CREDIT NUMBER 5330-VN

# Financing Agreement

(Central Highlands Poverty Reduction Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 24, 2014

**CREDIT NUMBER 5330-VN**

# FINANCING AGREEMENT

AGREEMENT dated April 24, 2014, entered into between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

## ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

## ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to ninety seven million six hundred thousand Special Drawing Rights (SDR 97,600,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.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 June 15 and December 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 Planning and Investment 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 Resettlement Policy Framework has been duly approved by the Prime Minister and is legally binding upon the Recipient in accordance with its respective terms.

4.02. 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 | 412248 | (84-4) 3825 0612 |

5.03. The Association's Address is:

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

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

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

SOCIALIST REPUBLIC OF VIETNAM

By _____
Authorized Representative

Name: Nguyen Van Binh

Title: Governor, State bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Authorized Representative

Name: Victoria Kwakwa

Title: Country Director

## SCHEDULE 1

### Project Description

The objective of the Project is to enhance living standards by improving livelihood opportunities in Project Communes of upland Districts of the central highlands of Vietnam.

The Project consists of the following:

**Part 1: Village and Commune Infrastructure Development**

(a) Provision of Grants for the design and construction of small scale Village and Commune level infrastructure.

(b) Provision of Grants for the operation and maintenance of small scale Village and Commune level infrastructure.

**Part 2: Sustainable Livelihoods Development**

(a) Provision of Grants to strengthen and diversify income sources, and improve nutrition and food security by enhancing the productive capabilities and dietary intakes of Project beneficiaries.

(b) Provision of Grants to promote market linkages support for commodities having commercial market potential.

**Part 3: Connective Infrastructure Development, Capacity Building, and Communications**

(a) Development of selected intra-communal and inter-communal level infrastructure and other investments supporting socio-economic connectivity.

(b) Capacity building and technical support for Project implementation and management.

(c) Communications and outreach activities.

**Part 4: Project Management**

(a) Provision of support for Project management.

(b) Provision of support for Project monitoring and evaluation.

## SCHEDULE 2

### Project Execution

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

1. The Recipient shall maintain throughout the implementation of the Project a Central Project Coordination Office within MPI under the direction of qualified management and 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, to be responsible for the overall management and coordination of the Project, and monitoring and evaluation of Project achievements and impacts.

2. The Recipient shall cause the People's Committee of each Project Province to:

   (a) assign a vice chairperson of the respective Provincial People's Committee to be responsible for the Project implementation in the respective Project Province; and

   (b) maintain, throughout the duration of the Project implementation, a Provincial Project Management Unit and District Project Management Unit within each respective Province and District, each under the direction of qualified management and 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.

3. The Recipient shall cause the People's Committee of each Project District to:

   (a) no later than one (1) month following the Effective Date, establish and maintain, throughout the duration of the Project implementation a Commune Development Board within each respective Commune under the direction of qualified management, provided with sufficient resources, and staffed with competent personnel in adequate numbers under terms of reference acceptable to the Association;

   (b) no later than June 30, 2014, establish and maintain, throughout the duration of the Project implementation a Commune Supervisory Board within each respective Commune under the direction of qualified management, provided with sufficient resources, and staffed with competent personnel in adequate numbers under terms of reference acceptable to the Association and

(c) in respect of each eligible Sub-Project proposed by a CDB, and appraised by its DPMU, issue a written decision that records the rights and obligations of the CDB with respect to the approval and implementation of the Sub-Project, in form and substance acceptable to the Association.

4. The Recipient shall:

(a) maintain and carry out the Project in accordance with the Project Implementation Manual, which manual shall set forth guidelines and procedures for the implementation of the Project, and carry out the Project in accordance with the Project Implementation Manual satisfactory to the Association; and

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

**B. Anti-Corruption**

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

**C. Safeguards.**

1. The Recipient shall:

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

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

2. 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.

3. The Recipient shall implement in a timely manner the Environmental Management Plans or Environmental Codes of Practice, as the case may be, in

accordance with the Environmental and Social Management Framework acceptable to the Association, as the case may be.

4. The Recipient shall:

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

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

5. 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. 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

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 acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

### B. Financial Management, Financial Reports and Audits

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

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

**Section III. Procurement**

**A. General**

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

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

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

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

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

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

| Procurement Methods |
|---|
| (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule 2 |
| (b) Shopping |
| (c) Direct Contracting |
| (d) Community Participation |

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

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

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

| Procurement Methods |
|---|
| (a) Quality-Based Selection |
| (b) Least-Cost Selection |
| (c) Selection Based on Consultants' Qualifications |
| (d) Single Source Selection of Consulting Firms |
| (e) Selection of Individual Consultants |
| (f) Single Source Selection of Individual Consultants |
| (g) Selection under a Fixed Budget |

**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**

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) Goods (including vehicles), Works, Non-Consultants' Services, Consultants' Services, Training and Workshops, and Incremental Operating Costs under Parts 3 and 4 of the Project | 40,620,000 | 100% |
| (2) Grants under Parts 1 and 2 of the Project | 56,980,000 | 100% of amount disbursed |
| **TOTAL AMOUNT** | **97,600,000** | |

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 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 Recipient's country are eligible to bid in the Recipient's country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

Registration

4. Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any let or hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Advertising; Time for Bid Preparation

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

6. The time allowed for the preparation and submission of bids shall not be less than thirty (30) days from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later.

