

CONFORMED COPY

CREDIT NUMBER 4608-VN

Financing Agreement

(School Education Quality Assurance Program)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 21, 2009

FINANCING AGREEMENT

AGREEMENT dated August 21, 2009, entered into between SOCIALIST REPUBLIC OF VIETNAM (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”).

WHEREAS the Recipient intends to seek from Belgium through the Directorate General for Development Cooperation (“DGDC”) a grant in an amount of three million Euros (€3,000,000); and from the United Kingdom of Great Britain and Northern Ireland through its Department for International Development (“DFID”) a grant in an amount of seventeen million Pounds Sterling (£17,000,000) to assist in the financing of the School Education Quality Assurance Program (“the Program”) on terms and conditions set forth in an agreement or arrangement to be entered into between the Recipient and DGDC and DFID respectively (individually, a “Co-financing Agreement”, and collectively, the “Co-financing Agreements”); and

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

NOW THEREFORE the parties hereto 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 eighty five million four hundred thousand Special Drawing Rights (SDR 85,400,000) (variously, “Credit” and “Financing”) to assist in financing the program described in Schedule 1 to this Agreement (“Program”).
- 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 June 15 and December 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 Dollar.

ARTICLE III — PROGRAM

- 3.01. The Recipient declares its commitment to the objectives of the Program. To this end, the Recipient shall carry out the Program through MOET and the Participating 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 Program is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The additional events of suspension consist of the following:
 - (a) (i) Subject to sub-paragraph (ii) of this paragraph: (A) the right of the Recipient to withdraw the proceeds of any Co-financing made to the Recipient for the financing of the Program shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefore; or (B) any such Co-financing shall have become due and payable prior to the agreed maturity thereof.
 - (ii) Sub-paragraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination, or pre-maturing is not caused by the failure of the Recipient to perform any of its obligations under such agreement; and (B) adequate funds for the Program are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Recipient has prepared and issued a joint Inter-ministerial Circular consistent with the provisions of this Agreement, providing administrative instructions on functions, roles and responsibilities of the agencies at all levels involved in the implementation of the Program;
 - (b) the Recipient has created a code for the Program and sub-codes for the Program expenditures within the state budget;
 - (c) the Recipient has adopted a Program Operational Manual acceptable to the Association, in accordance with paragraph 2(b) of Section I of Schedule 2 to this Agreement; and
 - (d) the Recipient has completed a monitoring and evaluation framework including baseline indicators for provinces and districts participating in the Program.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is the Governor, or a Deputy Governor, of State Bank of Vietnam.
- 6.02. 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) 825 0612

6.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

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

SOCIALIST REPUBLIC OF VIETNAM

By: /s/ Nguyen Van Giau

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Victoria Kwakwa

Authorized Representative

SCHEDULE 1

Program Description

The objective of the Program is to improve learning outcomes and education completion for primary education students, particularly disadvantaged primary education students, through supporting the Government's full-day schooling (FDS) reform program.

The Program consists of the following parts:

Part A. Improve Policy Framework for the Implementation of the FDS Program

1. Develop a FDS model to be applied in the period 2009-2015 and improve such FDS model to be applied in the period of 2015-2025; and prepare guidelines, training and teaching-learning materials to assist primary schools in the Participating Provinces to transition from half-day schooling to full-day schooling.
2. Develop policy frameworks, including relevant data collection, studies and capacity building, for implementing the FDS Program in the areas of education quality assurance, human resources management, community and parental participation, and financing mechanisms for schools' recurrent expenditures.

Part B. Improve Human Resources for the Implementation of the FDS Program

1. Provide in-service training to teachers, school leaders, and education managers/officers to enable them to effectively implement the FDS program, and develop training materials therefor.
2. Support the application of teacher professional standards established by MOET through raising awareness of said teacher professional standards, and provide training to education managers/officers, school leaders and teachers on the application of said teacher professional standards.
3. Provide pre-service training to prospective teachers holding bachelor degrees, and provide training to trainers and local language teachers, to enable them to deliver training or services needed for the implementation of the FDS Program, and develop training materials therefor.

