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**CREDIT NUMBER 3887-VN  
CREDIT NUMBER 4604-VN**

# **Financing Agreement**

**(AMENDING AND RESTATING DEVELOPMENT CREDIT AGREEMENT)**

**(Urban Upgrading Project)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated September 10, 2009**

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**CREDIT NUMBER 3887-VN**  
**CREDIT NUMBER 4604-VN**

## **FINANCING AGREEMENT**

AGREEMENT dated September 10, 2009, entered into between SOCIALIST REPUBLIC OF VIETNAM (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS, for purposes of the Project, the Association had agreed to extend to the Recipient a Credit in an amount in various currencies equivalent to one hundred forty-eight million eight hundred thousand Special Drawing Rights (SDR 148,800,000) (the “Original Credit”) on the terms and conditions set forth or referred to in the Development Credit Agreement dated July 8, 2004 between the Recipient and the Association (“Development Credit Agreement”);

WHEREAS, by an agreement dated July 8, 2004 between the Recipient and the Association as administrator of grant funds provided by Japan under the Policy and Human Resources Development Fund (PHRD), to make a grant in an amount not exceeding four million eight hundred thirty-nine thousand Dollars (\$4,839,000) (the PHRD Grant) to assist in financing Parts A.4, A.5, A.6, B.4, B.5, B.6, C.4, C.5, C.6, D.4, D.5 and E of the Project, on the terms and conditions set forth in the PHRD Grant Agreement;

WHEREAS, the Recipient has requested the Association to provide further additional assistance in the support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to one hundred seven million six hundred thousand Special Drawing Rights (SDR 107,600,000)(the “Additional Credit”); and

WHEREAS, the Association has agreed on the basis, inter alia, of the foregoing, to provide such additional assistance to the Recipient upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the Recipient and the Association hereby agree to amend and restate the Development Credit Agreement to read 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 an amount in various currencies equivalent to two hundred fifty six million four hundred thousand Special Drawing Rights (SDR 256,400,000) (the “Financing”), which includes:
- 2.02.
- (a) an amount in various currencies equivalent to one hundred forty-eight million eight hundred thousand Special Drawing Rights (SDR 148,800,000) (“Original Credit”); and
  - (b) an amount in various currencies equivalent to one hundred seven million six hundred thousand Special Drawing Rights (SDR 107,600,000) (“Additional Credit”);
- to assist in financing the Project described in Schedule 1 to this Agreement.
- 2.03. The Recipient may withdraw the proceeds of the Original Credit and of the Additional Credit in accordance with Section IV of Schedule 2 to this Agreement.
- 2.04. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Balance of each of the Original Credit and the Additional Credit shall be one-half of one percent (1/2 of 1%) per annum.
- 2.05. The Service Charge payable by the Recipient on the Withdrawn Credit Balance of each of the Original Credit and the Additional Credit shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.06. The Payment Dates are:
- (a) in respect of the Original Credit: April 15 and October 15 in each year; and
  - (b) in respect of the Additional Credit: June 15 and December 15 in each year.
- 2.07. The principal amount of the Original Credit and the principal amount of the Additional Credit shall be repaid in accordance with the repayment schedule set forth in Section I and Section II, respectively, of Schedule 3 to this Agreement.
- 2.08. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out: Part A of the Project through Can Tho; Part B of the Project through Hai Phong; Part C of the Project through Ho Chi Minh City; Part D of the Project through Nam Dinh; and Part E of the Project through its Ministry of Construction; with due diligence and efficiency and in conformity with appropriate administrative, management, financial, engineering and urban planning practices, and sound social and environment standards acceptable to the Association; and shall provide, and shall cause to be provided, promptly as needed, the funds, facilities, services and other resources required for the Project, all in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS**

- 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 a Deputy Governor, of State Bank of Vietnam.
- 5.02. The Recipient's Address is:  
 State Bank of Vietnam  
 49 Lý Thái Tổ  
 Hà Nội  
 Socialist Republic of Vietnam

Cable:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4) 3 82 50 612

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 Hà Nội , Socialist Republic of Vietnam, as of the day and year first above written.

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Giau

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Victoria Kwakwa

Authorized Representative

## SCHEDULE 1

### Project Description

The objectives of the Project are to assist the Recipient to alleviate poverty in urban areas by improving the environmental and living conditions of the urban poor in the Project Cities through the use of participatory planning methods and the promotion of more inclusive and pro-poor urban planning processes.

The Project consists of the following parts:

#### Part A: Can Tho

In Can Tho City:

1. Tertiary Infrastructure Upgrading and Service Improvement: Carry out a program to provide or upgrade basic tertiary infrastructure and rehabilitate some social infrastructure in selected low-income areas, on the basis of priorities identified by the specific communities, including upgrading of alleys, provision of water supply, drainage, paved access, sanitation services and solid waste management, connection to electricity network and provision of street lighting; rehabilitation of kindergartens, primary schools, health clinics, markets and public toilet facilities, and provision of community facilities.
2. Complementary Primary and Secondary Infrastructure: Carry out a program to improve the primary and secondary infrastructure necessary to complement and enable the improvement in tertiary infrastructure carried out at the community level, including dredging and embankment formation, drainage, sewerage, road works and construction of bridges around the Xang Thoi Lake and canal areas and the Tham Tuong canal area, and drainage works and bridge construction in other areas of Can Tho.
3. Resettlement Housing: Carry out a program of resettlement and rehabilitation for persons affected under the Project, including preparation of resettlement sites; provision of on-site and off-site basic infrastructure; provision of social infrastructure on the resettlement sites; and provision of basic housing for the poor.
4. Land and Housing Management: Carry out a program to strengthen the capacity of the local agencies responsible for land management and issuance of building-ownership and land-use certificates, including establishment of a networked land administration and housing management information system, completion of cadastral maps where necessary to support the issuance of BOLUCs and LUCs, support for administrative and organizational restructuring, and simplification of procedures for the issuance of land use permits.

