CREDIT NUMBER 4951-VN

Financing Agreement

(Mekong Delta Water Resources Management for Rural Development Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 13, 2011

CREDIT NUMBER 4951-VN

FINANCING AGREEMENT

AGREEMENT dated July 13, 2011, 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 one hundred million nine hundred and ten thousand Special Drawing Rights (SDR 100,910,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Payment Dates are May 15 and November 15 in each year.

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

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through its Ministry of Agriculture and Rural Development 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 Conditions of Effectiveness consist of the following:

(a) the Recipient has adopted the Project Operational Manual;

(b) the Prime Minister has approved the Resettlement Policy Framework; and

(c) the Recipient has adopted five (5) Resettlement Action Plans for Phase 1 Sub-Projects.

4.02. The Additional Legal Matter consists of the following, namely, the Resettlement Policy Framework has been duly approved by the Prime Minister and is legally binding upon the Recipient in accordance with its respective terms.

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

4.04. 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

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to protect and enhance the utilization of water resources in Project Provinces of the Mekong Delta Region in order to sustain gains in agricultural productivity, provide access to water supply for rural households, and contribute to climate change adaptation.

The Project consists of the following parts:

Part 1: Water Management Planning and Efficient Utilization

Strengthening the capacity for water resources management planning at the regional and provincial level and increasing the efficiency in water utilization, including:

(a) development of provincial water management plans incorporating potential impacts from upstream development and climate change, and development of a regional water analysis; and

(b) promoting the efficient use of water through demonstration of good practices of on-farm water and agriculture management to increase water productivity, and increasing the efficiency in the operation and maintenance of the irrigation schemes supported under Parts 1 and 2 of the Project.

Part 2: Improvement and Rehabilitation of Water Resources Infrastructure

Construction and rehabilitation of water resources infrastructure in selected water management schemes, including:

(a) major maintenance of existing under-performing infrastructure, such as canal dredging, re-sectioning and lining repairs, and rehabilitation of dykes;

(b) completion and/or minor upgrading of existing infrastructure, such as construction of secondary and tertiary sluice gates, construction of small bridges, and upgrading of canal dykes;

(c) rehabilitation and repairs of the tertiary and on-farm irrigation facilities to support Water Users' Organizations; and

(d) provision of support for preparation and implementation of Sub-Projects under this Part 2, including: (i) preparation of feasibility studies, detailed

designs, and safeguard documents; (ii) implementation and monitoring of environmental and safeguard mitigation measures, and (iii) support for implementing integrated pest management.

Part 3: Rural Water Supply and Sanitation

Provision of support for the construction, rehabilitation, and management of rural water supply and sanitation systems, including:

(a) development of rural water supply infrastructure;

(b) development of sanitation infrastructure, and hygiene promotion; and

(c) institutional strengthening of PCERWASs.

Part 4: Project Management and Implementation Support

Provision of support for Project management, monitoring and evaluation, including provision of technical advisory services, acquisition of logistics equipment and vehicles, and facilitation of workshops and training.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, by no later than October 1, 2011, establish within MARD and thereafter maintain, throughout the implementation of the Project, a Project Implementation Steering Committee with composition and under terms of reference satisfactory to the Association, including representatives of relevant ministries and Project Provinces. The PISC shall be responsible for providing strategic guidance for the overall Project implementation, including approval of Project implementation plans and reports, review of external audit reports, and providing guidance on policy and implementation issues.

2. The Recipient shall maintain within MARD, throughout the implementation of the Project, the Central Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, environmental and social safeguard, financial management, and procurement staff, in each case with qualifications, experience and under terms of reference acceptable to the Association. The CPMU shall be based in Can Tho City and shall be responsible for carrying out Part 1(a) of the Project and for the overall Project implementation, coordination, planning, reporting, monitoring and evaluation, including ensuring timely compliance with the procurement, financial management, and environmental and social safeguards aspects of the Project.

3. The Recipient shall maintain within MARD, throughout the implementation of the Project, the Project Management Unit 10 under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, environmental and social safeguard, financial management, and procurement staff, in each case with qualifications, experience and under terms of reference acceptable to the Association. The PMU 10 shall be responsible for the implementation of Sub-Projects under Part 2 of the Project involving more than one (1) Project Province.

4. The Recipient shall cause each Project Province to maintain, throughout the duration of Project implementation, a Provincial Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a director, environmental and social safeguard, financial management, and

procurement staff, in each case with qualifications, experience and under terms of reference acceptable to the Association.

