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CONFORMED COPY

CREDIT NUMBER 4649-VN

Financing Agreement

(Livestock Competitiveness and Food Safety Project)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated December 10, 2009

CREDIT NUMBER 4649 -VN

FINANCING AGREEMENT

AGREEMENT dated December 10, 2009, entered into between SOCIALIST REPUBLIC OF VIETNAM (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to forty two million one hundred thousand Special Drawing Rights (SDR 42,100,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 Payment Dates are March 15 and September 15 in each year.

- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MARD and the Project Provinces in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV —EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) the Phase I Provinces of Ha Noi, Thai Binh, Dong Nai, and Ho Chi Minh have established their respective Provincial Project Management Units in accordance with the provisions of paragraph 2(b), Section I of Schedule 2 to this Agreement;
 - (b) MARD has adopted and put into effect a Project Implementation Manual satisfactory to the Association in accordance with the provisions of paragraph 4, Section I of Schedule 2 to this Agreement; and
 - (c) the PCU and the four PPMUs referred to in paragraph (a) of this Section 4.01 have installed a computerized accounting system consistent with the financial management guidelines of the Project Implementation Manual.
- 4.02. The Additional Legal Matter consists of the following, namely that the Resettlement Policy Framework has been duly approved by the Recipient's Prime Minister and adopted by MARD, and is valid and binding in accordance with its terms.

4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Recipient's Address is:

State Bank of Vietnam
49 Ly Thai To
Hanoi, Vietnam

Cable address:	Telex:	Facsimile:
VIETBANK Hanoi	412248 NHTWVT	(84-4)3 825 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 address:	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 increase production efficiency of household-based livestock producers, reduce environmental impact of livestock production, processing and marketing, and improve food safety in livestock product supply chains (mainly meat) in the Project Provinces.

The Project consists of the following parts:

Part A. Improving Household-based Livestock Production and Market Integration

1. Carrying out a program to promote Good Animal Husbandry Practices (GAHPs) in existing livestock production areas, including, *inter alia*:
 - (a) providing training to farmers, extension officers, animal production and veterinary staff in the application of GAHPs, including, *inter alia*, feed conversion technology and proactive disease control measurements;
 - (b) supporting the establishment of livestock producer groups;
 - (c) strengthening provincial/district level livestock services delivery, including animal disease control and surveillance;
 - (d) supporting waste management and bio-security measures at the farm level, including provision of Sub-grants to Sub-grant Beneficiaries for constructing biogas digesters or composting facilities (including slurry treatment) and implementing bio-security measures;
 - (e) strengthening the capacity of DARD and DONRE for monitoring feed quality and environmental compliance; and
 - (f) designing and implementing a pilot livestock identification system.
2. Carrying out a program to pilot Livestock Planning Zones (LPZs), including, *inter alia*:
 - (a) establishing pilot LPZs, including associated consultants' services and small civil works;
 - (b) providing training and operating support to DARD livestock production and veterinary staff in data recording and disease control and monitoring;

- (c) supporting the implementation of the livestock identification system developed under Part A.1(f) of the Project in LPZs;
 - (d) implementing livestock waste management and bio-security measures in LPZs; including provision of Sub-grants to Sub-grant Beneficiaries for constructing bio-digesters or composting facilities (including slurry treatment) and implementing bio-security measures; and
 - (e) evaluating the LPZ model supported under the Project.
3. Carrying out a program to improve hygiene in slaughterhouses and meat markets in the Project Provinces, including, *inter alia*:
- (a) constructing and/or upgrading meat markets and slaughterhouses, including provision of Sub-grants to Sub-grant Beneficiaries for financing the construction or upgrading of slaughterhouses; and improving the facilities of meat markets and slaughterhouses through provision of equipment for safe and hygienic slaughtering and meat handling;
 - (b) providing training to veterinary staff and relevant stakeholders involved in meat-handling and marketing in bio-security, disease control, meat hygiene and food safety; and
 - (c) improving provincial meat inspection services, including reviewing and improving relevant operating guidelines and regulations; providing training, essential equipment, and operating support to veterinary meat inspectors; and upgrading the meat inspection reporting systems.

