CREDIT NUMBER 6722-VN

Financing Agreement

(Vinh Long City Urban Development and Enhanced Climate Resilience Project in Vinh Long Province)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6722-VN

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date 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) apply to and form 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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of one hundred twenty six million nine hundred thousand Dollars ($126,900,000), as such amount may be converted from time to time through a Currency Conversion ("Credit"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

2.03. The Front-end Fee is one quarter of one percent (¼ of 1%) of the Credit amount.

2.04. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General Conditions.

2.06. The Payment Dates are June 15 and December 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with Schedule 3 to this Agreement.

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 Vinh Long Province, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REMEDIES OF THE ASSOCIATION

5.01. The Co-financing Deadline for the effectiveness of the Co-financing Agreement is December 31, 2021.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Minister, or Vice Minister, of the Ministry of Finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

Ministry of Finance
28 Tran Hung Dao
Hanoi, Vietnam; and

(b) the Recipient's Electronic Address is:

Facsimile:
(84-24) 2220 8020

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Facsimile:
1-202-477-6391

AGREED as of the Signature Date.

SOCIALIST REPUBLIC OF VIETNAM

By _____

Authorized Representative

Name: Hồ Đức Phớc

Title: Minister of Finance

Date: 20th December 2021

INTERNATIONAL DEVELOPMENT ASSOCIATION

By _____

Authorized Representative

Name: Carolyn Turk

Title: Country Director for VietNam

Date: December 10, 2021

SCHEDULE 1

Project Description

The objective of the Project is to improve access to infrastructure and connectivity and to reduce flood risk in the urban core area of Vinh Long City.

The Project consists of the following parts:

Part 1: Flood Risk Management and Environmental Sanitation

1.1 *Flood Mitigation and Urban Drainage.* Construction of flood risk mitigation structures, including: (a) embankments and tidal sluice gates; (b) rehabilitation and new construction of a canal and drainage system; and (c) other associated green infrastructure.

1.2 *Wastewater Collection and Treatment System.* Development of a wastewater collection and treatment system, including: (a) transmission and collection network, service collection network, and wastewater treatment plant; and (b) households connections to sewerage/drainage system.

Part 2: Strategic Corridors Development

Construction of selected urban roads with incorporation of appropriate infrastructure for public transport and non-motorized transport, road safety, nature-based solutions, and universal access.

Part 3: Resettlement Area Development

Construction of a resettlement site with green and nature-based infrastructure.

Part 4: Enhancing Climate Resilience and Leveraging Disruptive Technologies in Urban Management

Supporting: (a) the development of an integrated flood risk management information system; (b) the strengthening of information, education and communication campaigns, and operation and maintenance capacity on wastewater management; (c) the development of a geospatial data sharing platform; (d) the development of an intelligent transport system; and (e) Project implementation, including on: (i) the preparation of technical design of

infrastructure investments; (ii) independent monitoring of environmental and social instruments; (iii) construction supervision; (iv) independent financial audits; and (v) capacity building on project management, environmental and social standards, financial management, procurement, and monitoring and evaluation.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall, through Vinh Long Province, throughout the period of implementation of the Project, maintain the following entities with composition, powers, functions, staffing, facilities and other resources satisfactory to the Association:

   (a) a Project Steering Committee chaired by a provincial leader of Vinh Long Province, for the purpose of monitoring and guiding overall implementation of the Project; and

   (b) a Project Management Unit responsible for: (i) planning and managing the implementation of the Project, including, environmental and social impacts management, financial management and procurement; (ii) ensuring coordination among all relevant departments and agencies; and (iii) monitoring and reporting on all Project activities.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Credit available to Vinh Long Province, a portion of which will be made available under a subsidiary agreement between the Recipient and Vinh Long Province under the same terms and conditions as shall have been received from the Association and in accordance with the provisions of this Agreement and the Recipient's on-lending policies and regulations ("Subsidiary Agreement").

2. Notwithstanding paragraph 1 above, in the event that any of the provisions of this Agreement were inconsistent with the on-lending policies and regulations of the Recipient as reflected in the Subsidiary Agreement, the provisions of this Agreement shall govern.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.

