CREDIT NUMBER 4948-VN

Financing Agreement

(Urban Water Supply and Wastewater Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated , 2011

CREDIT NUMBER 4348 -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 twenty six million one hundred and forty thousand Special Drawing Rights (SDR 126,140,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Part 2(a) of the Project through MOC and Part 2(b) of the Project through MPI, respectively, and shall cause the Project Provinces to carry out their respective parts of Part 1 of the Project, 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, namely, that (i) the Recipient has adopted the Operations Manual; and (ii) the Prime Minister has authorized the Resettlement Policy Framework.

4.02. The Additional Legal Matter consists of the following, namely, the Resettlement Policy Framework has been duly authorized 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 increase access to sustainable water services and environmental sanitation in selected urban areas in the Project Provinces.

The Project consists of the following parts:

Part 1: Investments and Project Implementation

(a) Water Supply

Provision of water supply services to selected urban areas in the Project Provinces including: (i) provision of Sub-Loans to finance Sub-Projects; (ii) provision of technical advisory services; and (iii) carrying out of studies.

(b) Environmental Sanitation

Provision of environmental sanitation services to selected urban areas in Project Provinces including: (i) provision of Sub-Grants to finance Sub-Projects; (ii) provision of technical advisory services; and (iii) carrying out of studies.

Part 2: Technical Assistance

(a) Institutional Strengthening and Project Monitoring

Provision of support to strengthen the water and sanitation sector and to help Project implementation and monitoring, including: (i) (A) development of a water sector database and associated regulations to facilitate transfer of information on utility companies' performance to MOC; and (B) development of capacity on matters related to wastewater and sanitation, including developing guidance on developing Strategic Sanitation Plans, helping Project Provinces identify least-cost options to collect and treat wastewater, improving management of on-site sanitation, identifying investment priorities and associated financing plans, and facilitation of a study tour to learn about sanitation and wastewater collection and management; and (ii) provision of Project implementation support on procurement, financial management, environmental and social safeguards, monitoring, and audits.

(b) Improving the Efficiency of Investments and Operations

Provision of support for policy and regulatory development and private sector participation, including: (i) development of government regulations on wastewater tariffs, water and sanitation operational improvements and

investments needs, and private sector participation in the water and sanitation sector; and (ii) promoting private sector participation in the water and sanitation sector.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain within MOC, throughout the duration of Project implementation, the Central Project Management Unit 1 under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an accountant, and a procurement officer, in each case with qualifications, experience and under terms of reference acceptable to the Association.

2. CPMU1 shall be responsible for: (i) carrying out Part 2(a) of the Project; (ii) overall Project coordination, planning, reporting, monitoring and evaluation, and coordination; (iii) the financial management aspects of the Project, including audits; and (iv) ensuring compliance with the environmental and social safeguard aspects of the Project.

3. The Recipient shall maintain within MPI, throughout the duration of Project implementation, the Central Project Management Unit 2 under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an accountant, and a procurement officer, in each case with qualifications, experience and under terms of reference acceptable to the Association. CPMU2 shall be responsible for carrying out Part 2(b) of the Project.

4. The Recipient shall cause each Project Province to maintain throughout the duration of Project implementation at least one (1) 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, a technical staff, a financial management officer, a procurement officer, a contract management officer, a safeguard officer, and an accountant, in each case with qualifications, experience and under terms of reference acceptable to the Association.

5. Each PMU shall be responsible for managing and coordinating the implementation of activities under Part 1 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, overseeing the

implementation of Sub-Projects in accordance with the Operations Manual, and ensuring compliance with the environmental and social safeguard aspects of the Project.

6. The Recipient, through MOC, shall:

(a) prepare and adopt an Operations 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; and (iv) (A) Sub-Projects eligibility criteria; (B) guidelines and procedures for Sub-Loan and Sub-Grant applications; (C) approval process, assessment, monitoring, and evaluation of Sub-Projects; (D) guidelines on procurement and financial management aspects under Sub-Projects; and (E) a template for Implementation Agreements;

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

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

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

B. Sub-Project

1. The Recipient shall make Sub-Loans to WSCs and Sub-Grants to Project Provinces to finance Sub-Projects in accordance with the eligibility criteria and procedures acceptable to the Association set forth in the OM, which shall include, *inter alia,* the following:

(a) a Sub-Project shall fall within the objectives of Parts 1(a) and (b) of Schedule 1 to this Agreement;

(b) a Sub-Project shall be justified on economic, environmental, and social grounds;

(c) a Sub-Project shall be financially viable and technically feasible;

(d) a Sub-Project shall include projected tariffs for water supply, environmental protection fee, and wastewater fee for environmental sanitation during the duration of the Sub-Project using cost recovery principles in their calculation; and

(e) a Sub-Project under Part 1(b) shall be consistent with the solutions recommended in the relevant Strategic Sanitation Plan.