Part B. Improving Central-level Livestock Production and Veterinary Services

Strengthening the capacity of Department of Livestock Production (DLP) and Department of Animal Health (DAH) of MARD in providing technical leadership and implementation support to the Project Provinces, including, *inter alia*:

1. Developing and/or improving policies and procedures addressing issues involved in the livestock product supply chain, including livestock production, food safety, bio-security, livestock disease control, and livestock waste management, including reviewing and updating GAHPs' standards and guidelines set out in the relevant administrative decisions of MARD;
2. Providing training to staff of DLP and DAH in the application of GAHPs;
3. Piloting innovative approaches to livestock development planning, including the development of a GAHP certification system for the household-based livestock producers;

4. Strengthening DLP's capacity in monitoring livestock breed, feed quality, livestock waste management, and environmental compliance; and
5. Strengthening DAH's capacity in disease surveillance and prevention, meat inspection, including upgrading DAH's monitoring and data collection system.

Part C: Project Management

Strengthening the capacity of PCU and PPMUs in Project management, monitoring, and evaluation.

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

1. The Recipient shall:
 - (a) establish, by May 15, 2010 and, thereafter maintain, throughout the period of Project implementation, a Project Steering Committee responsible for providing policy guidance and oversight of the implementation of the Project; said Committee to be under the chairmanship of a representative of MARD and include representatives from, inter alia, the Ministries of Finance, Planning and Investment, Natural Resources and Environment and Health; and
 - (b) throughout the period of Project implementation, maintain a Project Coordinating Unit within MARD, under the direction of qualified management, provided with sufficient resources, and staffed with competent personnel in adequate numbers with qualifications, experience and terms of reference satisfactory to the Association. Said Unit shall:
 - (i) be responsible for implementing Part B of the Project, and for the overall management, coordination and supervision of Project activities at the central level and across Project Provinces, including guidance to the PPMUs and consolidation of their annual work plans, procurement plans and budgets; financial management and arrangements for audits; disbursement; and procurement of large or international packages; and overall monitoring and evaluation of Project activities; and
 - (ii) include a team of consultants to assist Phase II Provinces in preparing their investment proposals and to provide technical advice and day-to-day implementation support to all PPMUs.
2. The Recipient shall cause each Project Province to establish and, throughout the period of Project implementation, maintain:
 - (a) a Provincial Steering Committee responsible for providing policy guidance and overall supervision of said Project Province's Respective Parts of the Project; said Provincial Steering Committee to be under the chairmanship of a vice-chair of the Provincial People's Committee and include representatives from, inter alia, said Province's Departments of Agriculture and Rural Development, Finance, Planning and Investment, Natural Resources and Environment and Health; and

- (b) a Provincial Project Management Unit within the provincial Department of Agriculture and Rural Development, under the direction of qualified management, provided with sufficient resources, and staffed with competent personnel in adequate numbers with qualifications, experience and terms of reference satisfactory to the Association. Said PPMU shall be responsible for: the overall management, coordination and supervision of the Project Province's Respective Parts of the Project, including providing guidelines and support for Project activities to be carried out at the district and commune levels; preparation of the Project Province's annual work plans, procurement plans and budget; and financial management, procurement, disbursement, and monitoring and evaluation of Project activities at the provincial level.
3. The Recipient shall not permit a Phase II Project Province to receive financing under the Project unless and until said Project Province has met the criteria set out in the Project Implementation Manual, including, *inter alia*: (a) established its Provincial Steering Committee and PPMU in accordance with the provisions of paragraphs 2(a) and 2(b) of this Section I; (b) installed a computerized accounting system consistent with the financial management guidelines of the Project Implementation Manual; and (c) provided to the financial management staff of said PPMU training in the Project financial management system and procedures, including on the application of the financial management provisions of the Project Implementation Manual; all in a manner satisfactory to the Association.

Implementation Arrangements

4. (a) To guide the implementation of the Project, the Recipient shall, through MARD, adopt and thereafter implement the Project in accordance with, and cause the Project Provinces to adopt and thereafter implement their Respective Parts of the Project in accordance with, a Project Implementation Manual satisfactory to the Association, setting forth:
- (i) financial management policies, requirements and detailed procedures consistent with the provisions of paragraph 1, Section II(B) of this Schedule 2, including in regard to flow of funds and disbursement, definition of roles and responsibilities, planning and budgeting and consolidation of plans and budgets, internal control and reconciliation, accounting and record keeping, reporting and auditing;
 - (ii) guidelines and procedures for procurement consistent with the provisions of Section III of this Schedule 2, as well as the

allocation of roles and responsibilities for procurement review and approval between MARD and the PCU on the one hand and, on the other hand, the People's Committees and the PPMUs of the Project Provinces;

