CREDIT NUMBER 5259-VN

Financing Agreement

(North East and Red River Delta Regions Health System Support Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 1, 2013

CREDIT NUMBER 5259 -VN

FINANCING AGREEMENT

AGREEMENT dated August 1, 2013, entered into between the SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

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

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred million one hundred thousand Special Drawing Rights (SDR 100,100,000) (variously, "Credit" and "Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

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

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

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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are May 1 and November 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 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.02. 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 Deputy Governor of the State Bank of Vietnam.

5.02. The Recipient's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Facsimile:

+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, 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 increase the efficiency and equity in the use of hospital services in selected Provinces of the North East and Red River Delta regions.

The Project consists of the following parts:

Part 1: Strengthening the Capacity of Lower Level Hospitals to Deliver Quality Services

Support the implementation of the Recipient's Masterplan on Reducing Hospital Overcrowding, through:

(a) *Provincial Sub-projects for the Development of Medical Services and Quality Improvement*: Carrying out a program of provincial Sub-projects in Participating Provincial Hospital and Participating District Hospitals in the Provinces of the North East and Red River Delta regions, with the support of central level hospitals, in order to increase the capacity of the hospitals in the provinces to: (i) deliver more Defined Priority Health Services; and (ii) implement activities aimed at strengthening their quality assurance and management systems, including hospital information systems.

(b) *National Policy and Central Level Technical Support for Reducing Hospital Overcrowding and Quality Improvement:* Strengthening the institutional capacity of the MOH and other national stakeholders, in order to: (i) provide technical support to the Provinces of the North East and Red River Delta regions for the implementation of Sub-projects; (ii) provide technical support to the central hospitals to increase their training capacity; and (iii) conduct research, develop national strategies and sectoral policies aimed at reducing hospital overcrowding.

Part 2: Reducing the Financial Barriers to Access Health Services by the Economically Vulnerable.

Reduce the financial barriers of the Near-Poor population to access health care services in the Provinces of the North East and Red River Delta regions, through:

(a) *Direct Subsidies to Support the Purchase of Health Insurance by the Near Poor:* Increasing enrollment of Near-Poor households in the health insurance scheme by subsidizing a portion of the Near Poor households' insurance *premia* ("Insurance Subsidies").

(b) *Coverage of Catastrophic Health Care Expenditures:* Developing and implementing health care schemes for the Poor, Ethnic Minorities and the Near-Poor providing reimbursements for catastrophic health care costs ("Catastrophic Payments").

(c) *Information, Education and Communication:* Designing and carrying out information, education and communication activities directly as well as through the Provincial VSS and Health IEC Centers in order to: (i) promote the understanding of, and enrollment in, the health insurance scheme by the population, in particular Poor and Near-Poor; (ii) inform the potential beneficiaries of the project about the Insurance Subsidies and Catastrophic Payments; and (iii) raise the awareness of health service providers on actions they can take to reduce barriers to access to health services.

Part 3: Project Management Monitoring and Evaluation

Strengthening the institutional capacity of MOH and the Provinces of the North East and Red River Delta regions to manage, monitor and evaluate the Project.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient shall:

(a) maintain throughout the period of implementation of the Project, a Central Project Management Unit ("CPMU") within the MOH, provided with adequate resources, under the direction of qualified managers and staffed with competent personnel in sufficient numbers, each with qualifications and experience and under terms of reference acceptable to the Association; said unit to be responsible for, *inter alia*, providing overall management and coordination of Project activities pursuant to the Operations Manual;

(b) as a pre-condition for: (i) the submission of Sub-project proposals pursuant to Section I.D.1 of this Schedule; and (ii) the implementation of Insurance Subsidies and/or Catastrophic Payments pursuant to Section I.E of this Schedule, cause the People's Committee of the respective Provinces of the North East and Red River Delta regions to establish, and thereafter maintain throughout the period of implementation of the Project, a Provincial Project Management Unit ("PPMU") within its respective DOH, provided with adequate resources, under the direction of qualified managers and staffed with competent personnel in sufficient numbers, each with qualifications and experience and under terms of reference acceptable to the Association; said unit to be responsible for, *inter alia*, planning and implementing the respective Sub-project, the Insurance Subsidies schemes, and health care schemes for catastrophic health care costs pursuant to the Operations Manual; and

(c) as a pre-condition for the submission of a Sub-project proposal by Thai Nguyen Central Hospital pursuant to Section I.D.1 of this Schedule, cause the Thai Nguyen Central Hospital to establish, and thereafter maintain throughout the period of implementation of the its respective proposal, a Management Unit ("TNCH-MU") within the hospital, provided with adequate resources, under the direction of qualified managers and staffed with competent personnel in sufficient numbers, each with qualifications and experience and under terms of reference acceptable to the Association; said unit to be responsible for implementing the respective Sub-project proposal pursuant to the Operations Manual.