2. The Recipient, through MOF, shall make each Sub-Loan under a Sub-Loan Agreement with the respective Water Supply Company on terms and conditions acceptable to the Association, which shall include, inter alia, the following:

(a) the principal amount of the Sub-Loan made shall be denominated and repayable in Vietnamese Dong (determined as of the date or respective dates of withdrawal from the Designated Account or Credit Account);

(b) interest shall be charged on the principal amount of the Sub-Loan withdrawn and outstanding from time to time at a rate acceptable to the Association and consistent with the Recipient's applicable laws or regulations in this regard;

(c) the principal amount of the Sub-Loan shall be repayable over a period not exceeding thirty-five (35) years from the date of the Sub-Loan Agreement, inclusive of a grace period not exceeding five (5) years;

(d) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the WSC to use the proceeds of the Sub-Loan, or obtain a refund of all or any part of the amount of the Sub-Loan then withdrawn, upon the WSC's failure to perform any of its obligations under the Sub-Loan Agreement; and

(ii) require the WSC, *inter alia*, to:

(A) carry out its Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including the provisions of the Resettlement Policy Framework, the respective Resettlement Action Plan, the respective Environmental Management Plan, and the provisions of the Anti-

Corruption Guidelines applicable to recipients of loan or credit proceeds other than the Recipient;

(B) provide, promptly as needed, the resources required for the purposes of the Sub-Project, including counterpart funding;

(C) procure the goods, works and services to be financed out of the Sub-Loan in accordance with the provisions of Section III of Schedule 2 to this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(F) enable the Recipient and the Association to inspect the Sub-Project, its operations and any relevant records and documents;

(G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing;

(H) appoint an internal auditor with qualifications and experience and under terms of reference acceptable to the Recipient and the Association;

(I) (1) except as the Association shall otherwise agree in writing, the WSC shall maintain, for each of its fiscal years after its fiscal year ending on December 31, 2011, a ratio of total working expenses to total operating

revenues not higher than ninety percent (90%); (2) before September 30 in each of its fiscal years, the WSC shall, on the basis of forecasts prepared by the WSC in form and substance satisfactory to the Association, review whether it would meet the requirements set forth in subparagraph (1) in respect of such year and the next following fiscal year, and shall furnish to the Recipient and the Association the results of such review upon its completion; (3) if any such review shows that the WSC would not meet the requirements set forth in subparagraph (1) for the WSC's fiscal years covered by such review, the Recipient and the WSC shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its tariffs, or efficiency improvements in order to meet such requirements); and (4) for the purposes of this paragraph:

(I) the term "total working expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, but excluding interest and other charges on debt; and

(II) the term "total operating revenues" means revenues from all sources related to operations;

(J) the Recipient shall exercise its rights under the Sub-Loan Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Sub-Project;

(K) the WSC shall carry out the Sub-Project in accordance with the provisions of the Sub-Loan Agreement;

(L) the Recipient and the WSC shall not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of said Sub-Loan Agreement or any part thereof, without the prior written agreement of the Association; and

(M) in case of any inconsistency between the provisions of the Sub-Loan Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall make each Sub-Grant to the respective Project Province in accordance with the internal government budget system, and shall, through MOC, enter into an Implementation Agreement in form and substance satisfactory to the Association with the respective Project Province to clarify the roles and responsibilities for the implementation of the respective Sub-Project, which shall include, inter alia, the following:

(a) the Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to:

(i) suspend or terminate the right of the Project Province to use the proceeds of the Sub-Grants, or obtain a refund of all or any part of the amount of the Sub-Grant then withdrawn, upon the Project Province's failure to perform any of its obligations under the Implementation Agreement; and

(ii) require each Project Province to:

(A) carry out its Sub-Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including the provisions of the Resettlement Policy Framework, the respective Resettlement Action Plan, the respective Environmental Management Plan, and the provisions of the Anti-Corruption Guidelines applicable to recipients of loan or credit proceeds other than the Recipient;

(B) provide, promptly as needed, the resources required for the purposes of the Sub-Project, including counterpart funding;

(C) procure the goods, works and services to be financed out of the Sub-Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement;

(D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-Project and the achievement of its objectives;

(E) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the

Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-Project; and (2) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;

(F) enable the Recipient and the Association to inspect the Sub-Project, its operations and any relevant records and documents;

(G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing; and

(H) appoint an internal auditor with qualifications and experience and under terms of reference acceptable to the Recipient and the Association;

(b) the Project Province shall carry out the Sub-Project in accordance with the provisions of the Implementation Agreement;

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

(d) in case of any inconsistency between the provisions of the Implementation Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

4. Unless the Association shall otherwise agree in writing, and prior to the signing of an Implementation Agreement, the Recipient shall cause each Project Province to take all measures necessary to assign a Sanitation Company satisfactory to the Association, which shall be responsible for the operation and maintenance of its respective Sub-Project under Part 1(b) of the Project.

5. (a) Except as the Association shall otherwise agree, the Recipient shall cause each SC to produce for each of its fiscal years after its fiscal year ending on December 31, 2012, total revenues equivalent to not less than the sum of its total operating expenses.

(b) Before September 30 in each of its fiscal years, the Recipient shall cause each SC to, on the basis of forecasts prepared by the SC and satisfactory to the Association, review whether it would meet the requirements set forth in subparagraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the SC would not meet the requirements set forth in subparagraph (a) for the Recipient's fiscal years covered by such review, the Recipient and the SC shall promptly take all necessary measures (including, without limitation, adjustments of the structure or levels of its rates tariff, or efficiency improvements in order to meet such requirements.

(d) For purposes of this Section:

(i) The term "total revenues" means the sum of total operating revenues and net non-operating income.

(ii) The term "total operating revenues" means revenues from all sources related to operations including budget support and subsidy from the government.

(iii) The term "net non-operating income" means the difference between:

(A) revenues from all sources other than those related to operations; and

(B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes.

6. The Recipient shall cause the Project Provinces to promptly take when and as needed, on terms and conditions acceptable to the Association, all measures necessary on their respective parts, including the provision of financial assistance to: (a) WSCs to enable them to comply with their Sub-Loan repayment

obligations under requirements of the Sub-Loan Agreements; and (b) SCs to enable them to comply with paragraph 5 of this Section I.B.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall:

   (a) take all necessary actions to 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 and procedures set forth in the Resettlement Policy Framework, and thereafter implement said RAP as approved by the Association.

2. The Recipient shall carry out the Project in accordance with the provisions of:

   (a) the Environmental Management Plans, if an EMP is not already in place for a new Project activity requiring an EMP, then the Recipient shall prepare and cause to be prepared an EMP acceptable to the Association and thereafter implement said EMP as approved by the Association; and

   (b) the Environmental Code of Practice.

3. The Recipient shall:

   (a) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the RPF, RAPs, EMPs, or ECOP 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 said RPF, RAPs, EMPs and ECOP.

4. In case of any inconsistency between the provisions of the RPF, RAPs or EMPs and ECOP and this Agreement, the provisions of this Agreement shall prevail.

5. The Recipient shall:

(a) establish, by no later than December 31, 2011, and maintain arrangements satisfactory to the Association for periodic dam safety inspections by independent professionals with qualifications, experience, and under terms of reference satisfactory to the Association and who had not been involved in the investigation, design, construction, or operation of the Project Dams;

(b) furnish to the Association for its review, by no later than December 31, 2011, an Operation and Maintenance Plan for each Project Dam in form and substance satisfactory to the Association, covering organizational structure, staffing, technical expertise, training required, and equipment and facilities needed to operate and maintain the respective Project Dam; operation and maintenance procedures, funding arrangements, and long term maintenance and safety inspections, and shall finalize said plan taking into consideration the comments and recommendations of the Association;

(c) furnish to the Association for its review, by no later than December 31, 2011, an Emergency Preparedness Plan for each Project Dam in form and substance satisfactory to the Association, specifying the roles of responsible parties when dam failure is considered imminent, or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels, and shall finalize said plan taking into considerations the comments and recommendations of the Association; and

(d) (i) implement the OMP and EPP in a manner satisfactory to the Association; (ii) not amend, revise or waive any of the OMP or EPP without the prior written agreement of the Association; and (iii) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the OMP and EPP.