5. Each PPMU shall be responsible for managing and coordinating the implementation of activities under Parts 1(b) and 2 of the Project within its respective Project Province, including procurement, financial management, preparing detailed design and bidding documents, awarding and managing contracts, reviewing contractor's designs, supervising construction, and ensuring timely compliance with the environmental and social safeguards aspects of the Project, including land acquisition, resettlement, and compensation.

6. The Recipient shall cause each Project Province to maintain, throughout the duration of Project implementation, the Provincial Center for Rural Water Supply and Sanitation under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers, in each case with qualifications, experience and under terms of reference acceptable to the Association.

7. Each PCERWAS shall be responsible for managing and coordinating the implementation of activities under Part 3 of the Project within its respective Project Province, including procurement, financial management, preparing detailed design and bidding documents, awarding and managing contracts, reviewing contractors' designs, supervising construction, and ensuring timely compliance with the environmental and social safeguards aspects of the Project, including land acquisition, resettlement, and compensation.

8. The Recipient shall:

(a) prepare and adopt a Project Operational Manual, acceptable to the Association, setting forth guidelines and procedures for the implementation of the Project, including: (i) policies, procedures and requirements under the Project in regard to financial management, flow of funds, definition of roles and responsibilities, internal control and reconciliation, record keeping, reporting and auditing; (ii) guidelines and procedures for procurement consistent with the provisions of Section III of this Schedule 2, as well as the allocation of roles and responsibilities for procurement review and approval; (iii) the Governance and Transparency Action Plan; (iv) eligibility criteria, approval process; implementation, assessment, monitoring, and evaluation of Sub-Projects; and (v) guidelines on procurement and financial management aspects under Sub-Projects;

(b) carry out the Project, and cause the Project to be carried out, in accordance with the POM;

(c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said POM or any part thereof, without the prior written agreement of the Association; and

9. In case of any inconsistency between the provisions of the POM and those of 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: (i) implement the respective RAP already in place for such activities, if any, in accordance with its provisions and with the guidelines and procedures set forth in the Resettlement Policy Framework as approved by the Association; or (ii) if a RAP is not already in place for such activities, then prepare, and cause to be prepared, a Resettlement Action Plan, acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the Resettlement Policy Framework, and thereafter implement in a timely manner said RAP as approved by the Association.

2. The Recipient shall, and shall cause Project Provinces to: (a) carry out the Project in accordance with the provisions of the Environmental Management Plans already in place; or (b) if an EMP for a Project activity is not in place, then prepare, and cause to be prepared, an EMP, acceptable to the Association, which shall include, as necessary, a Pest Management Plan, all in accordance with the guidelines, requirements and procedures set forth in the Environmental and Social Management Framework and the Pest Management Framework, and thereafter implement in a timely manner said EMP as approved by the Association.

3. The Recipient shall, and shall cause Project Provinces to: (a) carry out the Project in accordance with the provisions of the Ethnic Minorities Development Plans

already in place; or (b) if an EMDP for a Project activity is not in place, then prepare, and cause to be prepared, an EMDP, acceptable to the Association, in accordance with the guidelines, requirements and procedures set forth in the Ethnic Monitories Development Framework, and thereafter implement in a timely manner said 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 (1) 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. In case of any inconsistency between the provisions of any of the Safeguard Instruments and this Agreement, the provisions of this Agreement shall prevail.

6. The Recipient shall prepare and furnish to the Association, and cause Project Provinces to prepare and furnish to the Association for its review, prior to the signing of the first civil works contract under a Sub-Project containing dredging activities, a Dredging Material Disposal Plan, in form and substance satisfactory to the Association and in accordance with the provisions of the ESMF, and shall finalize said DMDP taking into consideration the Association's comments.

7. The Recipient shall ensure that each contract for civil works required for a Sub-Project and to be financed out of the proceeds of the Credit includes the obligation of the relevant contractor to implement the relevant EMP.

8. 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.

9. 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 (1) 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 where agricultural production has increased.

(ii) Fifty thousand (50,000) hectares where agriculture production has been maintained through prevention of future salinity intrusion and flood risks.

(iii) Sixty thousand (60,000) households of rural population with access to sustainable and safe potable water supply.

(iv) Ten thousand (10,000) households of rural population served by improved sanitation systems.