B. Operations Manual

1. The Recipient shall, and/or shall cause the Provinces of the North East and Red River Delta regions to, implement their activities under the Project (including the Sub-projects) in accordance with, an Operations Manual acceptable to the Association.

2. The Recipient shall not amend, suspend, waive and/or void any provision of the Operations Manual, whether in whole or in part, without the prior written concurrence of the Association.

3. Notwithstanding the foregoing, in the event of a conflict between the provisions of the Operations Manual, on the one hand, and the provisions of this Agreement, on the other, the provisions of this Agreement shall prevail.

C. Anti-Corruption

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

D. Sub-projects for Capacity Building at Lower Level Hospitals

1. For purposes of carrying out Part 1(a) of the Project, the Recipient shall invite the Provinces of the North East and Red River Delta regions to develop, through the PPMUs or TNCH-MU, and submit to MOH, sub-project proposals requesting technical and financial support to provincial and district hospitals in order to strengthen the their capacity to deliver, and improve the quality of, Defined Priority Health Services; all in accordance with the Operations Manual.

2. Notwithstanding the forgoing, the Recipient shall not finance any Sub-project involving the purchase of any equipment for the provision of radiation therapy, unless and until: (a) the Recipient has prepared guidelines, acceptable to the Association, for the piloting of radiation therapy services as an outpatient (non-hospitalized) treatment; and (b) the Recipient has amended the ESMF in a manner and substance acceptable to the Association, to contemplate the handling, operation and maintenance of radiation therapy equipment.

3. In order for the Provinces of the North East and Red River Delta regions to be eligible for the implementation of Sub-projects proposals, the MOH shall have entered into a memorandum of understanding with the People's Committee of the respective province (the "Memorandum of Understanding"), in form and substance acceptable to the Association, setting forth, *inter alia*, that:

   (a) the province shall undertake to abide and implement the Sub-project proposal in compliance with the Operations Manual, the Consultants' Guidelines, the Procurement Guidelines, the Anti-corruption Guidelines,

and the respective EMP, including a HWMP, prepared in accordance with the ESMF, as well as the EMDP; and

(b) pursuant to sub-paragraph (a) above, all procurement and financial management responsibilities under the Sub-project shall be vested in the respective PPMU or the TNCH-MU, as the case may be; provided, however, that any procurement involving the competitive methods requiring internationally publicized calls for bidding/proposals shall be retained and discharged by the CPMU.

4. The Recipient shall exercise its rights under the Memorandum of Understanding in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, void or waive the Memorandum of Understanding whether in whole or in part (including exercising the any financial cancellations contemplated therein), without the prior concurrence of the Association.

E. Insurance Subsidies and Catastrophic Payments

1. The Recipient shall design and include as part of the Operations Manual: (a) the procedures, for the refining of the lists of Poor and Near-Poor households eligible to receive Insurance Subsidies under Part 2(a)(i) of the Project; and (b) the details of the financial mechanism for their defrayments, in a manner and substance acceptable to the Association.

2. Notwithstanding paragraph 1 above, the Recipient shall ensure that:

(a) the eligibility a beneficiaries of recipients of such Insurance Subsidies is conditioned to the entire household of said beneficiaries having been enrolled in the health insurance scheme; and

(b) the Insurance Subsidies to be paid out of this Financing do not exceed twenty percent (20%) of the applicable annual premium of the health insurance scheme charged for the entire household; which percentage shall be additional to the share of the health insurance scheme subsidies financed entirely by the Recipient out of its own budgetary resources.

F. Safeguards.

1. The Recipient shall: (a) implement the Project, and cause the Provinces of the North East and Red River Delta regions to implement their respective Sub-project, in accordance with the Environmental and Social Management Framework ("ESMF"), the Ethnic Minorities Development Plan ("EMDP"), and the instruments (to be) prepared thereunder pursuant to paragraph 2 below (the

"Safeguard Documents"), as well as the objectives, policies and procedures thereof; and (b) not amend, suspend, waive and/or void (nor allow to amend, suspend, waive or void) any provision of the Safeguard Documents, whether in whole or in part, without the prior written concurrence of the Association.

