CREDIT NUMBER 5691-VN

Financing Agreement

(Renovation of General Education Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 8, 2016

CREDIT NUMBER 5691-VN

FINANCING AGREEMENT

AGREEMENT dated April 8, 2016 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 the amount of fifty five million four hundred thousand Special Drawing Rights (SDR 55,400,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are June 1 and December 1 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 the Ministry of Education and Training ("MOET") 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 Condition of Effectiveness consists of the following: the Recipient, through the MOET, shall have adopted the Project Operations Manual, in form and substance satisfactory to the Association, including the requirements of Section I.C.1 of Schedule 2 to this Agreement.

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 years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Governor or Deputy Governor of the State Bank of Vietnam.

5.02. The Recipient's Address is:

State Bank of Vietnam
49 Lý Thái Tổ
Hanoi
Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK	412248	+84 4 3825 0612

5.03. The Association's Address is:

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

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

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

SOCIALIST REPUBLIC OF VIETNAM

By _____
Authorized Representative

Name: Nguyen Van Binh

Title: Governor of the State Bank of Vietnam

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____
Authorized Representative

Name: Victoria Kwakwa

Title: Country Director

SCHEDULE 1

Project Description

The objective of the Project is to raise student learning outcomes by: (i) revising and implementing the curriculum following a competency-based approach; and (ii) improving the effectiveness of instruction by creating and disseminating textbooks aligned with the revised curriculum.

The Project consists of the following parts:

Part 1: Curriculum Development

(a) Providing support for the establishment of, and carrying out of activities by, a core technical committee for curriculum revision and subject-specific technical committees.

(b) Providing support for training of teachers on the revised curriculum, which includes: (i) curriculum piloting; (ii) the delivery of face-to-face and online training to teachers and Curriculum Champions ("giáo viên phát triển kế hoạch giáo dục nhà trường"); and (iii) development of guidance materials for publishers of textbooks and other pedagogical materials.

Part 2: Development and Dissemination of Aligned Textbooks

(a) Providing support for the development and appraisal of textbooks in alignment with the new learning outcome standards, which include the translation of selected textbooks into selected ethnic minority languages.

(b) Providing support for the dissemination of textbooks to disadvantaged schools.

Part 3: Learning Assessment and Analysis for Continuous Improvement of Curriculum and Policy

(a) Providing support for the establishment of the National Centre for Sustainable Development of General Education Quality and the National Center on Foreign Language Testing.

(b) Providing support for the NCSDGEQ's research programs and capacity building related to the revised curriculum and learning outcome standards.

(c) Providing support for the development and administration of diagnostic examinations for the measurement of learning outcomes at each educational sub level, including elementary, secondary and upper secondary levels, consistent with existing regulations on national periodical assessment of student learning

outcomes in general education by the Ministry of Education and Training, and associated capacity building.

(d) Providing support for the development and implementation of consultation and outreach campaigns.

Part 4: Project Management

(a) Providing support for Project management activities.

(b) Providing support for the development and implementation of Project monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through the MOET, shall take all necessary measures to ensure that appropriate Project management arrangements are maintained throughout Project implementation, in form and substance acceptable to the Association, including staff: (a) headed by a director and a chief technical officer, and assisted by staff (including procurement, financial management, and social and environmental safeguards specialists), all in numbers and with qualification and experience, and terms of reference, acceptable to the Association; and (b) provided with such powers, financial resources, functions and competencies, satisfactory to the Association, as shall be required for it to carry out the activities under this Project and fulfill the fiduciary duties described in the Project Operations Manual ("POM"), as well as coordinate, monitor, oversee and evaluate the implementation of the Project.

B. Anti-Corruption

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

C. Project Operations Manual

1. The Recipient, through the MOET, shall: (a) ensure that the Project is carried out in accordance with the POM, acceptable to the Association, 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; and (vi) 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; and (b) except as the Association shall otherwise agree, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM, or any provision thereof.

2. In the event of a conflict between the provisions of such POM and those of this Agreement, the latter shall govern.

D. Annual Work Plans

1. The Recipient shall prepare and furnish to the Association by not later than October 31 of each year, beginning from October 31, 2015 during the implementation of the Project, or such later date as the Association may agree, for the Association's no-objection, annual work plans containing eligible Project activities and Eligible Expenditures proposed to be included in the Project in the following calendar year. The annual work plan shall be composed of the annually updated Procurement Plan, the annually updated training plan, and the environmental and social safeguard measures planned to be taken in accordance with the provisions of Section I.E of this Schedule.

2. The Recipient shall ensure that the Project is implemented in accordance with the annual work plan accepted by the Association for the respective calendar year, provided, however, that in the event of any conflict between the annual work plans and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall not make or allow to be made any change to the annual work plans without the Association's prior no-objection in writing.