5. Housing Improvement Loan Program: Carry out a program to: (a) provide low-income households in the Project areas access to credit to improve their houses through the provision of housing improvement loans by eligible Implementation Partners; and (b) strengthen the housing micro-finance system through technical assistance and training.
6. Capacity Building: (a) Carry out a program to strengthen the capacity of the administrative authorities at the city, district and ward levels for participatory planning, design and implementation; and the capacity of the utility companies and district authorities for the operation and maintenance of infrastructure financed under the Project.
  - (b) Carry out a program to strengthen the capacity of local communities to organize more effectively to enable them to participate in Project planning and design; and carry out campaigns of information, education and communication among the local communities, especially to promote better sanitation practices.
  - (c) Carry out a program to strengthen the capacity of the Can Tho PMU for project management, including procurement and contract management, financial management and audit, monitoring of resettlement activities and environmental protection measures, and monitoring and evaluation of Project impacts in Can Tho.

Part B: Hai Phong

In Hai Phong City:

1. Tertiary Infrastructure Upgrading and Service Improvement: Carry out a program to provide or upgrade basic tertiary infrastructure and rehabilitate some social infrastructure in selected low-income areas, on the basis of priorities identified by the specific communities, including upgrading of alleys, provision of water supply, drainage, paved access, sanitation services and solid waste management, connection to electricity network and provision of street lighting; rehabilitation of kindergartens, primary schools, health clinics, markets and public toilet facilities, and provision of community facilities.
2. Complementary Primary and Secondary Infrastructure: Carry out a program to improve the primary and secondary infrastructure necessary to complement and absorb the improvement in tertiary infrastructure carried out at the community level, including improvement in drainage and access in the An Kim Hai channel; construction of north-south road links from To Hieu to Du Hang Lake; and improvement in the water supply distribution network in the Trang Minh and Du Hang Kenh areas.



3. Resettlement Housing: Carry out a program of resettlement and rehabilitation for persons affected under the Project, including preparation of resettlement sites; provision of on-site and off-site basic infrastructure; provision of social infrastructure on the resettlement sites; and provision of basic housing for the poor.
4. Land and Housing Management: Carry out a program to strengthen the capacity of the local agencies responsible for land management and issuance of building-ownership and land-use certificates, including establishment of a networked land administration and housing management information system, completion of cadastral maps where necessary to support the issuance of BOLUCs and LUCs, support for administrative and organizational restructuring, and simplification of procedures for the issuance of land use permits.
5. Housing Improvement Loan Program: Carry out a program to: (a) provide low-income households in the Project areas access to credit to improve their houses through the provision of housing improvement loans by eligible Implementation Partners; and (b) strengthen the housing micro-finance system through technical assistance and training.
6. Capacity Building: (a) Carry out a program to strengthen the capacity of the administrative authorities at the city, district and ward levels for participatory planning, design and implementation; and the capacity of the utility companies and district authorities for the operation and maintenance of infrastructure financed under the Project.
  - (b) Carry out a program to strengthen the capacity of local communities to organize more effectively to enable them to participate in Project planning and design; and carry out campaigns of information, education and communication among the local communities, especially to promote better sanitation practices.
  - (c) Carry out a program to strengthen the capacity of the Hai Phong PMU for project management, including procurement and contract management, financial management and audit, monitoring of resettlement activities and environmental protection measures, and monitoring and evaluation of Project impacts in Hai Phong.

Part C: Ho Chi Minh City

In Ho Chi Minh City:

1. Tertiary Infrastructure Upgrading and Service Improvement: Carry out a program to provide or upgrade basic tertiary infrastructure and rehabilitate some social infrastructure in selected low-income areas, on the basis of priorities identified by

the specific communities, including upgrading of alleys, provision of water supply, drainage, paved access, sanitation services and solid waste management, connection to electricity network and provision of street lighting; rehabilitation of kindergartens, primary schools, health clinics, markets, public toilet facilities, and provision of community facilities.

2. Complementary Primary and Secondary Infrastructure: Carry out a program to improve the primary and secondary infrastructure necessary to complement and absorb the improvement in tertiary infrastructure carried out at the community level, including canal and off-canal drainage improvements, embankment formation and road works in the Tan Hoa – Lo Gom area.
3. Resettlement Housing: Carry out a program of resettlement and rehabilitation for persons affected under the Project, including preparation of resettlement sites, and provision of on-site and off-site basic infrastructure, and provision of social infrastructure on the resettlement sites.
4. Land and Housing Management: Carry out a program to strengthen the capacity of the local agencies responsible for land management and issuance of building-ownership and land-use certificates, including establishment of a networked land administration and housing management information system, completion of cadastral maps where necessary to support the issuance of BOLUCs and LUCs, support for administrative and organizational restructuring, and simplification of procedures for the issuance of land use permits.
5. Housing Improvement Loan Program: Carry out a program to: (a) provide low-income households in the Project areas access to credit to improve their houses through the provision of housing improvement loans by eligible Implementation Partners; and (b) strengthen the housing micro-finance system through technical assistance and training.
6. Capacity Building: (a) Carry out a program to strengthen the capacity of the administrative authorities at the city, district and ward levels for participatory planning, design and implementation; and the capacity of the utility companies and district authorities for the operation and maintenance of infrastructure financed under the Project.
  - (b) Carry out a program to strengthen the capacity of local communities to organize more effectively to enable them to participate in Project planning and design; and carry out campaigns of information, education and communication among the local communities, especially to promote better sanitation practices.
  - (c) Carry out a program to strengthen the capacity of the Ho Chi Minh City PMU for project management, including procurement and contract

management, financial management and audit, monitoring of resettlement activities and environmental protection measures, and monitoring and evaluation of Project impacts in Ho Chi Minh City.