2. For purposes of paragraph 1 above, the Recipient shall: (a) screen all Sub-project proposals submitted pursuant to Section I.D above in accordance with the ESMF; (b) if applicable, cause the PPMU of the respective province (or the TNCH-MU, as the case may be) to prepare an Environmental Management Plan and/or Healthcare Waste Management Plan setting forth the required/appropriate mitigation measures for any adverse environmental and social impact likely to be caused by the Sub-project.

3. Notwithstanding paragraph 2 above the Recipient shall ensure that: (a) no Sub-project which could potentially cause significant, irreversible, sensitive, diverse and/or unprecedented environmental or social damage; nor (b) any activities involving land taking or giving rise to Displaced Persons, be financed under the Project.

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 indicators acceptable to the Association. Each Project Report shall cover the period of one (1) 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. The Recipient shall prepare and furnish to the Association, by no later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the calendar 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, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

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

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

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

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

2. *Other Methods of Procurement of Goods, Works and Non-consulting Services.* The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule; (b) Shopping; and (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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; (d) Single-source Selection of consulting firms; (e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (f) Single-source procedures for the Selection of Individual Consultants.

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 the expenditures set forth in the table in paragraph 2 below (the "Eligible Expenditures").

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Incremental Operating Costs, and Workshops & Training for Part 1 of the Project	77,400,000	100%
(2) Insurance Subsidies, Catastrophic Payments, goods, non-consulting services, consultants' services, Incremental Operating Costs and Workshops & Training for Part 2 of the Project	19,350,000	100%
(3) Goods, non-consulting services, consultants' services, Incremental Operating Costs, and Workshops &Training for Part 3 of the Project	3,350,000	100%
TOTAL AMOUNT	**100,100,000**	

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 the equivalent of one million Special Drawing Rights (SDR 1,000,000) may be made for payment for payment for Eligible Expenditures in all three disbursement Categories, incurred prior to this date but on or after September 2, 2012.

2. The Closing Date is December 31, 2019.

ANNEX to SCHEDULE 2

National Competitive Bidding: Additional Procedures

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 18 on Open Bidding of the Recipient's Law on Procurement No. 61/2005/QH11 dated November 29, 2005; (b) the Recipient's Law No. 38/2009/QH12 Amending and Supplementing a Number of Articles of Laws Concerning Capital Construction Investment dated June 19, 2009; and (c) the Recipient's Decree No. 85/2009/ND-CP Guiding Implementation of the Law on the Procurement and Selection of Construction Contractors under the Construction Law dated October 15, 2009 (collectively, "National Procurement Laws"), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the Procurement Guidelines and the following provisions:

Conflict of Interest

1. A bidder shall not have a conflict of interest. Any bidder found to have a conflict of interest shall be ineligible for award of a contract. The provisions on conflict of interest as stated under Section I of the Procurement Guidelines shall apply.

Eligibility

2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with or be subcontractors to national bidders in order to submit a bid.

3. Government-owned enterprises or institutions of the Recipient's country are eligible to bid in the Recipient's country only if they can establish that they: (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are not dependent agencies of the Recipient or Sub-Recipient.

Registration

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

Advertising; Time for Bid Preparation

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

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

Standard Bidding Documents

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

Qualification Criteria

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

Bid Submission, Bid Opening, and Bid Evaluation

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

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

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

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

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

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

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

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

Rejection of All Bids and Re-bidding

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

Complaints by Bidders and Handling of Complaints

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

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

Fraud and Corruption

12. The provisions on fraud and corruption as stated under Section I of the Procurement Guidelines shall apply. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions on matters pertaining to fraud and corruption as defined in the Guidelines. The Association will sanction a firm or individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.

Right to Inspect / Audit

13. Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors, and subcontractors to permit the Association, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Guidelines constitute an obstructive practice as defined in the Guidelines.

License

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

Publication of the Award of Contract

15. Within two weeks of receiving the Association's no objection to the award recommendation for contracts subject to the Association's prior review, and within two weeks of the Recipient's award decision for contracts subject to the Association's post review, the Recipient shall publish the following information on contract award in a national newspaper of wide circulation and/or in the official gazette provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access: (a) the name of each bidder which submitted a bid; (b) bid prices as read out at bid opening; (c) evaluated prices of each bid that was evaluated; (d) the names of bidders whose bids were either rejected as non-responsive or not meeting qualification criteria, or not evaluated, with the reasons thereof; and (e) the name of the winning bidder, the final total contract price, as well as the duration and summary scope of the contract.

