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**CREDIT NUMBER 3475-VN**  
**CREDIT NUMBER 4708-VN**

# **Financing Agreement**

**(AMENDED AND RESTATED DEVELOPMENT CREDIT AGREEMENT)**

**(Ho Chi Minh City Environmental Sanitation (Nhieu Loc-Thi Nghe Basin) Project**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated May 25, 2010**



**CREDIT NUMBER 3475-VN**  
**CREDIT NUMBER 4708-VN**

## **FINANCING AGREEMENT**

AGREEMENT dated May 25, 2010, entered into between the SOCIALIST REPUBLIC OF VIETNAM (the “Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the “Association”).

WHEREAS for purposes of the Project, the Association had agreed to extend to the Recipient a Credit in an amount equivalent to one hundred twenty-seven million five hundred thousand Special Drawing Rights (SDR 127,500,000) (the “Original Credit”) on the terms and conditions set forth or referred to in the Development Credit Agreement dated July 5, 2001 between the Recipient and the Association (the “Development Credit Agreement”) as amended;

WHEREAS the Recipient has requested the Association to provide further additional financial assistance in support of the Project by increasing the amount made available under the Development Credit Agreement by an amount equivalent to fifty eight million Special Drawing Rights (SDR 58,000,000) (the “Additional Credit”); and

WHEREAS, the Association has agreed on the basis, inter alia, of the foregoing, to provide such additional financial 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 and modified in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred eighty five million five hundred thousand Special Drawing Rights (SDR 185,500,000) (variously, “Credit” and “Financing”) to assist in financing the project described in Schedule 1 to this Agreement (the “Project”), which Credit includes:
- (a) an amount equivalent to one hundred twenty-seven million five hundred thousand Special Drawing Rights (SDR 127,500,000) (the “Original Credit”); and
  - (b) an amount equivalent to fifty eight million Special Drawing Rights (SDR 58,000,000) (the “Additional Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Original Credit and the Additional Credit 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 of each of the Original Credit and the Additional Credit 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 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.
- 2.05. The Payment Dates are:
- (a) in respect of the Original Credit: January 15 and July 15 in each year; and
  - (b) in respect of the Additional Credit: March 15 and September 15 in each year.
- 2.06. 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.
- 2.07. The Payment Currency is the 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 the Project through Ho Chi Minh City 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 Additional Condition of Effectiveness consists of the following, namely that the Subsidiary Agreement has been executed in a manner acceptable to the Association”.
- 4.02. The Additional Legal Matter consists of the following, namely that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and Ho Chi Minh City and is legally binding upon each of them in accordance with its terms
- 4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.04. 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 the 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<br>Hanoi | 412248<br>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<br>Washington, D.C. | 248423 (MCI) | (1-202) 477-6391 |

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

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Giau

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Victoria kwakwa

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to assist the Recipient to reduce the incidence of flooding and increase the collection of wastewater in the Nhieu Loc-Thi Nghe (NLTN) Basin of Ho Chi Minh City, in an environmentally and financially sustainable manner.

The Project consists of the following parts:

#### **PART A:      Wastewater**

1. Construction of:
  - (a) a wastewater interceptor of approximately 8.4 kilometers (km) in length and 2.5 meters (m) and 3.0m in diameter following the alignment of the NLTN Canal, with approximately 36 permanent manholes;
  - (b) about 59 combined sewer overflow structures to divert wastewater flow into the interceptor in dry weather;
  - (c) flushing facilities on the upper and middle portions of the NLTN Canal;
  - (d) a wastewater pumping facility with a hydraulic capacity of approximately 64,000 cubic meters per hour near the confluence of the NLTN Canal and the Saigon River, including wastewater screening, a control and data acquisition system and ancillary structures including an electrical building, transformer pad, odor control facility, administrative building, access road and perimeter fencing; and
  - (e) an outfall of approximately 0.8 km in length and 3.0 m in diameter to convey screened effluent from the wastewater pumping facility to the Saigon River via a diffuser.