Part D: Nam Dinh

In the city of Nam Dinh:

1. Tertiary Infrastructure Upgrading and Service Improvement: Carry out a program to provide or upgrade basic tertiary infrastructure and rehabilitate some social infrastructure in selected low-income areas, on the basis of priorities identified by the specific communities, including upgrading of alleys, paved access, drainage, sanitation services and solid waste management, provision of street lighting and improvements to the retention lake in the area; rehabilitation of kindergartens, primary schools, health clinics, markets, public toilet facilities, and provision of community facilities.
2. Complementary Primary and Secondary Infrastructure: Carry out a program to improve the primary and secondary infrastructure necessary to complement and absorb the improvement in tertiary infrastructure carried out at the community level, including improvements to the northern drainage basin, completion of drainage links in the southern area, improvement to the secondary drainage system linking the tertiary system in the low-income areas to the primary system; and road improvements.
3. Resettlement Housing: Carry out a program of resettlement and rehabilitation for persons affected under the Project, including preparation of resettlement sites, and provision of on-site and off-site basic infrastructure, and provision of social infrastructure on the resettlement sites.
4. Housing Improvement Loan Program: Carry out a program to: (a) provide low-income households in the Project areas access to credit to improve their houses through the provision of housing improvement loans by eligible Implementation Partners; and (b) strengthen the housing micro-finance system through technical assistance and training.
5. Capacity Building: (a) Carry out a program to strengthen the capacity of the administrative authorities at the provincial, city and ward levels for participatory planning, design and implementation; and the capacity of the utility companies and city and ward authorities for the operation and maintenance of infrastructure financed under the Project.
  - (b) Carry out a program to strengthen the capacity of local communities to organize more effectively to enable them to participate in Project planning and design; and carry out campaigns of information, education

and communication among the local communities, especially to promote better sanitation practices.

- (c) Carry out a program to strengthen the capacity of the Nam Dinh PMU for project management, including procurement and contract management, financial management and audit, monitoring of resettlement activities and environmental protection measures, and monitoring and evaluation of Project impacts in the city of Nam Dinh.

Part E: National Urban Upgrading Program

1. Establish a National Urban Upgrading Program to improve the environmental and living conditions of low-income households across cities in Vietnam, consisting of: assessment of the demand for urban upgrading at the national level; dissemination of experiences and lessons learned; development of a clear strategy and investment plan for the National Urban Upgrading Program; and development of institutional arrangements to carry out said Program.
2. Develop methodologies for peri-urban planning, development and control to prevent the creation of new low-income areas.
3. Evaluate the impacts of the Project.

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient shall cause each of Can Tho, Hai Phong, Ho Chi Minh City and the Province of Nam Dinh, to establish and, throughout the period of implementation of the Project, to maintain a Project Steering Committee for purposes of, respectively, Parts A, B, C and D of the Project; each of said Project Steering Committees to include, among others, representatives of the Departments of Planning and Investment, of Finance, of Construction, of Natural Resources and Environment, of Transport and Urban Public Works Services, and representatives of water and electricity companies, to provide overall guidance in the implementation of the respective Parts of the Project and to ensure coordination of Project activities with other national, provincial or city initiatives.
2. The Recipient shall:
  - (a) cause the Project Cities, throughout the period of implementation of the Project, to maintain their respective Project Management Units to be responsible for the overall coordination and management of activities under their respective Parts of the Project; each of said Project Management Units to be under the direction of a qualified and experienced Project director, provided with sufficient resources and staffed with competent personnel in adequate numbers, including sufficient procurement, financial management and accounting staff, with qualifications and under terms of reference acceptable to the Association; and
  - (b) establish and maintain a Project Management Unit within the Ministry of Construction for purposes of Part E of the Project, to be responsible for the coordination and management of Project activities under said Part of the Project, said Project Management Unit to be under the direction of a qualified and experienced Project director, provided with sufficient resources and staffed with competent personnel in adequate numbers, including sufficient procurement, financial management and accounting staff, with qualifications and under terms of reference acceptable to the Association.
3. The Recipient shall cause the Project Cities, in respect of their Respective Parts of the Project, each to:

- (a) prepare and adopt a Project Implementation Plan satisfactory to the Association, including therein: (i) a financial management manual acceptable to the Association, setting forth guidelines and procedures for financial management and control, record keeping, reporting and auditing, and programs of training therefor; (ii) a procurement manual acceptable to the Association and consistent with the provisions of Section III of Schedule 2 to this Agreement; and (iii) guidelines for the engagement of local communities in participatory planning and design and formulation of the Community Upgrading Plans;
- (b) carry out its respective Project Implementation Plan in a manner satisfactory to the Association; and
- (c) furnish to the Association for its prior approval any revisions proposed to be introduced into said Project Implementation Plan and, thereafter, introduce into said Plan such revision as shall have been agreed with the Association.