6. The Recipient shall cause Lam Dong Province, prior to the issuance of any bidding documents for civil works under its respective Sub-Projects, to:

(a) assign the responsibility for dam safety oversight of Dan Kia Dam in Lam Dong Province to an appropriate provincial authority under terms of reference satisfactory to the Association;

(b) (i) carry out, by one (1) or more independent dam safety specialists with experience and under terms of reference satisfactory to the Association, an inspection, and evaluate the safety status of Dan Kia Dam appurtenances, and its performance history; (ii) review and evaluate its operation and maintenance procedures; (iii) provide a written report of findings and recommendations for any remedial work or safety-related measures necessary to upgrade Dan Kia Dam to a standard of safety acceptable to the Association; and (iv) implement the recommendations and action plans resulting from such evaluation and review; and

(c) furnish to the Association the Operation and Maintenance Plan referred to in paragraph 5(b) of this Section I.D for Dan Kia Dam in form and substance satisfactory to the Association.

7. The Recipient shall cause each Project Province owning a Project Dam to prepare and furnish to the Association, not later than forty-five (45) days after the end of each calendar year throughout the implementation of the Project: (a) a Dam Safety Implementation Plan; and (b) a Dam Safety Report, both in form and substance satisfactory to the Association.

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) 42,628 new piped household water connections;

(ii) 263,051 people with improved sanitation; and

(iii) increase in the satisfaction rate of beneficiaries, demonstrated through two surveys carried out in the first and last years of each sub-project implementation.

(b) Intermediate Indicators:

(i) increase in the volume of water sold per year by 21.73 million cubic meter;

(ii) financially sustainable Water Supply Companies, demonstrated through working ratios (cash operating expense divided by collected revenues, cash operating expense is the operating expenditures minus depreciation and debt service expenditures);

(iii) 12,564 hectares of urban areas benefitting from increased drainage coverage and flood protection measures;

(iv) development of a water and sanitation sector database;

(v) issuance of a ministerial decision on selecting projects for privates sector participation in the water sector; and

(vi) development of a private sector participation tool kit.

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.

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) Direct Contracting

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) Least Cost 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) Sub-Loans under Part 1(a) of the Project	60,610,000	90% of works and goods, and 100% of consultants' services
(2) Sub-Grants under Part 1(b) of the Project	63,640,000	90% of works and goods, and 100% of consultants' services
(3) Eligible Expenditures under Part 2 (a) of the Project	1,135,000	100%
(4) Eligible Expenditures under Part 2(b) of the Project	755,000	100%
TOTAL AMOUNT	**126,140,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made: (a) prior to the date of this Agreement; or (b) under Categories (1) or (2) until:

(i) the Recipient and the respective WSC or Project Province, as the case may be, have entered into a Sub-Loan Agreement or an Implementation Agreement, as the case may be, in form and substance satisfactory to the Association by no later than ninety (90) days after the date of this Agreement or such other date as the Association may agree to in writing;

(ii) with respect to Sub-Grants under Category (2), the respective Project Province:

(A) has adopted in form and substance satisfactory to the Association: (i) environmental fees pursuant to the Recipient's Decree Number 67/2003/ND-CP, dated June 13, 2003; and (ii) wastewater fees pursuant to the Recipient's Decree Number 88/2007/ND-CP dated May 28, 2007; and

(B) has assigned a Sanitation Company, satisfactory to the Association, for the operation and maintenance of the relevant Sub-Project.

2. The Closing Date is December 30, 2016.

Section V. Other Undertakings

The Recipient shall, by no later than three (3) months after the Effective Date, carry out training of internal auditors in WSCs and the Project Provinces in form and substance satisfactory to the Association.

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 1" or "CPMU 1" means the unit established within MOC pursuant to Decision Number 153/QD-BXD dated February 10, 2011, to coordinate, and for the overall implementation of, the Project and manage the implementation of Part 2(a) of the Project, and referred to in paragraph 1 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. "Central Project Management Unit 2" or "CPMU 2" means the unit established within MPI pursuant to Decision Number 386/QD-BKHDT dated March 24, 2011, to coordinate and the overall implementation of the Project and manage the implementation of Part 2(b) of the Project, 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.