- (iii) in regard to Parts A.2 and A.3 of the Project, the procedures and eligibility criteria for the selection, appraisal and approval of pilot Livestock Planning Zones (LPZs), slaughterhouses and meat markets, and their operating guidelines. Under Parts A.2 and A.3 of the Project, the eligibility criteria for a LPZ, a slaughterhouse or a meat market sub-project to participate in the Project shall include, among other things: (A) if a sub-project requires land and farmers opt to voluntarily exchange land between themselves, the relevant PPMU has received contracts between said farmers documenting such voluntary transactions; and if a sub-project involves involuntary acquisition of land, a resettlement action plan has been prepared in accordance with the principles set out in the Resettlement Policy Framework; (B) an environmental screening has been carried out for a sub-project in accordance with principles set forth in the Environmental Safeguards Framework; and if such environmental screening concludes that an environmental impact assessment and an environmental management plan are required, such environmental impact assessment has been conducted and environment management plan has been prepared in a manner and substance satisfactory to the Association; and (C) if an ethnic minority development plan is required pursuant to the Ethnic Minority Policy Framework, such ethnic minority development plan has been prepared in accordance with the principles of the Ethnic Minority Policy Framework;
 - (iv) a consolidated work plan and budget for the first year of Project implementation; and monitoring and evaluation procedures;
 - (v) the Environmental Management Framework; the Resettlement Policy Framework; and the Ethnic Minority Policy Framework; and
 - (vi) the terms and conditions of Sub-grant Agreements.
- (b) The Recipient shall: (i) from time to time, review and evaluate together with the Association, the application of the provisions of the Project Implementation Manual; and (ii) revise, amend, or otherwise strengthen, such provisions or part thereof as may be necessary to enhance their effectiveness in achieving the purpose of the Project; provided, however,

that the Recipient shall put into effect only such revisions, amendments or modifications as shall have been agreed with the Association.

Sub-grants under Parts A. 1(d), A.2(d) and A.3(a) of the Project

5. The Recipient shall ensure that:
 - (a) Sub-grants shall be approved, managed and monitored in accordance with the provisions of the Project Implementation Manual, including that a Sub-grant financing Eligible Expenditures under Part A.3(a) of the Project shall not exceed \$30,000 each;
 - (b) Sub-grants are provided only to Sub-grant Beneficiaries who meet the eligibility criteria set forth in the Project Implementation Manual; and
 - (c) Sub-grants are made in accordance with procedures and on conditions acceptable to the Association, which shall include those set forth in paragraph 6 below of this Section 2.

6. The Recipient shall through a PPMU enter into a Sub-grant Agreement with each Sub-grant Beneficiary to protect the interests of the Recipient and the Association. Through the Sub-grant Agreement, the Recipient through the PPMU shall cause each Sub-grant Beneficiary to undertake to:
 - (a) carry out its respective activities described in the Sub-grant Agreement for financing by a Sub-grant with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-corruption Guidelines and of the Project Implementation Manual, including the quality standard, operating guidelines and social and environmental mitigation measures set forth therein,
 - (b) provide, promptly as needed, the labor and resources required for the purpose;
 - (c) procure goods, works or services to be financed from the proceeds of the Sub-grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of Schedule 2 to this Agreement and the relevant provisions of the Project Implementation Manual; and

use such goods, works or services exclusively for the purposes that the Sub-grant are approved for;

- (d) in the case of Part A.3(a) of the Project, maintain records and accounts adequate to reflect, in accordance with sound accounting practices, the expenditures relating to the Sub-grant;
 - (e) enable the relevant PPMU, the PCU and the Association to inspect its respective operation and any relevant records and documents; and
 - (f) prepare and provide to the relevant PPMU, the PCU and the Association all such information as the PPMU, the PCU or the Association shall reasonably request relating to the foregoing.
7. The Recipient shall exercise its rights under each Sub-grant Agreement in such manner as to protect its interests and the interests of the Association and to accomplish the purposes of the Sub-grant. The Recipient shall have the right to suspend or terminate the right of any Sub-grant Beneficiary to use the proceeds of said Sub-grant, or obtain a refund of all or any part of the amount of said Sub-grant then withdrawn, upon the said Sub-grant Beneficiary's failure to perform any of its obligations under the Sub-grant Agreement.