Contract Modifications

16. With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 1 and November 1:	
commencing November 1, 2018 to and including May 1, 2028	1.65%
commencing November 1, 2028 to and including May 1, 2038	3.35%

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

APPENDIX

Section I. Definitions

1. "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. "Catastrophic Payments" means the reasonable payments in an amount not to exceed the limits set forth in the Operations Manual (as the same may be revised, from time to time, with the prior concurrence of the Association), and to be made by the Provinces of the North East and Red River Delta region to health service providers on behalf of Ethnic Minorities, Poor or Near-Poor populations, for unaffordable health services rendered to those populations, in excess of the reimbursable ceilings of the health insurance schemes.

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

4. "Central Project Management Unit" and the acronym "CPMU" mean the central level unit established by the Recipient pursuant to MOH's Decision 963QD/BYT, dated March 26, 2013, and referred to in Section I.A.1(a) of the Schedule 2 to this Agreement.

5. "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.

6. "Defined Priority Health Services" means: (a) in respect of Participating Provincial Hospitals, the pediatrics, cardiology, oncology, trauma, and/or obstetrics/gynecology health services; and (b) in respect of Participating District Hospitals, the pediatrics, trauma and/or obstetrics/gynecology health services; as well as any auxiliary services at hospital level in support thereto (e.g. laboratory or intensive care assistance).

7. "Displaced Persons" means " means persons who, on account of the execution 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 impact on the livelihoods of such persons.

8. "DOHs" means, collectively, the Department of Health of the Provinces of the North East and Red River Delta regions; and "DOH" means each such Department, individually considered.

9. "Environmental and Social Management Framework" and the acronym "ESMF" mean Recipient's framework adopted by MOH on January 31, 2012, setting for the guiding principles, acceptable standard and procedures for: (i) the screening of Project activities and identification of any adverse or positive environmental impacts caused, or expected to be caused, on account of Project implementation; and (ii) the preparation of any prescribed environmental management plan; as such framework may be revised, updated or supplemented from time to time with the prior concurrence of the Association.

10. "Environmental Management Plan" and the acronym "EMP" means a plan, in form and substance acceptable to the Association, to be prepared in accordance with the ESMF, and to be adopted by Participating Provincial Hospitals and/or Participating District Hospital for purposes of their approved Sub-project proposals, setting out mitigation, enhancement, monitoring and institutional measures, including capacity building through training, required to eliminate any adverse environmental impacts of activities to be implemented under the respective Sub-project, offset them, or reduce them to acceptable levels, and/or enhance any positive impacts thereof; as such plans may be revised, updated or supplemented from time to time with the prior concurrence of the Bank, said plan to include a HWMP; as the same may be revised, updated or supplemented from time to time with the prior concurrence of the Association .

11. "Ethnic Minorities" mean social groups disadvantaged in the development process and with a social and cultural identity distinct from those which constitute the predominant ethnic group in the Recipient's territory.

12. "Ethnic Minority Development Plan" and the acronym "EMDP" mean the Recipient's plan dated January 18, 2013, adopted by MOH for purposes of the Project, setting out the measures designed to ensure meaningful consultation with and informed participation of Ethnic Minorities and their communities of the Provinces of the North East and Red River Delta region in the design and implementation of Project activities, as well as the Project benefits for said Ethnic Minorities and communities which are culturally appropriate and socially inclusive.

13. "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.

14. "Health IEC Centers" means the Health Information, Education and Communication Centers established by the Recipient's Ministry of Health or provincial authority.

15. "Healthcare Waste Management Plan" and the acronym "HWMP" means a plan, in form and substance satisfactory to the Association to be prepared in accordance with the ESMF, and to be adopted by the Participating Provincial Hospital and Participating District Hospitals (as part of their respective EMPs) for purposes of their approved Sub-project proposals, setting out the guidelines and procedures for handling medical wastes in hospital and health care facilities; as such framework may be revised, updated or supplemented from time to time with the prior concurrence of the Association.

16. "Incremental Operating Costs" means the reasonable and incremental operating costs incurred by the Recipient, the Provinces of the North East and Red River Delta regions, the Participating Provincial Hospitals and the Participating District Hospitals on account of their implementation of Project activities, which costs would not have been incurred absent the Project, including, *inter alia*: (a) office supplies and consumables; (b) utilities; (c) bank charges; (d) communications, mass media and printing services (whether public or private); (e) vehicle rental, operation, maintenance, and insurance; (f) office space rental; (g) building and equipment maintenance; (h) travel, lodging, and subsistence allowances; (i) salaries of contractual and temporary staff; and (j) any other expenditures that the Recipient may agree from time to time with the Association; but excluding salary and salary supplements of the Recipient's civil servants ("công chức", "viên chức").