(v) Increase by twenty percent (20%) of water productivity in the pilot areas.

(vi) Forty thousand (40,000) hectares transferred to WUOs for managing tertiary and quaternary irrigation facilities.

(b) Intermediate Indicators:

(i) Seven (7) Project Provinces with water resources management plans considering the impacts on the upstream development and climate change and improve the current operation and maintenance practices.

(ii) Six (6) implemented pilot programs on improved irrigation and advanced high productivity agriculture practices.

(iii) Seven (7) Project Provinces implemented programs which would bring improvement in water resources operation and maintenance.

(iv) Nine (9) Sub-Projects prepared and obtained safeguards clearances.

(v) Nine (9) Sub-Projects completed compensation payments.

(vi) Nine (9) Sub-Projects fully implemented.

(vii) Sixty (60) rural water supply systems constructed and/or expanded.

(viii) Timely submission of Project Reports and audit reports.

B. Financial Management, Financial Reports and Audits

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

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

C. Midterm Review

The Recipient shall:

(a) carry out jointly with the Association, no later than November 30, 2014, or such later date as the Association shall request, a midterm review to assess the status of Project implementation, as measured against the performance indicators referred to in paragraph 2 of Section II.A of this Schedule. Such review shall include an assessment of the following: (i) overall progress in Project implementation; (ii) results of monitoring and evaluation activities; (iii) annual work plans and budgets; (iv) progress in procurement and disbursement; (v) progress in the implementation of environmental and social safeguards; (vi) Project implementation arrangements; and (vii) the need to make any adjustments to the Project and to reallocate funds to improve performance;

(b) prepare and furnish to the Association, at least three (3) months before such review, a report, in scope and detail satisfactory to the Association, needed to undertake the review, integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section on the progress achieved in the carrying out of the Project during the period preceding the date of the such report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective thereof during the period following such date; and

(c) review, jointly with the Association, the report referred to in paragraph (b) of this Section and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Association's views on the matter.

Section III. Procurement

A. General

1. **Goods and Works**. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services**. All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance

with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

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

B. Particular Methods of Procurement of Goods and Works

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

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

Procurement Method
(a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2
(b) Shopping

C. Particular Methods of Procurement of Consultants' Services

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

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

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

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	6,760,000	95% of works; and 100% of other Eligible Expenditures
(2) Eligible Expenditures under Part 2 of the Project	72,620,000	95% of works; and 100% of other Eligible Expenditures
(3) Eligible Expenditures under Part 3 of the Project	18,900,000	81% of works; and 100% of other Eligible Expenditures
(4) Eligible Expenditures under Part 4 of the Project	2,630,000	95% of works; and 100% of other Eligible Expenditures
TOTAL AMOUNT	**100,910,000**	

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, 2017.

Section V. Other Undertakings

1. The Recipient shall, by no later than March 1, 2012, and in any event prior to the commencement of the Phase 2 Sub-Projects to be financed under Parts 2 and 3 of the Project, furnish to the Association for such Sub-Projects feasibility studies and related environmental and social safeguard instruments, which instruments shall:

   (a) satisfy the requirements of the EMDF, the ESMF, and the RPF, as the case may be, and in each case be prepared in form and substance satisfactory to the Association;

   (b) except as otherwise agreed with the Association in writing, be submitted to the Association for review and approval; and

   (c) thereafter, be adopted and locally disclosed.

2. The Recipient shall, by no later than March 1, 2014, and in any event prior to the commencement of the Phase 3 Sub-Projects to be financed under Parts 2 and 3 of the Project, furnish to the Association for such Sub-Projects feasibility studies and related environmental and social safeguard instruments, which instruments shall:

   (a) satisfy the requirements of the EMDF, the ESMF, and the RPF, as the case may be, in each case in be prepared in form and substance satisfactory to the Association;

   (b) except as otherwise agreed with the Association in writing, be submitted to the Association for review and approval; and

   (c) thereafter, be adopted and locally disclosed.