6. "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.

7. "Dam Safety Implementation Plan" means a plan, in form and substance acceptable to the Association, to be prepared by a Project Province, setting forth dam safety actions taken for a calendar year and the activities to be undertaken for the following calendar year, and referred to in paragraph 7 of Section I.D of Schedule 2 to this Agreement, 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.

8. "Dam Safety Report" means a report, in form and substance acceptable to the Association, to be prepared by a Project Province, setting forth dam safety status, reviews of consistency of operations and maintenance and the EPP, and describing main activities taken in a year, and comments and recommendations for the next year, and referred to in paragraph 7 of Section I.D of Schedule 2 to this Agreement, and such term includes any annexes or schedules to such report.

9. "Emergency Preparedness Plan" or "EPP" means a plan, in form and substance acceptable to the Association, to be prepared by a Project Province pursuant to paragraph 5(c) of Section I.D of Schedule 2 to this Agreement, which sets forth measures, including clear statements on the responsibility for dam operations decision making and related emergency communications, maps outlining inundation levels for various emergency conditions, flood warning system characteristics, and procedures for evaluating threatened areas and mobilizing emergency forces and equipment, in the event dam failure is considered imminent, or when expected operational flow release threatens downstream life, property, or economic operations that depend on river flow levels relating to the respective Project Dam, 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.

10. "Environmental Code of Practice" or "ECOP" means the standardized requirements and practices adopted by MOC's Decision Number 368/QD-BXD dated April 14, 2011, and referred to in paragraph 2(b) of Section I.D of Schedule 2 to this Agreement, to be followed in the implementation of Sub-Projects to ensure compliance with certain environmental aspects of the Project, as said code of practice may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such code of practice.

11. "Environmental Management Plan" or "EMP" means a plan, acceptable to the Association prepared or to be prepared by a Project Province or a Water Supply Company, and referred to in paragraph 2(a) of Section I.D 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. A list of approved EMPs is attached as an Attachment to this Appendix.

12. "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.

13. "Governance and Transparency Action Plan" means the plan to be developed as part of the OM and referred to in paragraph 6(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.

14. "Implementation Agreement" means an agreement to be entered into between the Recipient and a Project Province for purposes of clarifying roles and responsibilities for the implementation of a Sub-Project under Part 1(b) of the Project, and referred to in paragraph 3 of Section I.B of Schedule 2 to this Agreement, 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 agreement.

15. "MOC" means the Recipient's Ministry of Construction, or any successor thereto.

16. "MOF" means the Recipient's Ministry of Finance, or any successor thereto.

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

18. "Operation and Maintenance Plan" or "OMP" means a plan, in form and substance acceptable to the Association, to be prepared by a Project Dam pursuant to paragraph 5(b) of Section I.D of Schedule 2 to this Agreement, which sets forth measures, including organizational structure, staffing, technical expertise, and training required, equipment and facilities needed, operation and maintenance procedures and funding arrangements, including long-term maintenance and safety inspections, for the operation and maintenance of respective Project Dam, 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.

19. "Operations Manual" or "OM" means the document, including the Governance and Transparency Action Plan, to be developed by the Recipient and referred to in paragraph 6 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.

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

22. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 21, 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.

23. "Project Dam" means any of the following existing upstream dams from the reservoirs of which some water supply systems under the Project will draw water: (a) Phu Ninh Dam in Quang Nam Province; (b) Tuyen Lam Dam in Lam Dong Province; (c) Yen Lap Dam in Quang Ninh Province; (d) Dong Xoai Dam in Binh Phuoc Province; (e) Duong Dong Dam in Kien Giang; and (f) Dan Kia Dam in Lam Dong Province, and "Project Dams" means all of these dams collectively.