C. Annual Work Plans and Project Operations Manual

1. The Recipient shall, through Vinh Long Province: (a) prepare and furnish to the Association by November 30 in each year during the implementation of the Project, a draft Annual Work Plan for review and comment, summarizing the implementation progress of the Project for the said year and the Project activities to be undertaken in the following calendar year, including the proposed annual budget for the Project; (b) taking into account the Association's comments, finalize and furnish to the Association no later than December 31 in each year, during the implementation of the Project, the Annual Work Plan, acceptable to the Association; and (c) thereafter ensure the implementation of the Project during the following calendar year in accordance with the Annual Work Plan agreed with the Association and in a manner acceptable to the Association. The Recipient shall, through Vinh Long Province, not amend, suspend, abrogate, or waive said Annual Work Plans or any provision thereof without the prior written agreement of the Association.

2. Throughout the implementation of the Project, the Recipient shall, through Vinh Long Province, carry out the Project in accordance with the Project Operations Manual in a timely and efficient manner acceptable to the Association. The Recipient shall, through Vinh Long Province, not amend, suspend, or waive said Project Operations Manual or any provision or schedule thereof, without the prior written agreement of the Association. In the event of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Environmental and Social Standards

1. The Recipient shall, through Vinh Long Province, ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall, through Vinh Long Province, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall, through Vinh Long Province, ensure that:

   (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency as provided in the ESCP;

   (b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Recipient shall, through Vinh Long Province, ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall, through Vinh Long Province, maintain, publicize, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.

6. The Recipient shall, through Vinh Long Province, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to

therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

1. The Recipient shall, through Vinh Long Province, furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. The Recipient shall, through Vinh Long Province, carry out jointly with the Association, not later than thirty-six (36) months after the Effective Date, or such other period as may be agreed by the Association, a midterm review to assess the status of Project implementation, as measures against the performance indicators set forth in the Project Operations Manual. Such review shall include an assessment of: (i) the progress in implementation; (ii) the results of monitoring and evaluation activities; (iii) the progress on procurement and disbursement; (iv) compliance with safeguard requirements; (v) adequacy of implementation arrangements; and (vi) the need to make any adjustments to the Project to improve performance.

Section III. Withdrawal of the Proceeds of the Credit

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the

Recipient may withdraw the proceeds of the Credit to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category in the following table:

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services for Parts 1.1 (a), 1.1 (c), 2, 4 (a), 4 (e) (iii) and 4 (e) (iv) of the Project	90,500,000	100%
(2) Goods, works and consulting services for Parts 1.1 (b), 1.2 (a) and 4 (e) (iii) (as Part 4 (e) (iii) relates to Parts 1.1 (b) and 1.2 (a)) of the Project	36,400,000	65%
TOTAL AMOUNT	**126,900,000**	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.

2. The Closing Date is December 31, 2025.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each June 15 and December 15 Beginning December 15, 2027 through December 15, 2041	3.33%
On June 15, 2042	3.43%

APPENDIX

Definitions

1. "Annual Work Plans" means each of the plans for the Project to be prepared or updated by Vinh Long Province, acceptable to the Association, on an annual basis as provided for in Section I.C.1 of Schedule 2 to this Agreement.

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.

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

4. "Co-financier" means the Minister for Foreign Trade and Development Cooperation of the Netherlands.

5. "Co-financing" means, for purposes of paragraph 14 of the Appendix to the General Conditions, an amount of up to USD 19.5 million equivalent, to be provided by the Co-financier to assist in financing selected contracts under Parts 1.1 (b), 1.2 (a) and 4 (e) (iii) of the Project as set forth in the Procurement Plan.

6. "Co-financing Agreement" means the agreement to be entered into between the Recipient and the Co-financier providing for the Co-financing.

7. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated June 10, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

8. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and

Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Association.

9. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.

10. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

11. "Project Implementing Entity" means Vinh Long Province.

12. "Project Management Unit" means the unit established and maintained by Vinh Long Province, in accordance with Section I.A.1 (b) of Schedule 2 to this Agreement, and any successor thereto.

13. "Project Operations Manual" means manual dated October 15, 2020, acceptable to the Association, prepared and adopted by Vinh Long Province for Project implementation, which sets forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social risks and impacts management; (e) monitoring and evaluation, reporting and communication; (f) an integrity action plan; (g) performance indicators; and (h) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for 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 or amendments to such manual.

14. "Project Steering Committee" means the committee established and maintained by Vinh Long Province, in accordance with the Section I.A.1 (a) of Schedule 2 to this Agreement, and any successor thereto.

15. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

16. "Vinh Long City" means Vinh Long Province's city of the same name, or any successor thereto.

17. "Vinh Long Province" means the Recipient's province of the same name, or any successor thereto.