#### **PART B:      Drainage**

1. Replacement and extension of approximately 65 km of combined primary and secondary sewers in the NLTN Basin.
2. Dredging, transportation and disposal of approximately 1,000,000 cubic meters of sludge and excavated materials from the NLTN Canal and strengthening of approximately 18 km of canal embankments.
3. Inspection of approximately 41 km of brick secondary combined sewers in the NLTN Basin and rehabilitation of up to 30 km of inspected sewers.
4. Construction of approximately 270 km of tertiary sewers in the NLTN Basin.

5. Provision of specialized operation and maintenance equipment, including vacuum truck, high pressure sewer cleaner, high pressure cleaning van, water tank, portable wastewater monitoring kit, accounting and management information system and computer equipment.

**PART C: Institutional Development and Project Management**

1. Provision of consultants' services for strengthening the institutional capacity of the PMU in connection with:
  - (a) preparation of detailed designs for Parts A and B of the Project; and
  - (b) supervision and management of Project construction.
2. Provision of consultants' services for strengthening the institutional capacity of the Flood Control Center in drainage and wastewater services in connection with:
  - (a) corporate and business planning, and development of a management information system and geographic information system strategy;
  - (b) accounting and financial management;
  - (c) operation and maintenance planning and management;
  - (d) quality assurance, development of procedures for awarding management contracts on a competitive basis; contract management and procurement management;
  - (e) human resources development strategy and related training;
  - (f) environmental management and impact assessment; and
  - (g) community consultation, communication and dissemination of information.
3. Carrying out a program of:
  - (a) independent monitoring of the environmental impact of the Project and the implementation of the Environmental Management Plan;
  - (b) independent monitoring of the implementation of resettlement, rehabilitation and compensation of Affected persons; and
  - (c) independent auditing of Project accounts, accounts of the Flood Control Center related to wastewater and drainage facilities under its jurisdiction, and of the Wastewater and Drainage Account, all through the provision of consultants' services.

**PART D:      Resettlement**

Resettlement, rehabilitation and compensation of Affected Persons.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall cause Ho Chi Minh City to maintain at all times during the implementation of the Project the PMU, with terms of reference and resources satisfactory to the Association and competent staff in adequate numbers, including a civil engineer, a professional accountant and a procurement and project management specialist, each with qualifications, experience and terms and conditions of employment satisfactory to the Association.
2. The Recipient shall cause Ho Chi Minh City to retain at all times during the implementation of the Project, under terms of reference acceptable to the Association, the services of a construction management consultant to assist Ho Chi Minh City in the carrying out Parts A and B of the Project.
3. In carrying out Part B.4 of the Project, and without limitation to Section 3.01 of this Agreement, the Borrower shall cause the districts of Ho Chi Minh City within the NLTN Basin to construct the tertiary sewers in a manner and in accordance with a schedule satisfactory to the Association, and shall cause Ho Chi Minh City to provide to said districts such resources and support as may be required for said construction.
4. The Recipient shall cause Ho Chi Minh City to:
  - (a) adopt and, thereafter, implement a wastewater tariff schedule acceptable to the Association; and
  - (b) (i) establish an account with the Ho Chi Minh City treasury for the deposit of the wastewater tariff collected; (ii) ensure that such account and said tariff are used exclusively for wastewater and drainage expenditures in Ho Chi Minh City; (iii) have said account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association; and (iv) furnish to the Recipient and the Association, as soon as available, the report of such audit by said auditors, and such other information concerning such account and the audit thereof as the Recipient and the Association may from time to time reasonably request.
5. The Recipient shall cause Ho Chi Minh City:

- (a) by October 31 in each year, commencing October 31, 2002, to furnish to the Association for its review and comment, a proposed annual work program and budget for Project activities to be implemented in the following calendar year; and
- (b) thereafter, to implement such annual work programs and budget taking into account the Association's comments thereon.