Part C. Improve School Facilities and Resources for the Implementation of the FDS Program

1. Construct and/or upgrade school infrastructure facilities (including classrooms, multi-purpose rooms, and sanitary facilities), including related technical assistance; provide classroom furniture; and upgrade BOET's resources centers to facilitate training activities.
2. Carry out a program to assist Participating Provinces and their selected primary schools in implementing the FDS Program, including: (a) providing incremental recurrent expenditure support to selected primary schools through provision of School Education Grants and School Student Grants; (b) providing incremental teacher salaries support to BOETs for helping primary schools to transition from half-day schooling to full-day schooling; (c) providing technical assistance to Participating Provinces and their selected primary schools in implementing the FDS program, including planning, monitoring, and evaluation, and reporting; (d) providing learning materials to poor and ethnic minority students; and (e) supporting community coordinators in their community mobilization campaigns.
3. Provide technical assistance through regional coordinators engaged under the Program to support selected primary schools in planning infrastructure facilities upgrades and in developing schools' work plans in implementing the FDS Program.

Part D: Program Management

Provide technical assistance and operational support to the Program implementing agencies at the national, provincial, district, commune and school levels in the areas of Program management, financial management, and procurement.

SCHEDULE 2

Program Execution

Section I. Institutional and Implementation Arrangements

Institutional Arrangement

1. The Recipient shall establish, no later than one (1) month from the effectiveness of the Credit, and thereafter maintain until completion of the Program, the MOET Program Management Unit, with functions, composition, funds and other resources satisfactory to the Association, to be responsible for day-to-day management of the Program at the national level and overall coordination of the Program.

Program Implementation

2. (a) To guide the implementation of the Program, the Recipient, through MOET: (i) shall prepare and put into effect a Program Operational Manual, a Procurement Manual, a School Education Grant Operational Manual, and a School Student Grant Operational Manual all acceptable to the Association; and (ii) shall not, and shall not permit to, amend, revise, abrogate or waive said Manuals or any part thereof without the prior concurrence of the Association.
- (b) The Program Operational Manual shall include, *inter alia*: (i) detailed implementation arrangements, including procedures for work program planning, reporting, monitoring and supervision; (ii) Ethnic Minorities Policy Framework and Ethnic Minorities Development Plan; and (iii) a financial management manual including detailed guidelines, procedures and requirements consistent with the provisions of Section II of this Schedule 2 for disbursement of funds, internal control arrangements, record keeping, reporting and auditing of Program records and accounts.
- (c) The Procurement Manual shall include, *inter alia*: detailed procurement arrangements consistent with the provisions of Section III of this Schedule 2 and procurement planning and management process.
- (d) The School Education Grant Operational Manual and the School Student Grant Operational Manual shall include, *inter alia*: eligibility and selection criteria for School Education Grant and School Student Grant beneficiaries; guidelines and procedures for review and approval of School Education Grants and School Student Grants; guidelines, procedures and requirements regarding procurement, financial management, and disbursement, all consistent with the provisions of

Sections II and III of this Schedule 2 and with the provisions of the Program Operational Manual and the Procurement Manual; a list of eligible expenditures; and guidelines and procedures for monitoring.

3. The Recipient shall: (i) no later than three (3) months after the effectiveness of the Credit, engage an international procurement advisor and six (6) national procurement officers with education and experience and under terms of reference satisfactory to the Association, for strengthening the procurement capacity of the national and regional implementing agencies; and (ii) no later than six (6) months after the effectiveness of the Credit, with the assistance of above-mentioned international procurement advisor, develop a procurement risk mitigation plan, including a detailed procurement manual referred to in paragraph 2(c) of this Section I, to be applied in the implementation of the Program.
4. No later than September 1 of each year, commencing in 2009, the Recipient shall provide to the Association an annual work program, with estimated budget therefor, for the next succeeding year, consolidating therein the data from annual work plans which have been prepared and submitted by the Participating Provinces.
5. The Recipient shall engage a consulting firm or consulting firms, as the case may be, for external procurement and financial management audits with experience and under the terms of reference satisfactory to the Association, to carry out independent annual procurement and financial management audits for the Program. The procurement and financial management audit reports for each year shall be furnished to the Association not later than six (6) months after the end of such period, commencing June 30, 2010.