Safeguards

8. The Recipient shall:
- (a) implement, and cause to be implemented, the Resettlement Policy Framework in a manner satisfactory to the Association;
 - (b) wherever implementation of the Project would give rise to Displaced Persons, provide to the Association for its review, resettlement plan or plans, as may be the case, prepared in accordance with the principles and procedures set forth in said Policy Framework and, thereafter, prior to initiating the related civil works, implement, and cause to be implemented, in a manner satisfactory to the Association, such resettlement plan(s) as shall have been approved by the Association;
 - (c) provide to the Association for its prior approval any revision proposed to be introduced into said Policy Framework, or into any resettlement plan prepared pursuant to said Policy Framework, in order to achieve their respective objectives, and thereafter only introduce such revision into said Policy Framework or resettlement plan 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 Policy Framework and any resettlement plan prepared pursuant thereto, and the achievement of their respective objectives.

9. The Recipient shall:

- (a) implement, and cause to be implemented, the Environmental Management Framework in a manner satisfactory to the Association and designed to ensure that the Project is implemented in accordance with sound environmental practices and standards;
- (b) as may be necessary in accordance with the requirements set forth in said Framework and in a manner satisfactory to the Association, carry out, and cause to be carried out, environmental assessments and prepare and implement, and cause to be prepared and implemented, environmental management plans acceptable to the Association;
- (c) provide to the Association for its prior approval any revision proposed to be introduced into said Framework or environmental assessments or environmental management plans, in order to achieve their respective objectives, and thereafter only introduce such revision into said Framework, environmental assessments and environmental management plans 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 environmental management plans, and the achievement of their respective objectives.

10. The Recipient shall:

- (a) implement, and cause to be implemented, the Ethnic Minority Policy Framework in a manner satisfactory to the Association and designed to provide meaningful consultation with, and the informed participation of ethnic minority groups within the areas of the Project, and to ensure that benefits under the Project are socially and culturally acceptable to such groups;
- (b) whenever implementation of Project would take place in areas which an ethnic minority community resides or lives in, cultivates or is otherwise dependent on for their livelihood, prepare and provide to the Association for its approval ethnic minorities development plan or plans, as may be the case, prepared in accordance with the principles and procedures set

forth in said Framework and with the full participation of such ethnic minority community, designed to ensure that Project activities adequately address the needs, cultural practices and preferences of such community; and, thereafter, implement and cause to be implemented 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 proposed revision of said Framework or ethnic minorities development plans, and thereafter only introduce such revision into said Framework or said plans 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 ethnic minorities development plans, and the achievement of their objectives.

Annual Work Plan

- 11. The Recipient, through the PCU, shall:
 - (a) prepare an annual work plan, procurement plan and budget therefor, consolidating therein the respective annual work and procurement plans and budget therefor prepared by each Project Province and, by no later than October 31 of each year, commencing 2010, provide such plans and budget to the Association for its review and comment; and
 - (b) thereafter implement, and cause the Project Provinces to implement, such plans and budget as shall have been agreed with the Association.

Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with 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, commencing August 15, 2010.

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 six (6) months after the closing date.

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 II, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Association, commencing August 15, 2010.
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 or works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, works or goods 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 domestically manufactured goods in the territory of the Recipient.

2. **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:

Procurement Methods
(a) National Competitive Bidding, subject to the additional provisions set forth in the Attachment to this Schedule 2
(b) Shopping
(c) Community Participation in Procurement

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:

Procurement Methods
(a) Least Cost Selection
(b) Selection based on Consultants’ Qualifications
(c) Quality-based Selection
(d) Selection of 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) the first contract for works and goods to be procured by PCU or by each PPMU based on NCB or Shopping procedures, regardless of contract value thereof;
- (b) each contract for works estimated to cost the equivalent of \$300,000 or more; and each contract for goods estimated to cost the equivalent of \$200,000 or more;
- (c) the first contract for consulting services by a firm or by an individual to be procured by PCU or by each PPMU, regardless of contract value thereof;
- (d) each contract for consultants’ services provided by a firm estimated to cost the equivalent of \$100,000 or more; each contract for consultants’ services provided by an individual estimated to cost the equivalent of \$50,000 or more; and