ANNEX to SCHEDULE 2

National Competitive Bidding Procedures

The procedure to be followed for National Competitive Bidding shall be those set forth in Article 18 on *Open Bidding of the Law on Procurement 61/2005/QH11* dated November 29, 2005, Law 38/2009/QH12 dated June 19, 2009 on Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment, and *Decree 85/2009/ND-CP, Guiding Implementation of Law on Procurement and Selection of Construction Contractors under the Construction Law* dated October 15, 2009 (collectively, "National Procurement Laws") with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Association in May 2004 and revised in October 2006 and May 2010 (the "Guidelines") and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the requirements of said paragraphs 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

Eligibility

1. The eligibility of bidders shall be as defined under Section I of the Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

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

Registration

3. Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to

be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising; Time for Bid Preparation

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

Standard Bidding Documents

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

Qualification Criteria

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

Bid Submission, Bid Opening and Bid Evaluation

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

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

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

(c) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

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

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

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

Rejection of All Bids and Re-bidding

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

Complaints by Bidders and Handling of Complaints

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

Fraud and Corruption

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

Right to Inspect/Audit

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

License

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

Publication of the Award of Contract

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

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15:	
commencing November 15, 2021 to and including May 15, 2031	1.25%
commencing November 15, 2031 to and including May 15, 2046	2.5%

* 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 within MARD pursuant to Decisions Number 826/QD-BNN-TCCB dated April 22, 2011 and Number 868/QD-BNN-TCCB dated April 28, 2011 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.

5. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004 and revised in October 2006 and May 2010.

6. "Dredging Material Disposal Plan" or "DMDP" means a plan, acceptable to the Association, to be prepared by the Recipient or a Project Province, as the case may be, and referred to in paragraph 6 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.

7. "Environmental Management Plan" or "EMP" means a plan, acceptable to the Association, adopted by MARD through its Decision Number 830 QD/BNN-XD

dated April 22, 2011, or to be adopted by the Recipient or a Project Province, as the case may be, in accordance with the guidelines, requirements and procedures set forth in the ESMF, 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.

8. "Environmental and Social Management Framework" or "ESMF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 828/QD-BNN-XD dated April 22, 2011 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 and a pest management plan, as well as the preparation of EMPs and DMDPs 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.

9. "Ethnic Minorities Development Framework" or "EMDF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 802/QD-BNN-HTQT dated April 19, 2011 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 EMDF 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.

10. "Ethnic Minorities Development Plan" or "EMDP" means a plan, acceptable to the Association, adopted by MARD through its Decision Number 821 QD/BNN-XD dated April 21, 2011 or to be adopted by the Recipient or a Project Province, as the case may be, in accordance with the guidelines, requirements and procedures set forth in the ESMF, 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.

11. "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.

12. "Governance and Transparency Action Plan" means the plan to be developed as part of the POM and referred to in paragraph 8(a)(iii) 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.

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

14. "Mekong Delta Region" means a sub-region in the south of the Recipient's territory comprising a total of twelve (12) Provinces.

15. "Operating Costs" means the reasonable cost of incremental expenditures incurred by the Recipient in the implementation of the Project, based on annual budgets approved by the Association, which expenditures would not have been incurred absent the Project, including the costs of office consumables, operation and maintenance of office equipments and vehicles; communication costs; transportation costs; and per diem for Project staff for purposes of Project management and supervision; and wages of contracted staff; but in all cases excluding the salaries and salary supplements of the Recipient's civil servants.

16. "Pest Management Framework" or "PMF" means the framework, acceptable to the Association, adopted by MARD through its Decision Number 829/QD-BNN-XD dated April 22, 2011 and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth the policies and procedures to ensure appropriate and safe management and use of pesticides and insecticides including the development of Pest Management Plans as part of the EMPs, as said PMF 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.

17. "Pest Management Plan" or "PMP" means a plan, acceptable to the Association, to be developed as part of a EMP in accordance with the guidelines, requirements and procedures set forth in the PMF, and referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement, which sets forth measures designed to ensure

appropriate and safe management and handling of pesticides and insecticides, as said PMP 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. "Phase 1 Sub-Projects" means a total of seven (7) Sub-Projects under Parts 2 and 3 of the Project which have been prepared in accordance with procedure and guidelines acceptable to the Association, and which shall be implemented in accordance with the provisions of this Agreement.

19. "Phase 2 Sub-Projects" means Sub-Projects under Parts 2 and 3 of the Project to be prepared, by no later than March 1, 2012, in accordance with procedure and guidelines acceptable to the Association, and which shall be implemented in accordance with the provisions of this Agreement.