**B. Anti-Corruption**

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

**C. Housing Improvement Loan Program**

1. For purposes of the Housing Improvement Loan Program under Parts A.5(a), B.5(a), C.5(a) and D.4(a) of the Project, the Recipient shall cause the Project Cities to enter into implementation arrangements satisfactory to the Association with their respective Implementation Partner, or Partners as the case may be, whereby the Project Cities and the respective Implementation Partners shall undertake the following actions and responsibilities for the purposes of said Parts of the Project:
  - (a) The Project Cities shall make available as sub-loans to their respective Implementation Partners the amount of proceeds of the Credit allocated from time to time to Categories (1)(c), (2)(c), (3)(c) and (4)(c); said sub-loans shall be made under terms and conditions acceptable to the Association which shall include the following principal terms: the sub-loans received by each Implementation Partner shall bear an interest rate of 0%, be repayable in Vietnamese Dong, in one lump sum at the end of a term of ten (10) years.
  - (b) Each Implementation Partner shall prepare and, thereafter, put into effect an Operations Manual satisfactory to the Association, including therein the policies, guidelines and procedures for: (i) credit appraisal and

approval; (ii) loan portfolio quality monitoring; (iii) financial management and analysis; (iv) risk and liquidity management; (v) business planning for micro-finance; (vi) monitoring and evaluation of the respective Housing Improvement Loan Program; and (vii) terms and conditions for the Housing Improvement Loan Program which shall include the terms and conditions set forth in Annex 1 to this Schedule 2.

- (c) Each Implementation Partner shall undertake to make Housing Improvement Loans to eligible low-income households in accordance with their respective Operations Manuals, and shall not amend, revise or waive their respective Operations Manuals, or any part thereof, without the prior concurrence of the Association.
  - (d) Each Implementation Partner shall undertake to maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, adequate to reflect its operations, resources and expenditures in respect of the Housing Improvement Loan Program.
  - (e) Each Implementation Partner shall undertake to have the financial statements, records and accounts referred to in sub-paragraph (d) of this paragraph 1, for each fiscal year audited, in accordance with consistently applied auditing standards acceptable to the Association, by independent auditors acceptable to the Association; furnish to the Project Cities and the Association certified copies of such financial statements and an opinion on such statements by the auditors, in scope and detail satisfactory to the Association; and furnish such other information on its financial statements, the audit thereof and concerning the auditors as the Association may from time to time reasonably request.
2. The Recipient shall cause each Project City to: (i) exercise its rights under its implementation arrangement with its Implementation Partner, or Partners as the case may be, in such manner as to protect the interests of the Recipient, the Project City and the Association, and to accomplish the purposes of the Credit; and (ii) except as the Association shall otherwise agree, not assign, amend, abrogate or waive its implementation arrangement with its Implementation Partner, or Partners as the case may be, or any provision thereof.
3. For purposes of promoting the financial sustainability of infrastructure investments, the Recipient shall cause each Project City to increase the percentage of cost recovery for waste water collection and treatment in accordance with a schedule acceptable to the Association.

**D. Safeguards and Ethnic Minorities**

1. The Recipient shall cause the Project Cities to:
  - (a) carry out their respective Environmental Management Plans in a manner satisfactory to the Association, designed to ensure that Phase I of their Respective Parts of the Project is implemented in accordance with sound environmental practices and standards;
  - (b) in implementing later Phases of their Respective Parts of the Project:
    - (i) implement the Environmental Safeguards Framework and, in accordance with the provisions of such Framework and as may be required, prepare environmental management plans in regard to said later Phases; (ii) prior to commencing any civil works, provide said plans to the Association for its prior review and approval; and (iii) thereafter, implement in a manner satisfactory to the Association such additional environmental management plans as shall have been approved by the Association;
  - (c) furnish to the Association for its prior approval any revisions proposed to be introduced into said Environmental Management Plans, the Environmental Safeguards Framework and the environmental management plans for later Phases prepared pursuant to said Framework, in order to achieve their objectives; and thereafter introduce into said Plans and Framework such revisions as shall have been agreed with the Association; and
  - (d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said Plans and Framework, and the achievement of their objectives.
2. The Recipient shall cause the Project Cities to:
  - (a) carry out the Resettlement Policy Framework and the respective Resettlement Action Plans in a manner satisfactory to the Association, designed to minimize the acquisition of land and other assets and involuntary resettlement and, wherever the acquisition of land and other assets and involuntary resettlement are unavoidable, to assist Affected Persons to improve their livelihoods and standards of living or at least to restore them to levels prevailing prior to Project implementation;
  - (b) in regard to later Phases of their Respective Parts of the Project: (i) take, and cause to be taken, all necessary actions to minimize to the extent possible any involuntary relocation of persons, or their loss of right, title,



interest in any house, land or any other fixed or movable assets, or effect on their access to productive assets, their business, occupation, work, place of residence, temporarily or permanently; and wherever the implementation of such later Phases would give rise to Affected Persons, prior to commencing any works; (ii) prepare and provide to the Association for its review and approval a resettlement action plan or resettlement action plans, as the case may be, prepared in accordance with the principles and procedures set forth in the Resettlement Policy Framework; and (iii) implement, in a manner satisfactory to the Association, such resettlement action plan or resettlement action plans as shall have been approved by the Association;

- (c) provide to the Association for its prior approval any revisions proposed to be introduced to said Resettlement Policy Framework, the Resettlement Action Plans and resettlement action plans prepared for later Phases pursuant to said Framework, in order to achieve their objectives; and thereafter, introduce such revisions as shall have been agreed with the Association; and
- (d) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said Framework and Plans, and the achievement of their objectives.

