

**OFFICIAL  
DOCUMENTS**

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CREDIT NUMBER 5810-VN

**Financing Agreement**

**(Results-based Operation for Local Bridge Construction and  
Road Asset Management)**

**between**

**SOCIALIST REPUBLIC OF VIETNAM**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

Dated *July 4*, 2016

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**FINANCING AGREEMENT**

AGREEMENT dated July 4, 2016, 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 for the **Program** and the General Conditions for the **Project** (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 two hundred seventy-eight million eight hundred thousand Special Drawing Rights (SDR 278,800,000), out of which (a) the amount of two hundred seventy-five million five hundred twenty thousand Special Drawing Rights (SDR 275,520,000) shall be allocated to the **Program** part of the **Operation** (the **Program Financing**) and (b) the amount of three million two hundred eighty thousand Special Drawing Rights (SDR 3,280,000) shall be allocated to the **Project** part of the **Operation** (the **Project Financing**), (variously, “Credit” and “Financing”), to assist in financing the Operation as referred to in Schedule 1 to this Agreement.
- 2.02. The Recipient may withdraw the proceeds of the **Program Financing** and the **Project Financing** in accordance with each Section IV of Schedules 2 and 3 to this Agreement, respectively. All withdrawals from the **Program Financing** Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance for the 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 shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are April 1 and October 1 in each year.
- 2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.
- 2.08. The Payment Currency is Dollar.

### ARTICLE III — OPERATION

- 3.01. The Recipient declares its commitment to the objective of the **Operation**. To this end, the Recipient shall cause the Ministry of Transportation and People's Committee of each Participating Province to carry out the **Operation**, all in accordance with the provisions of Article IV of the respective 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 **Operation** is carried out in accordance with the provisions of Schedules 2 and 3 to this Agreement, as applicable.

### ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consist of the following, namely the **Program** has been modified or suspended so as to affect materially and adversely the ability of the Recipient to achieve the objective of the Program.

### ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Legal Matter consists of the following, namely, the OM has been duly authorized by the Prime Minister and adopted by MOT, and the

implementation provisions of said OM are legally binding in accordance with this Agreement.

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

5.03. 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 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) 3825 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

Le Phung

Authorized Representative

Name: Le Minh Phung

Title: Governor

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Victoria Kwana

Authorized Representative

Name: Victoria Kwana

Title: Regional Vice President

## SCHEDULE 1

### Operation Description

The objective of the Operation is to improve road and bridge connectivity for the rural communities of the Participating Provinces in Vietnam.

#### **Part I: The Program**

The Program consists of the following activities:

1. **National Strategy for Rural Transport Development:** Carrying out of the Recipient's National Strategy for Rural Transport Development, through: (a) strengthening its institutional capacity to plan, implement and improve maintenance activities of the local road network; and (b) the improvement, rehabilitation, periodic and routine maintenance of local roads based upon rolling Medium Term Expenditure Plans.
2. **Program for Local Bridge Construction:** Carrying out of the Recipient's Program for Local Bridge Construction, through: (a) the construction of small bridges in poor and ethnic minority communities and villages with missing or unsafe links in order to facilitate access to social services, schools, and clinics within the local road network; and (b) strengthening of local communities' capacity to carry out bridge maintenance activities.

#### **Part II: Technical Assistance (the Project)**

Provision of support to, and strengthening the Recipient's capacity in Program auditing, environment and social management, climate resilience, and road asset management systems.

## SCHEDULE 2

### Program Execution

#### Section I. Implementation Arrangements

##### A. Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association (“Program Fiduciary, Environmental and Social Systems”) which are designed to ensure that:

1. the **Program Financing** proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

##### B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Anti-Corruption Guidelines for the Program.

##### C. Other Institutional and Implementation Arrangements

###### 1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Recipient shall carry out the Program in accordance with the institutional and administrative arrangements set forth in the National Strategy for Rural Transport Development and the Program for Local Bridge Construction.

- (a) under the overall guidance and oversight of MOT and the People’s Committee of each Participating Province;
- (b) through MOT, cause the Directorate for Roads of Vietnam to be responsible for overall Program coordination activities; and
- (c) except as the Association shall otherwise agree in writing, the Recipient shall not amend or waive any of such arrangements if, in the opinion of the

Association, such amendment or waiver may materially and adversely affect the Program's implementation or the achievement of the objectives thereof.

2. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient shall:

- (a) undertake the actions and cause the Participating Provinces to undertake the actions set forth in the Program Action Plan, in accordance with the provisions of the OM;
- (b) carry out the Program, and cause the Participating Provinces to carry out the Program, in accordance with the provisions of the OM;
- (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the PAP and/or the OM, or any provision thereof, without the prior written agreement of 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 the PAP and the OM.