20. "Phase 3 Sub-Projects" means Sub-Projects under Parts 2 and 3 of the Project to be prepared, by no later than March 1, 2014, in accordance with procedure and guidelines acceptable to the Association, and which shall be implemented in accordance with the provisions of this Agreement.

21. "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.

22. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006 and May 2010.

23. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 27, 2011 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

24. "Provincial Project Management Unit" or "PPMU" means the unit established by each Project Province in accordance with the provisions of paragraph 4 of Section I.A of Schedule 2 to this Agreement and pursuant to: (a) Decision Number 429/QD.SNN-VP dated August 18, 2008 issued by the Department of Agriculture and Rural Development of An Giang Province; (b) Decision Number 119/QD-SNN&PTNT dated March 29, 2011 issued by the Department of Agriculture and Rural Development of Can Tho City; (c) Decision Number 601/QD.SNN&PTNT dated November 29, 2010 issued by the Department of Agriculture and Rural Development of Hau Giang Province; (d) Decision Number 96/QD.NN dated September 12, 2006 issued by the Department of Agriculture and Rural Development of Soc Trang Province; (e) Decisions Number 78/QD.UB dated February 14, 1997 and Number 1459/QD-UBND dated July 15, 2008 issued by the Provincial Peoples' Committee of Bac Lieu Province;

(f) Decision Number 73/QD-SNN dated April 24, 2007 issued by the Department of Agriculture and Rural Development of Ca Mau Province; and (g) Decision Number 40/QDTL-NN dated May 19, 2008 issued by the Department of Agriculture and Rural Development of Kien Giang Province, as such units may be reconstituted form time to time with the prior written agreement of the Association.

25. "Project Implementation Steering Committee" or "PISC" 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.

26. "Project Management Unit 10" or "PMU 10" means the unit established within MARD pursuant to Decision Number 109/2006/QD-BNN dated December 12, 2006, and which is responsible for the implementation of Sub-Projects under Parts 2 of the Project involving more than one Project Province and referred to in paragraph 3 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.

27. "Project Operational Manual" or "POM" means the manual, including the Governance and Transparency Action Plan, to be developed and adopted by the Recipient and referred to in Section 4.01(a) and 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.

28. "Project Provinces" means, collectively, the Recipient's An Giang Province, Ca Mau Province, Hau Giang Province, Soc Trang Province, Bac Lieu Province, and Kien Giang Province, as well as the Can Tho City.

29. "Provincial Center for Rural Water Supply and Sanitation" or "PCERWAS" means the provincial government center established and maintained within the Department of Agriculture and Rural Development of each Project Province responsible for provision of rural water supply and sanitation, and referred to in paragraph 6 of Section I.A of Schedule 2 to this Agreement.

30. "Resettlement Action Plan" or "RAP" means a resettlement plan, acceptable to the Association, adopted by MARD through its Decision Number 821 QD/BNN-XD dared April 21, 2011, or to be adopted by the Recipient or Project Provinces, as the case may be, referred to in paragraph 1(b) of Section I.C of Schedule 2 to this Agreement, 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 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.

31. "Resettlement Policy Framework" or "RPF" means the policy framework, agreed with the Association, for resettlement and land acquisition, to be approved by the Recipient's Prime Minister in accordance with Section 4.01(b) of this Agreement, and referred to in paragraph 1(b) of Section I.C of Schedule 2 to this Agreement, and setting out 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.

32. "Safeguards Instruments" means, collectively, the Environmental and Social Management Framework, the Environmental Management Plans, the Ethnic Minorities Development Framework, the Ethnic Minorities Development Plans, the Pest Management Framework, Pest Management Plans, the Resettlement Policy Framework, and the Resettlement Action Plans.

33. "Sub-Project" means a water resource, a water supply, or a sanitation investment project to be financed under Parts 2 and/or 3 of the Project.

34. "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, and per diem and transportation for those attending the training or workshop.

35. "Water Users' Organization" or "WUO" means a commune, a farmer group, a farmer water users' group, a cooperative, or another entity formed or to be formed by farmers in the Project Provinces for purposes, *inter alia*, of construction, operation and maintenance of irrigation canals below the secondary levels serving an area of five hundred (500) hectares or less, or construction, operation and maintenance of village clean water supply facilities.

Section II. Modification to the General Conditions

The modification to the General Conditions is as follows, namely 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, works, consultants' services, Training and Workshops, and Operating Costs (as said capitalized terms are defined in the Financing Agreement) 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;"