Anti-Corruption

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

School Education Grants and School Student Grants

7. The Recipient shall ensure that:
 - (a) School Education Grants and School Student Grants shall be approved, managed and monitored in accordance with the provisions of the School Education Grant Operational Manual and the School Student Grant Operational Manual acceptable to the Association; and
 - (b) Each School Education Grant and each School Student Grant are provided to a beneficiary who shall meet the eligibility criteria set forth

in the respective School Education Grant Operational Manual and the School Student Grant Operational Manual.

8. The Recipient shall through a BOET obtain through a written agreement with each of the School Education Grant and School Student Grant beneficiary, or by other appropriate arrangements satisfactory to the Association, rights adequate to protect the interests of the Recipient and the Association, including that the Recipient shall cause each said beneficiary to undertake to:
 - (a) maintain adequate records to reflect, in accordance with sound accounting practices, the expenditures relating to the School Education Grant and the School Student Grant;
 - (b) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, in a manner adequate to reflect the expenditures related to the School Education Grant and the School Student Grant;
 - (c) at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
 - (d) comply with the Ethnic Minority Development Plan, the Ethnic Minority Policy Framework and the Anti-Corruption Guidelines in a manner satisfactory to the Association;
 - (e) procure goods or services to be financed from the proceeds of the School Education Grant and the School Student Grant in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Schedule 2 to this Agreement, the School Education Grant Operational Manual and the School Student Grant Operational Manual; and use such goods or service exclusively for the purposes set out in the said respective Manual;
 - (f) enable the Recipient and the Association to inspect the goods and any relevant records and documents; and
 - (g) prepare and furnish to the Recipient and the Association, all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
9. The Recipient shall have the right to suspend or terminate the right of any School Education Grant or School Student Grant beneficiary to use the proceeds

of said Grant, or obtain a refund of all or any part of the amount of said Grant then withdrawn, upon the said beneficiary's failure to perform any of its obligations under the agreement entered into between said beneficiary and a BOET or under the other appropriate arrangements acceptable to the Association.

Safeguards

10. The Recipient shall:
 - (a) implement, and cause to be implemented, the Ethnic Minority Policy Framework and the Ethnic Minority Development Plan 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 Program, and to ensure that benefits under the Program are socially and culturally acceptable to such groups;
 - (b) whenever implementation of the Program 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 Program 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.

Eligibility Criteria of the Participating Provinces

11. A Participating Province shall not be eligible for financing from the proceeds of the Credit until and unless the Association has received evidence that the following has been completed by the Participating Province, to the satisfaction of the Association:

- (a) The Participating Province has completed training for relevant Program staff in the application of the Program Operational Manual.
- (b) The Program Management Units at the district level in the Participating Province have been established with functions, composition, funds and other resources satisfactory to the Association, to be responsible for day-to-day management of the Program in each respective district.
- (c) MOET and the People's Committee of the Participating Province have entered into a Memorandum of Understanding satisfactory to the Association, including, *inter alia*: (i) functions and responsibilities of the implementing agencies at the sub-national level; (ii) monitoring indicators for evaluating the performance of the Participating Province; and (iii) eligibility criteria for primary schools to participate in the Program.
- (d) The Participating Province, through its People's Committee, has issued an administrative decision assigning DOET and BOET the responsibilities for reporting matters under the Program in its respective jurisdiction and providing reporting procedures for DOET and BOET to follow in the implementation of the Program.