3. The Recipient shall cause Can Tho to:

- (a) carry out the Ethnic Minority Development Strategy in a manner satisfactory to the Association, designed to provide meaningful consultation with, and the informed participation of, ethnic minorities communities within the area of Can Tho's Respective Part of the Project, and to ensure that benefits under the Can Tho's Respective Part of the Project are socially and culturally acceptable to such communities; and
- (b) wherever implementation of later Phases of Can Tho's Respective Part of the Project would affect ethnic minorities communities within the Project area, and pursuant to said Strategy, prepare with the full participation of the relevant ethnic communities, and provide to the Association for its prior review and approval ethnic minorities development plans to ensure that activities under Can Tho's Respective Part of the Project adequately address the needs, cultural practices and preferences of such communities; and, thereafter, implement in a manner satisfactory to the Association such ethnic minorities development plans as shall have been approved by the Association;

- (c) provide to the Association for its prior approval any revisions proposed to be introduced into said Strategy and any ethnic minorities development plans prepared pursuant thereto, in order to achieve their objectives; and, thereafter, put into effect such revisions to said Strategy and plans as shall have been agreed with the Association; and
- (d) maintain policies and procedures adequate to monitor and evaluate, in accordance with guidelines acceptable to the Association, the implementation of said Strategy and development plans, and the achievement of their objectives.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

- 1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of a calendar quarter, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
  - (i) Output Indicators:
    - (A) Number of new water connections.
    - (B) Number of new electricity connections.
    - (C) Number of serviced plots.
    - (D) Number of apartments of houses for Project affected households.
    - (E) New and/or improved lanes (in kilometers).
    - (F) New and/or improved drains (in kilometers).
    - (G) Repayment rates of housing improvements loans.
    - (H) Number of houses improved through housing improvements loans.
  - (ii) Impact Indicators:
    - (A) Percentage of houses with water connections.
    - (B) Percentage of houses with electricity connections.
    - (C) Percentage of area with public lighting.

- (D) Frequency and depth of flooding at selected locations.
- (E) Incidence of selected diseases.
- (F) Percentage of residence with BOLUCs and LUCs.
- (G) Time to process BOLUC or a LUC
- (H) Average property values (land and house) in VND million per square meter.
- (I) Frequency of flooding of the Tan Hoa – Lo Gom canal.
- (J) Quality of water of the Tan Hoa – Lo Gom canal.

2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than June 30, 2015.

**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 as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006 (“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 “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) and with the provisions of this Section.

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

**B. Particular Methods of Procurement of Goods and Works**

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

**Domestic Preference.** The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines and Appendix 2 thereto, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Recipient, and works to be carried out by domestic contractors.

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

<b>Procurement Method</b>
(a) National Competitive Bidding, subject to the additional procedures set forth in Annex 2 to this Schedule 2
(b) Shopping

**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. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.

2. **Other Methods of Procurement of Consultants’ Services.** The following table specifies methods of procurement, other than Quality- and Cost-based Selection,

which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) Quality-Based Selection
(b) Selection based on Consultants’ Qualifications
(c) Least Cost Selection
(d) Individual Consultants

**D. Review by the Association of Procurement Decisions**

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$500,000 or more; (b) each contract for goods estimated to cost the equivalent of \$200,000 or more; and (c) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$100,000 or more. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Original Credit and of the Additional Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Original Credit Allocated (expressed in SDR)	Amount of the Additional Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Can Tho's Respective Part of the Project:			
(a) Works under Part A of the Project	15,305,000	7,260,000	90%
(b) Goods under Part A of the Project	640,000		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Housing Improvement Loans under Part A.5 of the Project	565,000		100% of amounts of Housing Improvement Loans disbursed
(d) Consultants' services except under Parts A.4, A.5 and A.6 of the Project	1,210,000	550,000	100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(e) Consultants' services under Part A.6 (c) of the Project	265,000		100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(f) Training under Part A.5 (b) of the Project	5,000		100% of foreign expenditures
(g) Unallocated under Part A of the Project			
(2) Hai Phong's Respective Part of the Project:			
(a) Works under Part B of the Project	15,780,000	6,720,000	90%

(b) Goods under Part B of the Project	360,000		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Housing improvement Loans under Part B.5 of the Project	1,785,000		100% of amounts of Housing Improvement Loans disbursed
(d) Consultants' services except under Parts B.4, B.5 and B.6 of the Project	1,330,000	300,000	100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(e) Consultants' Services under Part B.6(c) of the Project	500,000		100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(f) Training under Part B.5 (b) of the Project	10,000		100% of foreign expenditures
(g) Unallocated under Part B of the Project			
(3) Ho Chi Minh City's Respective Part of the Project:			
(a) Works under Part C of the Project	78,993,000	83,600,000	90%
(b) Goods under Part C of the Project	525,000		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Housing Improvement Loans under Part C.5	6,690,000		100% of amounts of Housing Improvement Loans disbursed

(d) Consultants' services except under Parts C.4, C.5 and C.6 of the Project	5,202,000	3,000,000	100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(e) Consultants' services under Part C.6 (c) of the Project	830,000		100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(f) Training under Part C.5(b) of the Project	55,000		100% of foreign expenditures
(g) Unallocated under Part C of the Project			
(4) Nam Dinh's Respective Part of the Project:			
(a) Works under Part D of the Project	14,794,000	6,000,000	90%
(b) Goods under Part D of the Project	1,514,000		100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expenditures for other items procured locally
(c) Housing Improvement Loans under Part D.4	870,000		100% of amounts of Housing Improvement Loans disbursed
(d) Consultants' services except under Parts D.4 and D.5 of the Project	1,292,000	170,000	100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants
(e) Consultants' services under Part D.5(b) of the Project	270,000		100% for expenditures for services of individuals domiciled outside the territory of the Recipient, and 93% for expenditures for services of all other consultants



(f) Training under Part D.4 (b) of the Project	10,000		100% of foreign expenditures
(g) Unallocated under Part D of the Project			
<b>TOTAL</b>	148,800,000	107,600,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
  - (a) with respect to amounts of the Original Credit, on account of payments made prior to July 8, 2004, *except* that withdrawals may be made on account of payments made prior to said date but on or after February 1, 2004, for Eligible Expenditures up to an aggregate amount not to exceed the equivalent of:
    - (i) SDR 30,000, may be made in respect of Category (1)(b) under Can Tho's Respective Part of the Project;
    - (ii) SDR 230,000, may be made in respect of Categories (2)(a), (2)(b) and (2)(d) under Hai Phong's Respective Part of the Project;
    - (iii) SDR 180,000, may be made in respect of Categories (3)(a), (3)(b) and (3)(d) under Ho Chi Minh City's Respective Part of the Project; and
    - (iv) SDR 260,000, may be made in respect of Categories (4)(a), (4)(b) and (4)(d) under Nam Dinh's Respective Part of the Project; or
  - (b) with respect to amounts of the Additional Credit, on account of payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2014.