## **B. Subsidiary Agreement**

1. To facilitate the carrying out of the Project, the Recipient shall make part of the proceeds of the Credit available to Ho Chi Minh City, under a Subsidiary Agreement between the Recipient through its Ministry of Finance, and Ho Chi Minh City, acceptable to the Association:

- (a) as a loan, the amount of proceeds of the Credit allocated from time to time to Category 1. (a) set forth in the table in Section IV of this Schedule 2 to this Agreement, under terms and conditions acceptable to the Association which shall include the following:
  - (i) the principal amount so made available shall be the equivalent in Dong (determined as of the date, or respective dates of withdrawal from the Credit Account or payment out of the designated account as the case may be) of the value of the currency or currencies so withdrawn or paid out on account of the cost of items required for Part A of the Project and to be financed out of the proceeds of the Credit, and shall be recovered by the Recipient in Dong;
  - (ii) the principal amount so made available shall be recovered in semiannual installments over a period not exceeding twenty-five (25) years, inclusive of a grace period not exceeding six (6) years; and
  - (iii) interest at a rate equal to five percent (5%) per annum on the principal amount withdrawn and outstanding from time to time shall accrue from the day immediately following the end of the grace period referred to in clause (ii) of this sub-paragraph (a), and shall be payable in semi-annual payments commencing on the date on which the first installment of principal is payable under clause (ii) above.
- (b) as a grant, the amount of proceeds of the Credit allocated from time to time to Categories 1. (b), 2, 3 and 4 set forth in the table in Section IV of this Schedule 2 to this Agreement.

2. In consideration for making the proceeds of the Credit available to Ho Chi Minh City, as set forth in paragraph 1 above, and pursuant to the terms of the Subsidiary Agreement, the Recipient shall further cause Ho Chi Minh City:
  - (a) upon completion of works under any component or sub-component under Parts A and B of the Project, to assign to FCC the function of and responsibility for the management, operation and maintenance of the said facility;
  - (b) for purposes of fulfilling its responsibility as set forth in sub-paragraph (a) of this paragraph 2, to direct FCC to enter into a service agreement or services agreements satisfactory to the Association, with qualified service providers acceptable to the Association, for the operation and maintenance of all facilities constructed under Parts A and B of the Project, except the tertiary level systems under the responsibility of the City wards; and
  - (c) to require FCC to: (i) maintain records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures of FCC in respect of all wastewater and drainage facilities under its responsibility; (ii) have said records and accounts for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association; (iii) furnish to Ho Chi Minh City and the Association, as soon as available, but in any case not later than six (6) months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and (iv) furnish to the Association such other information concerning such records and accounts, and the audit thereof as the Association shall from time to time reasonably request.
3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

**C. Anti-Corruption**

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

**D. Safeguards**

The Recipient shall cause Ho Chi Minh City to:

1. carry out the Project in accordance with the measures described in the Environmental Management Plan and, without any limitation thereto, to take timely action to ensure that any adverse environmental impact of the Project is effectively mitigated in a manner satisfactory to the Association;
2. ensure that Affected Persons shall be compensated, resettled and rehabilitated in accordance with the Resettlement Action Plans. To that end, the Recipient shall cause Ho Chi Minh City to, carry out the said Resettlement Action Plans in a manner satisfactory to the Association;
3. not initiate, nor allow to be initiated, any civil works under Part B of the Project unless and until a Drainage Resettlement Action Plan with respect to such works, required to be implemented pursuant to paragraph D. 2 above of this Schedule 2 is approved by the Association; and
4. (a) retain at all times during the period of Project implementation, the services of an independent agency or firm acceptable to the Association to carry out, under terms of reference acceptable to the Association, the monitoring and evaluation of the implementation of the Environmental Management Plan and the Resettlement Action Plans; (b) cause said independent agency or firm to prepare reports, no later than February 15 and August 15 in each year, commencing August 15, 2001, on the results of said monitoring and evaluation; and (c) furnish copies of said reports to the Association promptly upon receipt thereof.