Section II. Program Monitoring, Reporting and Evaluation

A. Program Reports

1. The Recipient shall monitor and evaluate the progress of the Program and prepare Program 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. Without limitation on the foregoing, the Recipient shall: (i) prepare Program Reports covering the period of one (1) calendar semester, and furnish said reports to the Association by September 15 and April 15 of each year, commencing September 15, 2010; and (ii) by September 30, and April 30 of each year, commencing September 30, 2010, conduct a semi-annual review, jointly with the Association and the Co-financiers, to assess the progress in the implementation of the Program, and based on the recommendations of the Association and the Co-financiers, adopt measures or take actions satisfactory to the Association for the efficient and effective implementation of the Program.
2. For purposes of Section 4.08(c) of the General Conditions, the report on the execution of the Program 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, the Recipient shall: (i) prepare and furnish to the Association by September 15 and April 15 of each calendar year, commencing September 15, 2010; interim unaudited financial reports for the Program covering the semester, in form and substance satisfactory to the Association; and (ii) prepare and furnish to the Association not later than April 15 of each calendar year, commencing April 15, 2010, annual Financial Statements for the Program in such scope and detail acceptable to the Association (including both on-budget and off-budget expenditures).
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 or Works.** All goods or works required for the Program 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 Program 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 or Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, 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 domestic Contractors (in the case of ICB contracts) in the territory of the Recipient.

2. **Other Methods of Procurement of Goods or Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods or 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) Direct Contracting

C. Particular Methods of Procurement of Consultants’ Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. 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) Single Source Selection
(d) Quality-based Selection
(e) Selection of Individual Consultants
(f) Sole Source 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) each contract for works to be procured based on ICB, regardless of contract value thereof;
- (b) the first contract for works to be procured by the first ten (10) DOETs using NCB procedures and shopping procedures, regardless of contract value thereof;
- (c) each contract for works estimated to cost the equivalent of \$500,000 or more;
- (d) each contract for works to be procured based on Direct Contracting procedures, regardless of contract value;
- (e) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more;
- (f) each consulting contract using Single-source Selection method or Sole-source Selection method, regardless of contract value thereof;
- (g) each contract for consultants services on procurement and financial management provided by an individual consultant, regardless of contract value thereof;
- (h) each contract for consultants services on external financial audits and procurement audits provided by a firm to be procured through Least Cost Selection method, regardless of contract value; 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 Programs" 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Eligible Expenditures under Parts A, B3, C3 of the Program (off-budget)		100%
(a) consulting services	3,500,000	
(b) training and workshops	3,800,000	
(2) Eligible Expenditures under Part D of the Program (off-budget)		100%
(a) consulting services	3,600,000	
(b) training and workshops	1,100,000	
(c) Operating Costs	600,000	
(3) Works under Part C.1 of the Project (on-budget)	25,300,000	80%
(4) Training and workshops under Parts B1, B2, C2 of the Program (on-budget)	17,800,000	80%
(5) Eligible Expenditures under Part C.2 of the Program (on-budget)		
(a) School Education Grants	9,600,000	80%
(b) School Student Grants	13,000,000	80%

(c) consultants services	1,000,000	80%
(d) teacher incremental salaries	6,100,000	40%
TOTAL AMOUNT	85,400,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) in respect of expenditures under Category (5)(a), until: the Recipient has adopted the School Education Grant Operational Manual, acceptable to the Association, in accordance with the provisions of paragraph 2(d) of Section I of Schedule 2 to this Agreement; and
 - (b) in respect of expenditures under Category (5)(b), until: the Recipient has adopted the School Student Grant Operational Manual, acceptable to the Association, in accordance with the provisions of paragraph 2(d) of Section I of Schedule 2 to this Agreement.
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 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 “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 Bulletin 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 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**