**Annex 1 to Schedule 2**

**Procedures, Terms and Conditions  
of Housing Improvement Loans**

1. Eligibility

Low-income households, with a source or sources of monthly income, residing within districts or wards of the Project Cities where infrastructure improvement activities are being carried out under the Project, even when not within the Participating Communities, are eligible to apply for Housing Improvement Loans.

2. Terms and Conditions of Housing Improvement Loans

Unless otherwise agreed by the Association:

- (a) The maturity of a Housing Improvement Loan shall be from three (3) to five (5) years.
  - (b) The principal amount of a Housing Improvement Loan shall not exceed VND Fifteen million (15,000,000).
  - (c) The Implementation Partners shall, from time to time, establish the interest rates applicable to Housing Improvement Loans, taking into account, among other matters, their direct costs for salaries and allowances; depreciation of assets; overhead costs; and reasonable loan loss provisioning.
3. Housing Improvement Loans may finance only the reasonable cost of goods and works for the Housing Improvement Project for which said Loan is made, and fees and charges for the issuance of a BOLUC or LUC and for registration.
4. Each Housing Improvement Loan shall be made on terms whereby the relevant Implementation Partner shall obtain, by a written contract with the borrowing household, rights adequate to protect the interests of the Implementation Partner, the respective Project City, and the Association, including the rights to:
- (a) require the borrowing household to carry out the Housing Improvement Project with due diligence and efficiency and in accordance with sound technical and sanitation standards and to maintain adequate records;
  - (b) require that goods and works be procured at a reasonable price following established commercial procedures, account being taken also of other relevant factors, including, in the case of goods, the timely delivery and efficiency and reliability of the goods, and availability of maintenance facilities, if applicable, and spare parts therefor; and in the case of works, the technical quality and competitive cost therefor;
  - (c) inspect, by itself, or jointly with representatives of the respective Project City, or of the Association, if the Association shall so request, such

goods, works and installations, as the case may be, included in the Housing Improvement Project, and any relevant records and documents;  
and

(d) suspend or terminate the right of the borrowing household to the use of the proceeds of the Housing Improvement Loan upon failure of its obligations under its contract with the Implementation Partner.

5. Proceeds of Housing Improvement Loans re-paid by borrowing households to the Implementation Partners may be used for further Housing Improvement Loans and/or for small loans to low-income households within the Project areas for income-generation activities, under terms and conditions acceptable to the Association.

**Annex 2 to Schedule 2****National Competitive Bidding Procedures**

The procedure to be followed for National Competitive Bidding shall be those set forth in Article 18 on Open Bidding of the *Law on Procurement 61 / 2005/QH11* dated November 29, 2005 and *Decree 58/2008/ND-CP, Guiding Implementation of Law on Procurement and Selection of Construction Contractors under the Construction Law* dated May 5, 2008 (collectively, “National Procurement Laws”) with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Association in May 2004 and revised in October 2006 (the Guidelines) and required by paragraphs 3.3 and 3.4 of the Guidelines. Whenever any procedure in the National Procurement Laws is inconsistent with the requirements of said paragraphs 3.3 and 3.4 of the Guidelines, the latter shall prevail, including the following:

**Eligibility**

1. The eligibility of bidders shall be as defined under Section I of the Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation, nor shall foreign bidders be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

2. In addition to the foregoing requirements, equitized Government-owned enterprises in which the Recipient holds less than fifty percent of the shares are eligible to participate, *provided that* the procuring entity or investment owner does not own shares (or represent the Government's shares) in the enterprise and the Governing Board and management team are autonomous from the procuring entity and the investment owner. Military or security units or enterprises established under, reporting directly or indirectly to, or owned wholly or partly by, the Ministry of Defense or the Ministry of Public Security shall not be permitted to bid.

**Registration**

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

#### Advertising; Time for Bid Preparation

4. Invitations to bid shall be advertised in at least one widely circulated national newspaper, allowing a minimum of thirty (30) days, from the date of the invitation to bid or the date of availability of the bidding documents, whichever is later, for the preparation and submission of bids, and potential bidders shall be allowed to purchase bidding documents up to any time prior to the deadline for the submission of bids. In addition, the Recipient is encouraged to advertise in the Government Public Procurement Bulletin and on a free and open access website.

#### Standard Bidding Documents

5. Standard Bidding Documents, acceptable to the Association, shall be used.

#### Qualification Criteria

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

#### Bid Submission, Bid Opening and Bid Evaluation

7. Bidders may submit bids, at their option, either in person or by courier service or by mail. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to the bidders unopened.

(a) Bidding documents shall be sold to anyone who is willing to pay the required fee of the bidding documents which shall not exceed the costs of printing, reproduction and delivery, and no other conditions shall be imposed on the sale of the bidding documents.

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

(c) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(d) A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

(e) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without the Association's prior concurrence.

(f) A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to prior review.

#### Rejection of All Bids and Re-bidding

8. All bids shall not be rejected or new bids solicited without the Association's prior written concurrence.

#### Complaints by Bidders and Handling of Complaints

9. The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

#### Fraud and Corruption

10. The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

#### Right to Inspect/Audit

11. Each bidding document and contract financed from the proceeds of a Credit shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

#### License

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

Publication of the Award of Contract

13. The Recipient shall publish the following information on contract award in the Government Public Procurement Bulletin or on a free and open access website or on another means of publication acceptable to the Association: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated price of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication shall be updated regularly.