24. "Project Management Unit" or "PMU" means the unit or units 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 Decision Number (a) 2009/QD-UB dated October 25, 2010 issued by Ninh Binh city Peoples Committee and Decision Number 135/QD-KDNS dated November 5, 2010 issued by Ninh Binh Clean Water One Member Liability Company L.T.D in respect of Ninh Binh Province, (b) Decision Number 192/QD-UBND dated January 26, 2010 issued by Thai Hoa Town Peoples Committee in respect of Nghe An Province, (c) Decision Number 954/CV-UBND dated November 4, 2010 issued by Dong Ha City Peoples Committee in respect of Quang Tri Province; (d) Decision Number 156/QD-TGD dated November 2, 2010 issued by Quang Nam Water Draining Supplying Joint Stock Company and Decision Number 5197/QD-UBND dated November 2, 2010 issued by Tam Ky City Peoples Committee in respect of Quang Nam Province; (e) Decision Number 100/QD-CTN dated November 3, 2010 issued by Kien Giang Water Supply and Sewerage Limited Company in respect of Kien Giang Province, (f) Decision Number 1119/QD-CTNMT dated October 19, 2010 issued by Binh Duong Water Supply Sewerage Environment Company L.T.D. in respect of Binh Duong Province , (g) Decision Number 2503/QD-UBND dated October 27, 2010 issued by Binh Phuoc Provincial Peoples Committee in respect of Binh Phuoc Province, (h) Decision Number 89/QD-CTN dated October 26, 2010 issued by Lam Dong Water Supply and Sewerage Company Limited in respect of Lam Dong Province; (i) Decision Number 322/QD/CTN-KH dated June 1, 2010 issued by Quang Ninh Clean Water One Member Company. L.T.D. in respect of Quang

Ninh Province; and (j) Decision Number 1678/QD-UBND dated October 8, 2010 issued by Bim Son Town Peoples Committee in respect of Thanh Hoa Province to manage the overall implementation of said Project Province's respective part of the Project, as such units may be reconstituted form time to time with the prior written agreement of the Association.

25. "Project Provinces" means, collectively, Quang Ninh Province, Ninh Binh Province, Thanh Hoa Province, Nghe An Province, Quang Tri Province, Quang Nam Province, Lam Dong Province, Binh Phuoc Province, Binh Duong Province, and Kien Giang Province.

26. "Resettlement Action Plan" or "RAP" means a resettlement plan referred to in paragraph 1(b) of Section I.D of Schedule 2 to this Agreement prepared or to be prepared by Project Provinces, 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. A list of approved RAPs is attached to the Attachment to this Appendix.

27. "Resettlement Policy Framework" or "RPF" means the policy framework, agreed with the Association, for resettlement and land acquisition, dated December 2010 approved by MOC's Decision Number 1084/QD-BXD dated December 15, 2010 and amended by Decision Number 268/QD-BXD dated March 17, 2011 under the general authorization of the Recipient's Prime Minister's Decision Number 1759/TTg-QHQT dated September 28, 2010 and referred to in paragraph 1(b) of Section I.D 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.

28. "Sanitation Company" or "SC" means a company, satisfactory to the Association, to be assigned by a Project Province for the operation and maintenance of a Sub-Project under Part 1(b) of the Project, referred to in paragraph 4 of Section I.B of Schedule 2 to this Agreement, and "Sanitation Companies" refer collectively to all these companies.

29. "Strategic Sanitation Plan" means a plan to be developed and adopted by a Project Province in form and substance acceptable to the Association setting forth sanitation solutions for selected urban areas in the respective Project

Province, and referred to in Part 2(a) of the Project and paragraph 1(e) of Section I.B of Schedule 2 to this Agreement, 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.

30. "Sub-Grant" means a grant made, or proposed to be made, by the Recipient, out of a portion of the proceeds of the Financing, to a Project Province for financing a Sub-Project under Part 1(b) of the Project, and referred to in paragraph 3 of Section I.B of Schedule 2 to this Agreement.

31. "Sub-Loan" means a loan made, or proposed to be made, by the Recipient, out of a portion of the proceeds of the Financing, to a Water Supply Company in accordance with a Sub-Loan Agreement for financing a Sub-Project under Part 1 (a) of the Project, and referred to in paragraph 2 of Section I.B of Schedule 2 to this Agreement.

32. "Sub-Loan Agreement" means an agreement to be entered into between the Recipient and a Water Supply Company for purposes of implementing a Sub-Project under Part 1(a) of the Project, and referred to in paragraph 2 of Section I.B of Schedule 2 to this Agreement, 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 agreement.

33. "Sub-Project" means a water supply or a wastewater investment project to be financed by a Sub-Loan or a Sub-Grant under Parts 1(a) or (b) of the Project in accordance with the eligibility criteria under the OM.