Standard Bidding Documents

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

Qualification Criteria

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

Bid Submission, Bid Opening, and Bid Evaluation

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

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction, and delivery at any time prior to the deadline for

bid submission, and no other conditions shall be imposed on the sale of the bidding documents.

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

(c) A contract shall be awarded, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. No negotiations shall be permitted. A bidder shall neither be required nor permitted, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

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

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

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

Rejection of All Bids and Re-bidding

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

Complaints by Bidders and Handling of Complaints

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

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

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Guidelines. The Association will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded 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 June 15 and December 15: | |
| commencing June 15, 2019 to and including December 15, 2028 | **1.65%** |
| commencing June 15, 2029 to and including December 15, 2038 | **3.35%** |

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

## APPENDIX

### Section I. Definitions

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

2. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

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

4. "Central Project Coordination Office" or "CPO" means the office established within the Recipient's Ministry of Planning and Investment pursuant to Decision Number 1618/QD-BKHDT dated November 5, 2013 to coordinate and manage the overall implementation of the Project, and referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

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

6. "Commune Development Board" or "CDB" means the board established or to be established within each Project Commune, and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement. Each CDB shall be responsible for the daily implementation of the Project at the respective Commune level.

7. "Commune Supervisory Board" or "CSB" means the board established or to be established within each Project Commune, and referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement. Each CSB shall be responsible for: (a) monitoring Project implementation in such Commune; and (b) providing recommendations to the competent authorities to settle problems and complaints of the residents of the respective Commune, as necessary.

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

9. "Department of Planning and Investment" means the department responsible for planning and investment within a Provincial People's Committee, or any successor thereto.

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

11. "District Project Management Unit" or "DPMU" means each of the units established within each Project District, in accordance with the provisions of paragraph 2 of Section I.A of Schedule 2 to this Agreement and the following Decisions: (a) Dak Lak: (i) M'Drak: Decision Number 2047/QD-UBND dated October 31, 2013, (ii) Lak: Decision Number 2097/QD-UBND dated November 5, 2013, (iii) Ea Sup: Decision Number 2312/QD-UBND dated November 6, 2013, (iv) Buon Don: Decision Number 2788/QD-UBND dated November 4, 2013, (v) Krong Bong: Decision Number 4220/QD-UBND dated October 30, 2013;

(b) Dak Nong: (i) Dak Song: Decision Number 1187/QD-UBND dated October 25, 2013, (ii) Tuy Duc: Decision Number 1498/QD-UBND dated October 23, 2013, (iii) Krong No: Decision Number 2655/QD-UBND dated October 25, 2013, (iv) Dak Glong: Decision Number 3547/QD-UBND dated October 24, 2013;

(c) Kon Tum: (i) Kon Ray: Decision Number 693/QD-UBND dated November 8, 2013, (ii) Kon Plong: Decision Number 938/QD-UBND dated November 8, 2013, (iii) Tumorong: Decision Number 942/QD-UBND dated November 4, 2013, (iv) Ngoc Hoi: Decision Number 1042/QD-UBND dated November 8, 2013, (v) Dak Glei: Decision Number 1495/QD-UBND dated November 7, 2013, (vi) Sa Thay: Decision Number 1916/QD-UBND dated November 7, 2013;

(d) Gia Lai: (i) Kong Chro: Decision Number 95/QD-UBND dated November 8, 2013, (ii) Ia Pa: Decision Number 260/QD-UBND dated November 8, 2013, (iii) Krong Pa: Decision Number 593/QD-UBND dated November 8, 2013, (iv) Kbang: Decision Number 876/QD-UBND dated November 7, 2013, (v) Mang Yang: Decision Number 216/QD-UBND dated November 11, 2013;

(e) Quang Nam: (i) Nam Tra My: Decision Number 1967/QD-UBND dated October 29, 2013, (ii) Nam Giang: Decision Number 1472/QD-UBND dated November 1, 2013, (iii) Phuoc Son: Decision Number 1762/QD-UBND dated October 31, 2013; and

(f) Quang Ngai: (i) Son Ha: Decision Number 2200/QD-UBND dated October 30, 2013, (ii) Son Tay: Decision Number 3028/QD-UBND dated November 5, 2013, (iii) Ba To: Decision Number 1098/QD-UBND dated November 5, 2013;

and responsible for managing and coordinating the implementation of Project activities within its respective District, including preparing annual investment plans, supervising the implementation of Sub-Projects, and providing technical support and guidance to Project Communes.

12. "Environmental Codes of Practice" or "ECOPs" means, respectively, the standardized requirements and practices, referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement, and to be adopted by the respective Provincial People's Committee; to be followed in the implementation of Project activities to ensure compliance with certain environmental aspects of the Project, as said codes of practice may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such codes of practice.