3. In case of any inconsistency between the provisions of the OM and those of this Agreement, the provisions of this Agreement shall prevail.

**Section II. Excluded Activities**

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost US\$ 50 million equivalent or more per contract; (2) goods, estimated to cost US\$ 30 million equivalent or more per contract; (3) non-consulting services estimated to cost US\$ 20 million equivalent or more per contract; or (4) consultants' services, estimated to cost US\$ 15 million equivalent or more per contract.

**Section III. Program Monitoring, Reporting and Evaluation; Audits**

**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. Each Program Report shall cover the period of one calendar year, and shall be furnished to the Association not later than three (3) months after the end of the period covered by such report.

2. Without limiting the generality of the provisions of Part A.1 of this Section, the Recipient shall cause the independent auditor, as set forth in Section III.C of Schedule 2 to this Agreement :
  - (a) to undertake, at least once annually, a verification process, in accordance with terms of reference acceptable to the Association, for the fulfillment of the Disbursement Linked Results set out in the table in paragraph A.2 of Section IV of this Schedule 2; and
  - (b) to furnish to the Association, by no later than June 30 of each CY, corresponding verification reports, in form and substance acceptable to the Association.

**B. Program Financial Audits**

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient shall have the 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than seven (7) months after the end of such period.

**C. DLI Verification**

The Recipient shall: (a) not later than six months after the Effective Date, cause an independent auditor, under terms of reference satisfactory to the Bank, to carry out the verification of compliance of the DLIs/DLRs which are set forth in the table in Section IV.A.2 of this Schedule; and (b) cause said independent auditor to, not later than thirty days after the verification of compliance of said DLIs/DLRs has been completed, prepare and furnish to the Recipient and the Bank, a report on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

**D. Annual and Midterm Reviews**

1. The Recipient shall review jointly with the Association, by no later than one (1) month after the transmittal of each Program Report to the Association, such Report, and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the

conclusions and recommendations of such Report and the Association's views on the matter.

2. The Recipient shall: (a) carry out jointly with the Association, by no later than October 31, 2019, a midterm review to assess the overall progress in implementation of the Program; (b) prepare and furnish to the Association, at least three (3) months prior to such review, a report, in scope and detail acceptable to the Association, needed to undertake the review, and (c) review, jointly with the Association, the report referred to in subparagraph (b) above and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the Association's views on the matter.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Program Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association may specify from time to time by notice to the Recipient to finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies: (a) each category of withdrawal of the proceeds of the Program Financing (including the Disbursement Linked Indicators as applicable) ("Category"), (b) the Disbursement Linked Results for each Category (as applicable), and (c) the allocation of the amounts of the Program Financing to each Category:

<b>DLI Category</b>	<b>Disbursement Linked Indicator</b>	<b>Disbursement Linked Result</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
DLI 1.1	Number of kilometers of roads that received improvements, rehabilitation.	676km By CY 2022	53,580,000
DLI 1.2	Number of increased kilometers of roads that received routine maintenance at minimum level	48,578km By CY 2022	28,960,000

<b>DLI Category</b>	<b>Disbursement Linked Indicator</b>	<b>Disbursement Linked Result</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>
DLI 1.3	Increased amount in budget allocation for local road maintenance	VND380,000,000,000 · By CY 2022	15,230,000
DLI 2.1	Number of bridges built or rebuilt	2,174 units By CY 2022	170,500,000
DLI 2.2	Percentage of Participating Provinces managing a bridge database	100% By CY 2022	7,250,000
	<b>TOTAL AMOUNT</b>		275,520,000

**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;
  - (b) for any DLR referred to in the table in Part A.2 of this Section until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved on terms and in a manner acceptable to the Association.
2. Notwithstanding the provisions of Part B.1(b) of this Section, the Recipient may, from time to time, withdraw an amount of the Financing up to an aggregate amount not to exceed the equivalent of sixty-eight million eight hundred eighty thousand Special Drawing Rights (SDR 68,880,000) as an advance, provided, however, if any DLR set forth in the table in Part A.2 of this Section, in the opinion of the Association, has not been achieved (or has only been partially achieved) by the Closing Date, then the Recipient shall refund such advance(s) (or portion of such advances(s), as determined by the Association) to the Association promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient.
3. Notwithstanding the provisions of Part B.1 (b) of this Section: (a) the amount of the **Program Financing** to be withdrawn upon the verified achievement of any DLR shall be calculated in accordance with the DLR unit value per the actual target achieved, as set forth in the OM; and (b) if the Recipient has not furnished evidence

satisfactory to the Association that any DLR has been achieved by the end of CY 2022 corresponding to said DLR (if applicable on terms and in a manner acceptable to the Association, then the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (i) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the **Program Financing** then allocated to said Category which, in the opinion of the Association, corresponds to the extent of achievement of said DLR; (ii) reallocate all or a portion of the unwithdrawn proceeds of the **Program Financing** then allocated to such DLR to any other DLR(s); and/or (iii) cancel all or a portion of the unwithdrawn proceeds of the **Program Financing** then allocated to such DLR.