All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in SDR)</u>	<u>Percentage of Expenditures to be Financed (inclusive of Taxes)</u>
(1) Eligible Expenditures: Goods, works, training, workshops, Incremental	37,100,000	100%

workshops, Incremental Operating Costs, and consulting services (except for consultants services for the engineering design and construction supervision)		
(2) Sub-Grants		100% of Sub-grant amount disbursed
(a) Sub-Grants under Parts A1(d) and A 2(d) of the Project	2,600,000	
(b) Sub-Grants under Part A3(a) of the Project	2,400,000	
TOTAL AMOUNT	42,100,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$1,000,000 equivalent may be made for payments made prior to this date but on or after June 20, 2009 for Eligible Expenditures; and
 - (b) with respect to Eligible Expenditures under Category (2)(a), until the Recipient, through PCU, on the basis of reports issued by a respective PPMU, has certified in a form and substance satisfactory to the Association the following:
 - (i) the biogesters/ composting plants constructed (including slurry treatment) and bio-security footbaths built under Parts A.1(d) and A. 2(d) of the Project, as the case may be (hereinafter called "Output" and collectively "Outputs");
 - (ii) the Outputs are in compliance with the provisions of the Sub-grant Agreement pursuant to the provisions of paragraph 6 of Section I of this Schedule 2 and of the relevant provisions of the Project Implementation Manual, including the technical and

quality standards, environmental and social safeguards mitigation measures set out therein;

- (iii) the amount so calculated does not exceed the actual unit costs of each such Output;
- (iv) the said Output or Outputs have not already been claimed by the Recipient to support previous withdrawal applications from the Credit Account; and
- (v) The amount to be so withdrawn with respect of expenditures under Category (2)(a) is equal to the amount resulting from multiplying the Output or Outputs times the established unit costs set out below, or such other output unit costs as may be updated by the Association in consultation with and notification to the Recipient.

Unit Costs
US\$200 to a Sub-grant Beneficiary for a bio-gas digester/composting plant (including slurry treatment) and a bio-security footbath constructed under Parts A.1(d) and A.2(d) of the Project

2. The Closing Date is December 31, 2015.

Attachment 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 6 /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

(i) 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.

(ii) 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

(iii) 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

(iv) 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 Gazette and on a free and open access website.

Standard Bidding Documents

(v) Standard Bidding Documents, acceptable to the Association, shall be used.

Qualification Criteria

(vi) 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

(vii) 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

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

Complaints by Bidders and Handling of Complaints

(ix) 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

(x) 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

(xi) 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

(xii) 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

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

SCHEDULE 3**Repayment Schedule**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15:	
commencing March 15, 2020 to and including September 15, 2029	1%
commencing March 15, 2030 to and including September 15, 2049	2%

* 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**Definitions**

- (a) “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.
- (b) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (c) “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.
- (d) “Department of Agriculture and Rural Development” and “DARD” mean the Department of Agriculture and Rural Development of each Project Province, and any successor thereto.
- (e) “Displaced Person” means a person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (i) the involuntary taking of land, resulting in (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not such person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person; and “Displaced Persons” means, collectively, all such Displaced Persons.
- (f) “DONRE” means the Department of Natural Resources and Environment of each Project Province, and any successor thereto.
- (g) “Environmental Management Framework” means the Framework adopted by MARD on August 18, 2009 and referred to in paragraph 9, Section I of Schedule 2 to this Agreement, said Framework setting out the principles and procedures for carrying out environmental assessments, and preparing and implementing environmental management plans in respect of the Project, including mitigation measures for storage, handling, use and disposal of pesticides, as said Framework may be revised from time to time with the prior concurrence of the Association.
- (h) “Ethnic Minority Policy Framework” means the Framework adopted by MARD on August 18, 2009 and referred to in paragraph 10 of Section I to Schedule 2 to this Agreement, which sets out: (i) policies and procedures to ensure meaningful consultation with, and the informed participation of, ethnic minority communities who are present in the Project area; and (ii) principles for the preparation of ethnic minorities development plan or plans, as may be required pursuant to the

terms of said Framework, during the implementation of the Project, as said Framework may be revised from time to time with the prior concurrence of the Association.