E. Safeguards

1. The Recipient shall: (a) implement the Project in accordance with the guidelines, requirements and procedures set forth in the Environmental and Social Management Framework ("ESMF") in a manner acceptable to the Association; and (b) cause contractors carrying out activities under the Project to implement such activities in accordance with the guidelines, requirements and procedures set forth in the ESMF in a manner acceptable to the Association.

2. The Recipient shall implement the Ethnic Minorities Development Plan in a manner acceptable to the Association.

3. The Recipient shall:

   (a) not amend, revise or waive, nor cause 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.

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

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

B. Financial Management, Financial Reports and Audits

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

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

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover: (a) the period of one fiscal year of the Recipient, or (b) or any other period as agreed with 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. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, non-consulting services, 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 procedures set out in the Annex to this Schedule
(b) Shopping
(c) Direct Contracting
(d) Force Account
(e) Framework Agreements
(f) Limited International Bidding
(g) Procurement Agents and Construction Managers

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 the methods of procurement, other than Quality- and Cost-Based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-Based Selection
(b) Selection under a Fixed Budget
(c) Least-Cost Selection
(d) Selection Based on the Consultants' Qualifications
(e) Single-Source Selection
(f) Selection of Individual Consultants
(g) Selection of particular types of consultants

D. <u>Review by the Bank of Procurement Decisions</u>

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

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.

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Goods, Works, Non-consulting Services, Consultants' Services, Training and Workshops, and Incremental Operating Costs for the Project	55,400,000	100%
TOTAL AMOUNT	**55,400,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 1,800,000 may be made for payments made prior to this date but on or after September 30, 2015, for Eligible Expenditures.

2. The Closing Date is December 31, 2020.

ANNEX to SCHEDULE 2

National Competitive Bidding 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 20 on Open Bidding of the Recipient's Law on Procurement No. 43/2013/QH13 dated November 26, 2013 and related provisions necessary to effect the same; and (b) the Recipient's Decree No. 63/2014/ND-CP Guiding Implementation of the Law on the Procurement dated June 26, 2014 (collectively, "National Procurement Laws"), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 and revised July 2014 ("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.

Time for Bid Preparation

4. The time allowed for the preparation and submission of bids for large and/or complex packages 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

5. The standard bidding documents acceptable to the Association shall be used.

Bid Opening and Bid Evaluation

6. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.

7. 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. No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations. The evaluation of bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

8. 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. 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.

9. 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. 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, acceptable to the Association, allowing bidders to protest and have their protests handled in a timely manner.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit Repayable (expressed as a percentage)*
On each June 1 and December 1:	
Commencing December 1, 2020 to and including June 1, 2030	1.65%
Commencing December 1, 2030 to and including June 1, 2040	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. "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.

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

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

4. "Curriculum Champion" means a peer coach for fellow teachers who seek to understand and implement the new curriculum and assist school management in developing a school-based curriculum.

5. "Environmental and Social Management Framework" or "ESMF" means the framework, acceptable to the Association, adopted by the Recipient on May 18, 2015 and referred to in paragraph 1 of Section I.E of Schedule 2 to this Agreement, which sets forth the environmental protection measures in respect of the Project, including 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.

6. "Ethnic Minorities Development Plan" or "EMDP" means the plan, acceptable to the Association, adopted by the Recipient on May 18, 2015 and referred to in paragraph 2 of Section I.E of Schedule 2 to this Agreement, which sets forth measures designed to ensure that ethnic minority communities affected by the Project receive culturally appropriate social and economic benefits, and if any potential adverse effects on such communities are identified, measures to ensure their effects are avoided, minimized, mitigated, or compensated for, as said EMDP may be revised from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

7. "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.

8. "Incremental Operating Costs" means reasonable costs of incremental eligible expenditures incurred by the Recipient 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 communication costs; information and communication campaigns; monitoring and evaluation costs; 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").

9. "Ministry of Education and Training" or "MOET" means the Recipient's Ministry of Education and Training, or any successor thereto.

10. "National Centre for Sustainable Development of General Education Quality or "NCSDGEQ" means the center referred to under Part 3(a) of Schedule 1 to this Agreement, or any successor thereto.

11. "National Center for Foreign Language Testing" or "NCFLT" means the center referred to under Part 3(a) of Schedule 1 to this Agreement, or any successor thereto.

12. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 18, 2015 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.

14. "Safeguards Instruments" means, collectively, the Environmental and Social Management Framework and the Ethnic Minorities Development Plan.

15. "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, workshop, and conference 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 trainers (including Recipient's civil servants ("công chức", "viên chức") but excluding salary and salary supplements of the Recipient's civil servants ("công chức", "viên chức").

Section II. Modifications to the General Conditions

The General Conditions are hereby modified 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 subsequent 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).