13. "Environmental Management Plan" or "EMP" means, respectively, the plan, acceptable to the Association, referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement, and to be adopted by the respective Provincial People's Committee; which sets forth the specific actions, measures and policies designed to maximize the benefit of the respective activities under 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.

14. "Environmental and Social Management Framework" or "ESMF" means, respectively, the framework, acceptable to the Association, adopted by Ministry of Planning and Investment pursuant to its Decision Number 1493/QD-BKHDT, dated October 18, 2013 and referred to in paragraph 3 of Section I.C of Schedule 2 to this Agreement, which sets forth the environmental protection measures in respect of the Project, including 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.

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

16. "Grant" means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a grant beneficiary for financing a Sub-Project under Parts 1 and 2 of the Project in accordance with the relevant provisions of this Agreement and the Project Implementation Manual.

17. "Incremental Operating Costs" means the reasonable cost of incremental eligible expenditures incurred by the Recipient and implementing agencies as well as concerned participating agencies 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 equipment and vehicles; communication costs; information and communication campaigns, including media costs; 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 salaries, salary allowances, and salary supplements of the Recipient's civil servants ("công chức", "viên chức").

18. "Ministry of Planning and Investment" or "MPI" means the Recipient's Ministry of Planning and Investment, or any successor thereto.

19. "Project Implementation Manual" or "PIM" means the document, adopted by Ministry of Planning and Investment pursuant to Decision Number 1504/QD-BKHDT, dated October 22, 2013, and referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement, which sets forth guidelines, policies 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; (vi) specific guidelines and procedures for the implementation of Grants and Sub-Projects, including: (A) Grant and Sub-project eligibility and award criteria; (B) screening protocols for Grant proposals under Parts 1 and 2 of the Project; (c) terms and conditions of Grants; (D) templates for the Grant agreements; and (E) Grant financial management, disbursement, procurement, and monitoring and evaluation; and (vii) performance indicators; as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules or amendments to such manual.

20. "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.

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

22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 25, 2013 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

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

24. "Project Communes" means collectively, those Communes within the Project Provinces selected by the Recipient to benefit from Project activities, and "Project Commune" means any of the Project Communes.

25. "Project Districts" means collectively, those Districts within the Project Provinces which have within their respective jurisdiction one or more Project Communes; and "Project District" means any of the Project Districts.

26. "Project Provinces" means collectively, the Provinces of Dak Lak, Dak Nong, Gia Lai, Kon Tum, Quang Nam, and Quang Ngai in the Recipient's central region, and "Project Province" means any of such Provinces.

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

28. "Provincial Project Management Unit" or "PPMU" means the unit established within each Project Province in accordance with the provisions of paragraph 2 of Section I.A of Schedule 2 to this Agreement and pursuant to the following Decisions: (a) Dak Lak: Decision Number 2294/QD-UBND dated November 1, 2013; (b) Dak Nong: Decision Number 1746/QD-UBND dated November 4, 2013; (c) Kon Tum: Decision Number 552/QD-UBND dated October 31, 2013; (d) Gia Lai: Decision Number 1089/QD-UBND dated November 7, 2013; (e) Quang Nam: Decision Number 3416/QD-UBND dated November 4, 2013; and (f) Quang Ngai: Decision Number 1620/QD-UBND dated November 5, 2013; and responsible for managing and coordinating the implementation of Project activities within its respective Project Province, including: preparing and implementing annual work and procurement plans and budgets; managing procurement, financial management, and disbursement; coordinating and managing capacity building plans and training; and providing technical support and guidance to its respective Project Districts, Communes, and Villages.

29. "Resettlement Plans" or "RPs" means the social safeguard instrument acceptable to the Association, referred to in paragraph 1 of Section I.C of Schedule 2 to this Agreement, to be prepared and adopted by the respective Provincial People's Committees; which set forth principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation

of Affected Persons in accordance with the guidelines and procedures set forth in the RPF, as said plans may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

30. "Resettlement Policy Framework" or "RPF" means the policy framework for resettlement and land acquisition acceptable to the Association, referred to in paragraph 1 of Section I.C of Schedule 2 to this Agreement, approved by the Recipient's Prime Minister pursuant to Decision Number 2178/QD-TTg dated November 13, 2013; which sets forth principles for formulating entitlements and/or support for affected households, mitigation measures, monitoring and evaluations of resettlement activities, budget and implementation arrangements, including capacity building through training, to carry out the acquisition of land and related assets under the Project and compensation, resettlement, support and livelihoods rehabilitation of Affected Persons, and the preparation of RPs during the implementation of the Project, as said RPF may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.

31. "Safeguards Instruments" means, collectively, the Environmental Management Plans, the Environmental Codes of Practice, the Environmental and Social Management Framework, the Resettlement Policy Framework, and the Resettlement Plans.

32. "Sub-Project" means a specific project to be financed under Parts 1 and 2 of the Project for: (a) the construction of small scale infrastructure within a Project Commune or Village or both, as the case may be, or (b) a specific program of activities within a Project Commune or Village or both, as the case may be, to contribute to the achievement of the Project's overall development objectives thereof.

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

34. "Village" means a group of households within a Commune.

**Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

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

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

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

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

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

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

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