## **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 set forth below in paragraph 2 of this Section II.A. 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.
2. The performance indicators referred to above in paragraph 1 above consist of the following:
  - (a) Outcome Indicators:
    - (i) Reduction in the number of households affected by two-year-return-period storm by 96,000 households.

- (ii) Increase in the number of households whose wastewater is collected and disposed of safely by 240,000 households.
  - (iii) Improvement in the water quality of the NTLN Canal measured by the average level of dissolved oxygen in the water to at least 4 milligram per liter (Mg/l).
  - (iv) Implementation of agreed tariff of 450 Dong per cubic meter by Ho Chi Minh City.
- (b) Intermediate Outcome Indicators:
- (i) 8.4 kilometers of wastewater interceptor constructed.
  - (ii) 65 kilometers of combined primary and secondary sewers replaced and constructed.
  - (iii) 18 kilometers of sheet piles installed for canal embankments.
  - (iv) 1,029,000 cubic meter (m3) of dredged material disposed of in landfill.

**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 Credit 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 Credit 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 3 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **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:

| Procurement Method |                    |
|--------------------|--------------------|
| (a)                | Shopping           |
| (b)                | Direct Contracting |

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 3 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **National Consultants.** 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 of 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) Least Cost Selection                           |
| (b) Selection based on Consultants' Qualifications |
| (c) Single Source Selection                        |
| (d) Selection of Individual Consultants            |

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

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

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

**A. General**

1. The Recipient may withdraw the proceeds of the Credit 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 Credit ("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:

| <b>Category</b>                              | <b>Amount of the Original Credit Allocated<br/>(expressed in SDR)</b> | <b>Amount of the Additional Credit Allocated<br/>(expressed in SDR)</b> | <b>Percentage of Expenditures to be Financed</b>                  |
|--|---|---|---|
| (1) Works                                    |   |   |   |
| (a) under Part A of the Project              | 45,950,000  | 18,700,000  | 100%  |
| (b) under Part B of the Project              | 69,910,000  | 34,800,000  | 100%  |
| (2) Goods                                    | 680,000   | 900,000   | 100%  |
| (3) Consultants' Services                    | 9,280,000   | 3,600,000   | 100%  |
| (4) Incremental Operating Costs              | 150,000   |   | 100%  |
| (5) Refunding of Project Preparation Advance | 1,530,000   |   | Amount payable pursuant to Section 2.07 of the General Conditions |
| (6) Unallocated                              |   |   |   |
| <b>TOTAL</b>                                 | 127,500,000   | 58,000,000  |   |

For the purposes of this table the term “incremental operating costs” means expenditures for the carrying out of independent audits under Part C.3(c) of the Project.

**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 accounts of payments made prior to July 5, 2001; or (b) with respect to amounts of the Additional Credit, on account of payments made prior to the date of this Agreement; except that withdrawals up to an aggregate amount not to exceed SDR 6,440,000 equivalent may be made for payments made prior to this date but on or after January 1, 2010 for Eligible Expenditures
2. The Closing Date is December 31, 2011.

### SCHEDULE 3

#### Repayment Schedule

##### Section I: The Original Credit

| <b>Date Payment Due</b>                                       | <b>Principal Amount of the Credit<br/>repayable<br/>(expressed as a percentage)*</b> |
|---|--|
| On each January 15 and July 15:                               |  |
| Commencing July 15, 2011 to and including<br>January 15, 2021 | 1%   |
| commencing July 15, 2021 to and including<br>January 15, 2041 | 2%   |

##### Section II: The Additional Credit

| <b>Date Payment Due</b>  | <b>Principal Amount of the Additional<br/>Credit repayable<br/>(expressed as a percentage)*</b> |
|--|---|
| On each March 15 and September 15:                               |   |
| commencing September 15, 2020 to and<br>including March 15, 2030 | 1.25%   |
| commencing September 15, 2030 to and<br>including March 15, 2045 | 2.50%   |