17. "Insurance Subsidies" means the amounts defrayed by the Provinces of the North East and Red River Delta regions participating in the Project, pursuant to Section I.E.2 of Schedule 2 to this Agreement and the provisions of the Operations Manual, as partial payment of the annual *premia* incurred by Ethnic Minorities, the Poor and the Near-Poor on account of their household enrolment in the Provincial VSS' health insurance schemes.

18. "Lower Level Hospitals" means collectively the Participating District Hospitals and the Participating Provincial Hospitals.

19. "Masterplan on Reducing Hospital Overcrowding" means the Recipient's means the plan approved by the Recipient's Prime Minister Decision 92/2013/QD-TTg, dated January 9, 2013.

20. "Memorandum of Understanding" means each/any of the memoranda of understanding to be entered into by MOH, with the People's Committee of the participating Provinces of the North East and Red River Delta regions for the

implementation of Sub-projects, as prescribed in Section I.D.3 of Schedule 2 to this Agreement.

21. "MOH" means the Recipient's Ministry of Health or any successor thereto.

22. "Near-Poor" means individuals or households with an income above the poverty line (i.e. an average income of 100% to 130% the official poverty line) as defined by the Recipient from time to time, but vulnerable to falling below said poverty line on account of illnesses, accidents and natural disasters or other economic shocks.

23. "Operations Manual" means the manual, in form and substance satisfactory to the Association, to be prepared and adopted by the Recipient pursuant to Section I.B of Schedule 2 to this Agreement, setting forth guidelines and procedures for the implementation of the Project; as the same may be revised, updated or supplemented from time to time with the prior concurrence of the Association.

24. "Participating District Hospitals" means eligible district hospitals (as defined in the Operations Manual) carrying out or proposed to carry out activities, and/or singled out as beneficiaries, under selected Sub-project proposals.

25. "Participating Provincial Hospitals" means eligible provincial hospitals (as defined in the Operations Manual) carrying out or proposed to carry out activities, and/or singled out as beneficiaries, under selected Sub-project proposal, but including Thai Nguyen Central Hospital.

26. "People's Committee" means the executive branch of the Recipient's provincial governments, and any successors thereto.

27. "Poor" means individuals and households with income below the level of the poverty line as defined by the Recipient from time to time.

28. "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.

29. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 18, 2013, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

30. "Provinces of the North East and Red River Delta" means the Recipient's provinces of Hai Duong, Hung Yen, Thai Binh, Ha Nam, Nam Dinh, Ninh Binh, Tuyen Quang, Yen Bai, Thai Nguyen, Lang Son, Bac Giang, Phu Tho and Hoa Binh, or any successor provinces thereto.

31. "Provincial Project Management Units" and the acronym "PPMUs" mean, collectively, the management units to be established within the DOH of the respective Provinces of the North East and Red River Delta regions, as pre-conditions for their participation in the Project, pursuant to Section I.A.1(b) of Schedule 2 to this Agreement; and Provincial Project Management Unit, and the acronym "PPMU" mean each such unit, individually considered.

32. "Provincial VSS" means the provincial branches of Vietnam Social Security, the agency of the Recipient established pursuant to Decree no. 19/CP dated February 16, 1995, responsible though its department of Vietnam health Insurance, for inter alia, the purchase of health services for and the issuance of medical insurance cards to beneficiaries of the Recipient's health insurance scheme.

33. "Safeguard Documents" means, collectively, the ESMF, the various EMPs and HWMPs applicable to each Sub-project, and the EMDP.

34. "Sub-projects" means the program of activities to be implemented by Participating Provincial Hospitals and Participating District Hospitals pursuant to proposals selected in accordance with Section I.D.1 of the Schedule 2 to this Agreement.

35. "TNCH-MU" means the management unit to be established within the Recipient's Thai Nguyen Central Hospital, as a pre-condition for the hospital participation in the Project, pursuant to Section I.A.1(c) of Schedule 2 to this Agreement.

36. "Workshops & Training" means the reasonable costs of expenditure incurred by the Recipient, the Provinces of the North East and Red River Delta regions, the Participating Provincial Hospitals and/or the Participating District Hospital, based on annual budgets approved by the Association, in facilitating and conducting domestic and overseas training and workshop activities under the Project, including costs of training or workshop materials, tuitions fees, equipment and venue rental, honoraria for trainers and/or speakers (including civil servant trainers and/or speakers), per diem, lodging/accommodation and transportation for those attending the training or workshop, and any other expenditures that the Recipient may agree from time to time with the Association; but excluding salary and salary supplements of the Recipient's civil servants ('công chức' and 'viên chức').

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

"Section 3.02. *Service Charge and Interest Charge*

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

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

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

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

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

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

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