**SCHEDULE 3****Repayment Schedule****Section I: The Original Credit**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 15 and October 15:	
commencing April 15, 2015 to and including October 15, 2024	1%
commencing April 15, 2025 to and including October 15, 2044	2%

**Section II: The Additional Credit**

<b>Date Payment Due</b>	<b>Principal Amount of the Additional Credit repayable (expressed as a percentage)*</b>
On each June 15 and December 15:	
commencing December 15, 2019 to and including June 15, 2029	1%
commencing December 15, 2029 to and including June 15, 2049	2%

\* The percentages represent the percentage of the principal amount of the Original Credit and of the Additional 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.
2. “Affected Persons” means persons who, on account of the execution of the Project, had or would have their: (i) standard of living adversely affected; or (ii) right, title, interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected; and an “Affected Person” means any of the Affected Persons.
3. “BOLUC” means a building-ownership and residential land-use certificate.
4. “Can Tho” means the Recipient’s Can Tho City, under the direct jurisdiction of the central government of the Socialist Republic of Vietnam, and any successor thereto.
5. “Capital Aid Fund for Employment of the Poor” and “CEP” mean the social organization affiliated with the Federation of Labor of Ho Chi Minh City, established by Decision of the People’s Committee of Ho Chi Minh City through Decision 610/QD-UB of November 2, 1991 to provide financing to poor working people for income-generating activities and improvement of their life, and any successor thereto.
6. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
7. “Community Environmental Management Plan” and “CEMP” mean, in respect of the tertiary infrastructure upgrading in a Participating Community (as defined below), a plan prepared, or to be prepared, by the relevant Project City (as defined below) with the full participation of said Participating Community, and incorporated into the respective Community Upgrading Plan (as defined below), which sets out the environmental protection measures as well as monitoring procedures, to be implemented by community members and utility companies; and “Community Environmental Management Plans” and “CEMPs” mean, collectively, all such Plans.
8. “Community Upgrading Plan” and “CUP” mean, in respect of the tertiary infrastructure upgrading in a Participating Community, a plan prepared, or to be

prepared, by the relevant Project City with the full participation of said Participating Community, the ward and district authorities and utility companies, each such Plan setting out the layout, design and level of service of tertiary infrastructure and social infrastructure selected by such Community for upgrading or rehabilitation; the participation process in such selection, investment costs and cost recovery arrangements, community management structures including for operations and maintenance, and integrating therein the respective Community Environmental Management Plan; and “Community Upgrading Plans” and “CUPs” mean, collectively, all such Plans.

9. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
10. “DONRE” means a Department of Natural Resources and Environment, at the provincial level or at the level of cities under the direct jurisdiction of the central government.
11. “Environmental Management Plans” means, collectively: (i) the plan dated December 2003, approved by the Can Tho DONRE through Decision 23/QD-STMT of February 10, 2004; (ii) the plan dated December 2003, approved by the Hai Phong DONRE through Decision 22/QD-STN & MT of February 16, 2004; (iii) the plan dated December 2003, approved by the Ho Chi Minh City DONRE through Decision 27/QD-TNMT of January 30, 2004; and (iv) the plan dated December 2003, approved by the Nam Dinh DONRE through Decision of February 16, 2004; which set out the environmental protection measures in respect of Phase I ( as defined below) of the Project Cities’ Respective Parts of the Project, as well as administrative and monitoring arrangements to ensure the implementation of said Plans, as said Plans may be revised from time to time with the prior concurrence of the Association.
12. “Environmental Safeguards Framework” means the policy framework dated December 2003, adopted by the Project Cities (as defined below), which sets out the principles and procedures for carrying out environmental impact assessments and preparing environmental management plans for Phases II (as defined below) of the Project Cities’ Respective Parts of the Project, as said Framework may be revised from time to time with the prior concurrence of the Association.
13. “Ethnic Minority Development Strategy” means the strategy dated April 2003, adopted by the Can Tho Provincial People’s Committee through Decision 2313/QD-CT-UB of July 14, 2003 , which sets out the policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minorities within the Project area who are affected by the Project, and to prepare ethnic minorities development plans as may be required during implementation

of the Project, as said Strategy may be revised from time to time with the prior concurrence of the Association.

14. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
15. “Hai Phong” means the Recipient’s Hai Phong City, under the direct jurisdiction of the central government of the Socialist Republic of Vietnam, and any successor thereto.
16. “Ho Chi Minh City” means the Recipient’s Ho Chi Minh City, under the direct jurisdiction of the central government of the Socialist Republic of Vietnam, and any successor thereto.
17. “Housing Improvement Loans” means loans made, or to be made, by Implementation Partners (as defined below) under Parts A.5(a), B.5(a), C.5(a), and D.4(a) to eligible low-income households (as defined below) to assist in the financing of eligible Housing Improvement Projects (as defined below), in accordance with the provisions of Section I.C of Schedule 2 to this Agreement and to Annex 1 to said Schedule.
18. “Housing Improvement Projects” means projects of low-income households inhabiting districts or wards being upgraded under the Project, to rehabilitate, upgrade or otherwise improve their dwellings.
19. “Implementation Partners” means, collectively: (i) in connection with Can Tho’s Respective Part of the Project, the Mekong Housing Bank (as defined below) in association with the Women’s Union of Can Tho; (ii) in connection with Hai Phong’s Respective Part of the Project, the Women’s Union of Hai Phong; (iii) in connection with Ho Chi Minh City’s Respective Part of the Project, the Women’s Union of Ho Chi Minh City and the Capital Aid Fund for the Employment of the Poor of Ho Chi Minh City; (iv) in connection with Nam Dinh’s Respective Part of the Project, the Women’s Union of Nam Dinh; and (v) any other eligible entity as may be selected from time to time by mutual agreement between the Recipient, the relevant Project City and the Association, and any respective successors thereto; and an “Implementation Partner” means any of said Implementation Partners.
20. “Low-income households” means, in each Project City, households with income just above or just below a poverty line determined from time to time by said Project City with the concurrence of the Association.
21. “Low-income areas” means, in each Project City, areas defined with the concurrence of the Association following a mapping exercise which took into

account household income levels, access to infrastructure and environmental and housing conditions.