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
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 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 Project Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
- (b) “BOET” means the Recipients’ Bureau of Education and Training at the district level, and any successor thereto.
- (c) “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
- (d) “Co-financiers” means Belgium and the United Kingdom of Great Britain and Northern Ireland, and referred to in paragraph 10 of the Appendix to the General Conditions.
- (e) “Co-financings” means, collectively, a grant in an amount of three million Euros (€3,000,000) from Belgium through the Directorate General for Development Cooperation (DGDC) and a grant in an amount of seventeen million Pounds Sterling (£17,000,000) from the United Kingdom of Great Britain and Northern Ireland through its Department for International Development (DFID), assisting in financing the Program; and “Co-financing” means either of the Co-financings.
- (f) “Co-financing Agreements” means the agreements to be entered into between the Recipient and the Co-financiers providing for the Co-financings, and “Co-financing Agreement” means either of the Co-financing Agreements.
- (g) “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.
- (h) “DOET” means the Recipient’s Department of Education and Training at the provincial level, and any successor thereto.
- (i) “Ethnic Minorities Development Plan” means the plan, dated March 13, 2009, prepared for the first year Program implementation in accordance with the policies and procedures set forth in the Ethnic Minorities Policy Framework, and referred to in paragraph 10 Section I of Schedule 2 to this Agreement; said Plan setting forth measures designed to ensure: (i) meaningful consultation with and informed participation of ethnic minority communities in the Program area; and (ii) Program benefits for said communities are culturally appropriate and socially inclusive.

- (j) “Ethnic Minority Policy Framework” means the Framework, dated March 13, 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 Program 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 Program, as said Framework may be revised from time to time with the prior concurrence of the Association.
- (k) “Full-Day Schooling Program” or “FDS Program” means the Recipient’s reform program set out in the Government’s 2008-2010 Education Development Strategic Plan, aiming to transition primary schools providing half-day schooling to full-day schooling in order to improve primary education students’ learning outcomes and primary education completion.
- (l) “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
- (m) “MOET” means the Recipient’s Ministry of Education and Training, and any successor thereto.
- (n) “MOET Program Management Unit” means the unit referred to in paragraph 1 of Section I of Schedule 2 to this Agreement.
- (o) “Operating Costs” means the reasonable costs incurred by the Recipient’s implementing agencies responsible for Program implementation, on account of Program management, monitoring and evaluation, which expenditures would not have been incurred absent the Program, including costs for office supplies, repairs of equipment and vehicles, staff travel, rental of office space, fuel costs, communication costs and bank charges, but excluding the salaries of the Recipient’s civil servants.
- (p) “Participating Provinces” means the Recipient’s Provinces of Ha Giang, Cao Bang, Yen Bai, Lang Son, Son La, Lai Chau, Dien Bien, Lao Cai, Hoa Binh, Tuyen Quang, Bac Kan, Thanh Hoa, Nghe An, Quang Tri, Quang Nam, Quang Ngai, Ninh Thuan, Binh Thuan, Binh Phuoc, Gia Lai, Kon Tum, Dak Lak, Dak Nong, Lam Dong, Ben Tre, Tra Vinh, Dong Thap, Soc Trang, Vinh Long, Bac Lieu, Hau Giang, Ca Mau, An Giang, Kien Giang, and Long An, and any successors thereto; and a “Participating Province” means any of said Provinces, as such list may be amended from time to time by mutual agreement between the Recipient and the Association.

- (q) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
- (r) “Procurement Manual” means the manual referred to in paragraph 2(c) 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.
- (s) “Procurement Plan” means the Recipient’s procurement plan for the Program, dated April 1, 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) “Program” means the set of activities described in Schedule 1 to this Agreement and constitutes the Project for purposes of the General Conditions.
- (u) “Program Operational Manual” means the manual referred to in paragraph 2(b) 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.
- (v) “School Education Grant” means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a School Education Grant beneficiary who meets the eligibility criteria set out in the School Education Grant Operational Manual, to finance eligible expenditures stipulated in said manual, and the term “School Grants” means, collectively, the plural thereof.
- (w) “School Education Grant Operational Manual” means the manual referred to in paragraph 2(d) of Section I of Schedule 2 to this Agreement, as such manual may be revised from time to time with prior agreement of the Association.
- (x) “School Student Grant” means a grant made, or proposed to be made, by the Recipient, out of the proceeds of the Financing, to a School Student Grant beneficiary who meets the eligibility criteria set out in the School Student Grant Operational Manual, to finance eligible expenditures stipulated in said manual, and the term “School Grants” means, collectively, the plural thereof.
- (y) “School Student Grant Operational Manual” means the manual referred to in paragraph 2(d) of Section I of Schedule 2 to this Agreement, as such manual may be revised from time to time with prior agreement of the Association.