\* 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. “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 or interest in any house, or interest in or right to use any land (including premises, agricultural and grazing land), or right in annual or perennial crops and trees or any other fixed or movable asset, acquired or possessed, temporarily or permanently; (iii) business, occupation, work or place of residence or habitat adversely affected temporarily or permanently; and an “Affected Person” means, individually, any of the Affected Persons.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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.
5. “Department of Transport” and the acronym “DOT” mean the Department of Transport of Ho Chi Minh City.
6. “Dong” means the currency of the Socialist Republic of Vietnam.
7. “Drainage Resettlement Action Plans” and “Drainage RAPs” mean the resettlement action plans for Part B of the Project, satisfactory to the Association, prepared in accordance with the policies and planning principles set forth in the Resettlement Policy, as such Drainage RAPs may be amended from time to time by agreement between the Recipient and the Association.
8. “Environmental Management Plan” means the environmental management plan setting out measures to mitigate adverse environmental effects of the implementation of the Project, dated October 3, 2000, as such plan may be amended from time to time by agreement between the Recipient and the Association.
9. “Flood Control Center” and the acronym “FCC” mean the Flood Control Center of Ho Chi Minh City, established and operating pursuant to Decision 1121/QĐ-UBND, dated March 14, 2008 of the People’s Committee of Ho Chi Minh City, and responsible for, inter alia, the management and operation

of the drainage and wastewater infrastructure system in all basins within the territory of Ho Chi Minh City, including the Nhieu Loc-Thi Nghe Basin, and any successor thereto.

10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
11. “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.
12. “Nhieu Loc-Thi Nghe Basin” and “NLTN Basin” mean the approximately 33 square kilometer basin covering approximately half of the Ho Chi Minh City center and comprised of the Phu Nhuan District and portions of Districts 1, 3, 10, Tan Binh, Go Vap and Binh Thanh of Ho Chi Minh City.
13. “Nhieu Loc-Thi Nghe Canal” and “NLTN Canal” mean the canal that serves as the main drain for untreated wastewater and storm water runoff in the NLTN Basin.
14. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 20, 2010 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.
16. “Project Management Unit” and the acronym "PMU" mean the project management unit established by the Ho Chi Minh City People’s Committee for the management of the implementation of the Project, and any successor thereto.
17. “Resettlement Action Plans” and the acronym “RAPs” mean, collectively, the Wastewater RAP and the Drainage RAPs.
18. “Resettlement Policy” means the Resettlement Action Plan Policy, dated December 2000, prepared by the Department of Transport and Public Works (TUPWS) of Ho Chi Minh City at the time, approved by the Ho Chi Minh City People’s Committee Memorandum No. 4652/UB-DT, setting forth the policies, planning principles and institutional arrangements designed to improve the living standards and productive capacity of persons affected by

the Project, as said Resettlement Policy may be amended from time to time with the agreement of the Association.

19. “Subsidiary Agreement” means the agreement to be entered into between the Recipient and Ho Chi Minh City and referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement.
20. “Wastewater and Drainage Account” means the account established pursuant to paragraph 4(b)(i) of Section I.A of Schedule 2 to this Agreement.
21. “Wastewater Resettlement Action Plan” and “Wastewater RAP” mean the resettlement action plan for Part A of the Project, satisfactory to the Association, dated December 2000, prepared by the Department of Transport and Public Works (TUPWS) of Ho Chi Minh City at the time, approved by the Ho Chi Minh City People’s Committee Memorandum No. 4652/UB-DT, for carrying out the compensation, resettlement and rehabilitation of Affected Persons under Part A of the Project, as such Wastewater Resettlement Action Plan may be amended from time to time by agreement between the Recipient and the Association.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

### *“Section 2.07. Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

### *“Section 6.02. Suspension by the Association*

... (1) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the

Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following term and its definition set forth in the Appendix is modified as follows:
  - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“Preparation Advance” means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”