34. "Vietnamese Dong" means the lawful currency of the Recipient.

35. "Water Supply Company" or "WSC" means any of the following companies: (a) Kien Giang Water Supply and Sewerage Limited Company established and operating pursuant to Business Registration Number 1700105659 issued by the Bureau of Business Registration of the Kien Giang Department of Planning and Investment, or any successor thereto; (b) Ninh Binh Clean Water One Member Liability Company L.T.D established and operating pursuant to Business Registration Number 0904000053 issued by the Bureau of Business Registration of the Ninh Binh Department of Planning and Investment, or any successor thereto; (c) Quang Nam Water Draining Supplying Joint Stock Company established and operating pursuant to Business Registration Number 4000100160 issued by the Bureau of Business Registration of the Quang Nam Department of Planning and Investment, or any successor thereto; (d) Binh Duong Water Supply Sewerage Environment Company L.T.D. established and operating pursuant to Business Registration Number 3700145694 issued by the Bureau of Business Registration of the Binh Duong Department of Planning and Investment, or any successor thereto; (e) Binh Phuoc Water Supply and Sewerage One Member

Company Limited established and operating pursuant to Business Registration Number 3800228182 issued by the Bureau of Business Registration of the Binh Phuoc Department of Planning and Investment, or any successor thereto; (f) Quang Ninh Clean Water One Member Company L.T.D. established and operating pursuant to Business Registration Number 5700100104 issued by the Bureau of Business Registration of the Quang Ninh Department of Planning and Investment, or any successor thereto; and (g) Lam Dong water Supply and Sewerage Company Limited established and operating pursuant to Business Registration Number 5800000174 issued by the Bureau of Business Registration of the Lam Dong Department of Planning and Investment, or any successor thereto; and "Water Supply Companies" refers collectively to all these companies.

Section II. Modifications 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 including vehicles, works, consultants' services, training, workshops, Sub-Grants and Sub-Loans (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;"

Attachment

Environmental Management Plans and Resettlement Action Plans

A. List of Approved Environmental Management Plans

1. Environmental Management Plan of Uong Bi Town water supply Sub-Project approved by Decision number 90/CV dated January 25, 2011 issued by Uong Bi Town Peoples Committee in respect to Quang Ninh Province.

2. Environmental Management Plan of Ninh Binh City water supply Sub-Project approved by Decision number 15/XN-UBND dated February 21, 2011 issued by Ninh Binh City Peoples Committee in respect to Ninh Binh Province.

3. Environmental Management Plan of Ninh Binh City drainage and wastewater Sub-Project approved by Decision number 26/QD-STNMT dated March 7, 2011 issued by Ninh Binh Province Department of Environment and Natural Resources in respect to Ninh Binh Province.

4. Environmental Management Plan of Bim Son Town drainage and wastewater Sub-Project approved by Decision number 3639/QD-UBND dated October 13, 2010 issued by Thanh Hoa Provincial Peoples Committee in respect to Thanh Hoa Province.

5. Environmental Management Plan of Dong Ha City drainage and wastewater Sub-Project approved by Decision number 280/QD-UBND dated February 21, 2011 issued by Quang Tri Provincial Peoples Committee in respect to Quang Tri Province.

6. Environmental Management Plan of Tam Ky City water supply Sub-Project approved by Decision number 05/GXN-UBND dated October 5, 2010 issued by Tam Ky City Peoples Committee in respect to Quang Nam Province.

7. Environmental Management Plan of Tam Ky City drainage and wastewater Sub-Pproject approved by Decision number 3628/QD-UBND dated November 8, 2010 issued by Quang Nam Provincial Peoples Committee in respect to Quang Nam Province.

8. Environmental Management Plan of Thai Hoa Town drainage and wastewater Sub-Project approved by Decision number 4753/QD-UBND dated October 13, 2010 issued by Nghe An Provincial Peoples Committee in respect to Nghe An Province.

9. Environmental Management Plan of Da Lat City water supply Sub-Project approved by Decision number 687/GXN dated March 1, 2011 issued by Da Lat City Peoples Committee in respect to Lam Dong Province.

10. Environmental Management Plan of Da Lat City wastewater Sub-Project approved by Decision number 18/QD-UBND dated March 1, 2011 issued by Lam Dong Provincial Peoples Committee in respect to Lam Dong Province.