- (i) “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
- (j) “Good Animal Husbandry Practices” or its abbreviation “GAHPs” means that a set of procedures to be developed under Part B.1 of the Project intended to improve livestock production efficiency, disease control, food safety and livestock waste management.
- (k) “Incremental Operating Costs” means the reasonable costs incurred by the Recipient’s implementing agencies at the national and local levels, on account of Project management, monitoring and evaluation, including extension services, disease surveillance and surveys, and other required fieldwork in the implementation of the Project, which expenditures would not have been incurred absent the Project, including costs incurred for office supplies and consumables, repairs of equipment and vehicles, transportation costs and per diem for staff travel, rental of office space, fuel costs, communication costs, and bank charges, but excluding the salaries and salary supplements of the Recipient’s civil servants.
- (l) “Livestock Planning Zones” or its abbreviation “LPZs” means the areas designated by a Project Province for livestock production under the Project in accordance with selection criteria and operational procedures set out in the Project Implementation manual.
- (m) “Ministry of Agriculture and Rural Development” and “MARD” mean the Recipient’s Ministry of Agriculture and Rural Development, and any successor thereto.
- (n) “Phase I Project Provinces” means the Provinces of Ha Noi, Thai Binh, Ho Chi Minh, and Dong Nai participating in the Project from the first year of Project implementation.
- (o) “Phase II Project Provinces” means the Provinces of Cao Bang, Hai Phong, Hung Yen, Hai Duong, Thanh Hoa, Nghe An, Long An, and Lam Dong eligible to participate in the Project after meeting the criteria set out in the Project Implementation Manual and in paragraph 3 of Section I of Schedule 2 to this Agreement.
- (p) “Project Coordination Unit” and “PCU” mean the Unit referred to in paragraph 1(b), Section I of Schedule 2 to this Agreement.

- (q) “Project Steering Committee” and “PSC” mean the Committee referred to in paragraph 1(a), Section I of Schedule 2 to this Agreement.
- (r) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
- (s) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated August 18, 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.
- (t) “Project Implementation Manual” means the manual referred to in paragraph 4 of Section I of Schedule 2 to this Agreement, as such manual may be revised from time to time with the prior agreement of the Association.
- (u) “Project Provinces” means the Provinces of Cao Bang, Hanoi, Hai Phong, Thai Binh, Hung Yen, Hai Duong, Thanh Hoa, Nghe An, Ho Chi Minh, Long An, Dong Nai, and Lam Dong, and any successors thereto, as such list may be amended from time to time by mutual agreement between the Recipient and the Association; and a “Project Province” means any of said Provinces.
- (v) “Provincial Project Management Unit” and “PPMU” mean the Unit referred to in paragraph 2(b), Section I of Schedule 2 to this Agreement, to be established in each Project Province and maintained throughout the period of Project implementation.
- (w) “Provincial Steering Committee” means the Committee referred to in paragraph 2(a), Section I of Schedule 2 to this Agreement.
- (x) “Resettlement Policy Framework” and “RPF” mean the Framework adopted by MARD on August 26, 2009 pursuant to the Prime Minister’s authorization dated August 26, 2009, and referred to in paragraph 8, Section I of Schedule 2 to this Agreement; said Policy Framework setting out the policies and procedures for the acquisition of land and other assets, resettlement, compensation and rehabilitation of Displaced Persons, and for the preparation of resettlement plans as may be required for Project activities, as said Policy Framework may be revised from time to time with the prior concurrence of the Association.
- (y) “Respective Parts of the Project” means in the case of Project Provinces, Parts A and C of the Project in their respective provinces.
- (z) “Sub-grant” means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a Sub-grant Beneficiary for financing Parts A.1(d), A.2(d), and A.3(a) of the Project, as the case may be, in accordance with

the relevant provisions of this Agreement and the Project Implementation Manual, and the term “Sub-grants” means, collectively, the plural thereof.

- (aa) “Sub-grant Beneficiary” means a household-based livestock producer selected or to be selected to participate in Parts A.1(d) and A.2(d) of the Project, or a private slaughterhouse selected or to be selected to participate in A.3(a) of the Project, all in accordance with the selection criteria set out in the Project Implementation Manual, and “Sub-grant Beneficiaries” means, collectively, the plural thereof.
- (bb) “Sub-grant Agreement” means the agreement referred to in paragraph 6, Section I of Schedule 2 to this Agreement.