22. “LUC” means a land use certificate.
23. “Mekong Housing Bank” means the state-owned bank established by Prime Minister’s Decision 769/QD-TTg of September 18, 1997, and operating pursuant to its charter as approved by State Bank of Vietnam under Decision 408/1997/QD-NHNN of December 8, 1997, for purposes of supporting the development of housing, infrastructure and other activities for the socio-economic development of the Mekong Delta.
24. “MOC” means the Recipient’s Ministry of Construction, and any successor thereto.
25. “MOF” means the Recipient’s Ministry of Finance, and any successor thereto.
26. “MONRE” means the Recipient’s Ministry of Natural Resources and Environment, and any successor thereto.
27. “Nam Dinh” means the Recipient’s municipality of Nam Dinh, under the jurisdiction of Nam Dinh Province, and any successor thereto.
28. “Participating Communities” means groups of households living within low-income areas of districts or wards of the Project Cities selected for upgrading, which have chosen to participate in the Project by joining in the preparation, and committing to the implementation of Community Upgrading Plans; and a “Participating Community” means any of said Participating Communities.
29. “Phase I” means, in respect of each Project City, tertiary infrastructure upgrading, and primary and secondary infrastructure improvements to be carried out approximately during the years 2004-2009 of the Project in accordance with the respective Project Implementation Plan (as defined below).
30. “Phase II” means, in respect of each Project City, tertiary infrastructure upgrading, and primary and secondary infrastructure improvements to be carried out approximately during the years 2005-2014 of the Project in accordance with said Project Implementation Plan.
31. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
32. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 8, 2009 and referred to in paragraph 1.16 of the Procurement

Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

33. “Project Cities” means, collectively: (i) Can Tho; (ii) Hai Phong; (iii) Ho Chi Minh City; and (iv) Nam Dinh; and a “Project City” means any of said Project Cities.
34. “Project Implementation Plan” means, in respect of each Project City, the plan referred to in Section I.A.3(a) of Schedule 2 to this Agreement.
35. “Project Management Units” and “PMUs” mean, collectively, the units established by the Project Cities and by MOC in respect of their respective Parts of the Project, in accordance with the provisions of Section I.A.2(a) of Schedule 2 to this Agreement; and a “Project Management Unit” and “PMU” mean any of said Project Management Units.
36. “Project Steering Committees” means the committees established by Can Tho, Hai Phong, Ho Chi Minh City and the Province of Nam Dinh, respectively, in accordance with the provisions of Section I.A.1 of Schedule 2 to this Agreement; and a “Project Steering Committee” means any of said Project Steering Committees.
37. “Resettlement Action Plans” means, collectively: (i) the Can Tho Resettlement Action Plan, dated December 2003, adopted by the Can Tho People’s Committee through Decision 312/UB of February 13, 2004; (ii) the Hai Phong Resettlement Action Plan, dated December 2003, adopted by the Hai Phong City People’s Committee through Decision 349/QD-UB of February 13, 2004; (iii) the Ho Chi Minh City Resettlement Action Plan, dated December 2003, adopted by the Ho Chi Minh City People’s Committee through Decision 448/UB-DB of January 29, 2004; and (iv) the Nam Dinh Resettlement Action Plan, dated December 2003, adopted by the Nam Dinh Provincial People’s Committee through Decision 317/2004/QD-UB of February 20, 2004; and referred to in Section I.D.2 of Schedule 2 to this Agreement; said Resettlement Action Plans setting out the principles and procedures governing the acquisition of land and other assets, resettlement, compensation and rehabilitation of Affected Persons in the respective Project Cities in connection with Phase I of the Project in the Project Cities, as well as administrative, reporting and monitoring arrangements to ensure compliance with said Plans, as said Plans may be revised from time to time with the prior agreement of the Association; and a “Resettlement Action Plan” means any of said Resettlement Action Plans.
38. “Resettlement Policy Framework” means the policy framework dated August 2003, adopted respectively by the Can Tho Provincial People’s Committee through Decision 3233/UB of August 21, 2003; by the Hai Phong City People’s Committee through Decision 4315/CV-UB of September 26, 2003; by the Ho

Chi Minh City People’s Committee through Decision 4958/UB-DB of October 8, 2003; and by the Nam Dinh Provincial People’s Committee through Decision 211/VP5 of September 9, 2003; approved by the Recipient through the Prime Minister’s Decision 1513/CP-NN of November 4, 2003, said Policy Framework sets out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Affected Persons, and for the preparation of resettlement action plans whenever required during Phases II of the Project, as said Policy Framework may be revised from time to time with the prior concurrence of the Association.

39. “Respective Part of the Project” means: (i) in respect of Can Tho, Part A of the Project; (ii) in respect of Hai Phong, Part B of the Project; (iii) in respect of Ho Chi Minh City, Part C of the Project; (iv) in respect of Nam Dinh, Part D of the Project; and (v) in respect of MOC, Part E of the Project.
40. “TertiaryInfrastructure” means class III infrastructure, except in the case of Ho Chi Minh City where tertiary infrastructure comprises class III and class IV infrastructure.
41. “VND” means Dong, the currency of the Socialist Republic of Vietnam.
42. “Women’s Union” means the Vietnam Women’s Union, a social organization established on October 20, 1950.