11. Environmental Management Plan of Dong Xoai Town water Sub-Project approved by Decision number 159/GXD-UBND dated November 5, 2010 issued by Dong Xoai Town Peoples Committee in respect to Binh Phuoc Province.

12. Environmental Management Plan of Dong Xoai Town drainage and wastewater Sub-Project approved by Decision number 310/QD-UBND dated February 11, 2011 issued by Binh Phuoc Provincial Peoples Committee in respect to Binh Phuoc Province.

13. Environmental Management Plan of My Phuoc Town water supply Sub-Project approved by Decision number 2719/GXN-UBND issued by Tan Uyen District Peoples Committee in Respect to Binh Duong Province.

14. Environmental Management Plan of Phu Quoc District water supply Sub-Project approved by Decision number 57/GXD-UBND dated August 30, 2010 issued by Phu Quoc District Peoples Committee in respect to Kien Giang Province.

B. List of Approved Resettlement Action Plans

1. Resettlement Action Plan for Uong Bi Town water supply Sub-Project endorsed by Decision number 685/QD-UBND dated March 11, 2011 issued by Quang Ninh Provincial Peoples Committee in respect to Quang Ninh Province.

2. Resettlement Action Plan for Da Lat City water supply Sub-Project endorsed by Decision number 579/QD-UBND dated March 9, 2011 issued by Lam Dong Provincial Peoples Committee in respect to Lam Dong Province.

3. Resettlement Action Plan for Da Lat City wastewater Sub-Project endorsed by Decision number 578/QD-UBND dated March 9, 2011 issued by Lam Dong Provincial Peoples Committee in respect to Lam Dong Province.

4. Resettlement Action Plan for Bim Son Town drainage and wastewater Sub-Project endorsed by Decision number 655/QD-UBND dated March 4, 2011 issued by Thanh Hoa Provincial Peoples Committee in respect to Thanh Hoa Province.

5. Resettlement Action Plan for Dong Xoai Town water supply Sub-Project endorsed by Decision number 439/QD-UBND dated March 2, 2011 issued by Binh Phuoc Provincial Peoples Committee in respect to Binh Phuoc Province.

6. Resettlement Action Plan for Dong Xoai Town drainage and wastewater Sub-Project endorsed by Decision number 440/QD-UBND dated March 2, 2011 issued by Binh Phuoc Provincial Peoples Committee in respect to Binh Phuoc Province.

7. Resettlement Action Plan for Phu Quoc District water supply Sub-Project endorsed by Decision number 578/QD-UBND dated March 7, 2011 issued by Kien Giang Provincial Peoples Committee in respect to Kien Giang Province.

8. Resettlement Action Plan for My Phuoc Town water supply Sub-Project endorsed by Decision number 479/QD-UBND dated February 14, 2011 issued by Binh Duong Provincial Peoples Committee in respect to Binh Duong Province.

9. Resettlement Action Plan for Tam Ky City drainage and wastewater Sub-Project endorsed by Decision number 586/QD-UBND dated February 23, 2011 issued by Quang Nam Provincial Peoples Committee in respect to Quang Nam Province.

10. Resettlement Action Plan for Thai Hoa Town drainage and wastewater Sub-Project endorsed by Decision number 507/QD-UBND dated February 28, 2011 issued by Nghe An Provincial Peoples Committee in respect to Nghe An Province.

11. Resettlement Action Plan for Dong Ha drainage and wastewater Sub-Project endorsed by Decision number 350/QD-UBND dated March 3, 2011 issued by Quang Tri Provincial Peoples Committee in respect to Quang Tri.

12. Resettlement Action Plan for Tam Ky City water supply Sub-Project endorsed by Decision number 758/UBND-DN dated march 11, 2011 issued by Quang Nam Provincial Peoples Committee in respect to Quang Nam Province.

13. Resettlement Action Plan for Ninh Binh City drainage and wastewater Sub-Project endorsed by Decision number 163/QD-UBND dated March 9, 2011 issued by Ninh Binh Provincial Peoples Committee in respect to Ninh Binh Province.

14. Resettlement Action Plan for Ninh Binh City water supply Sub-Project endorsed by Decision number 164/QD-UBND dated March 9, 2011 issued by Ninh Binh Provincial Peoples Committee in respect to Ninh Binh Province.