement dated August 19, 2004, entered into between the Recipient and the Association.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Paragraph (a) of Section 2.05 is modified to read as follows:

"Section 2.05 Eligible Expenditure

(a) the payment is for the financing of the reasonable cost of goods (including vehicles), works, services, Incremental Operating Costs, or Training and Workshops required for the Project, and to be financed out of the proceeds of the Financing and procured, all in accordance with the provisions of the Financing Agreement;"

2. 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."

3. 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".

4. 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)."

5. 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".

6. 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).