4. The Closing Date is June 30, 2023.
5. Notwithstanding the foregoing provisions of this Section IV, if the Association establishes after the Closing Date that the Withdrawn **Program Financing** Balance exceeds the total amount paid for Program Expenditures, exclusive of any such amounts financed by any other financier or by the Bank or the Association under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn **Program Financing** Balance. The Association shall cancel the refunded amount of the Withdrawn **Program Financing** Balance.

### **SCHEDULE 3**

#### **Project Execution**

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

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

1. The Recipient shall cause MOT to maintain throughout the implementation of the Project, the Directorate for Roads of Vietnam, which shall be responsible for the implementation of the Project, and under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers with qualifications, experience and under terms of reference acceptable to the Association.
2. The Recipient shall carry out the Project, and cause the Project to be carried out, in accordance with the Operations Manual setting forth guidelines and procedures for the implementation of the Project, in a manner and substance acceptable to the Association.

###### **B. Anti-Corruption**

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

###### **C. Safeguards**

The Recipient shall adopt terms of reference for consultants' services under such activities of the Project in accordance with the requirements of the Association's Safeguards Policies then in force and as applicable, all in a manner satisfactory to the Association.

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

###### **A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators included in the OM and acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, 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 semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its **Project** Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the **Project** Financial Statements shall cover the period of one fiscal year of the Recipient, or any other periods acceptable to the Association. The audited **Project** 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. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the **Project 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.
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following 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><u>Procurement Methods</u></b>
(a) Quality-Based Selection
(b) Least-Cost Selection
(c) Selection Based on Consultants' Qualifications
(d) Single Source Selection of Consulting Firms
(e) Selection of Individual Consultants
(f) Single Source Selection of Individual Consultants

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

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

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

**A. General**

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 100% (inclusive of Taxes) of Eligible Expenditures for the Project (including consulting services ) in the total amount of three million two hundred eighty thousand Special Drawing Rights (SDR 3,280,000).

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2023.

### **ANNEX to SCHEDULE 3**

#### **National Competitive Bidding: Additional Procedures**

The procedures to be followed for the procurement of goods, non-consulting services, and works under contracts awarded on the basis of National Competitive Bidding shall be those set forth in: (a) Article 20 on Open Bidding of the Recipient's/Borrower's Law on Procurement No. 43/2013/QH13 dated November 26, 2013 and related provisions necessary to effect the same; and (b) the Recipient's/Borrower's Decree No. 63/2014/ND-CP Guiding Implementation of the Law on the Procurement dated June 26, 2014 (collectively, "National Procurement Laws"), subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the "Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 ("the Procurement Guidelines") and the following provisions:

#### Conflict of Interest

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

#### Eligibility

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

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

#### Time for Bid Preparation

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



Standard Bidding Documents

5. The standard bidding documents acceptable to the Association/Bank shall be used.

Bid Opening and Bid Evaluation

6. Bids shall be opened in public, immediately after the deadline for submission of bids, regardless of the number of bids received.

7. 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. No bid shall be eliminated from detailed evaluation on the basis of minor, non-substantive deviations. The evaluation of bidder's qualifications shall be conducted separately subsequent to the technical and commercial evaluation of the bid.

8. A contract shall be awarded, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined (i) to be substantially responsive to the bidding documents and (ii) to offer the lowest evaluated cost. A bidder shall neither be required nor permitted, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

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

Rejection of All Bids and Re-bidding

10. Rejection of all bids is justified when there is lack of effective competition, or all bids are not substantially responsive, or no bidder meets the specified qualification criteria, or the bid price of the lowest evaluated winning bid is substantially higher than the Recipient's updated estimated cost or available budget. All bids shall not be rejected or new bids solicited without the Association's prior written agreement.

Complaints by Bidders and Handling of Complaints

11. The Recipient shall implement an effective and independent protest mechanism, acceptable to the Association/Bank, allowing bidders to protest and have their protests handled in a timely manner.

**SCHEDULE 4**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each April 1 and October 1:	
Commencing October 1, 2021 to and including April 1, 2031	<b>1.65%</b>
Commencing October 1, 2031 to and including April 1, 2041	<b>3.35%</b>

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

## APPENDIX

### Section I. Definitions

1. “Anti-Corruption Guidelines for the Program” means the Association’s “Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing,” dated February 1, 2012.
2. “Anti-Corruption Guidelines for the Project” means the Association’s “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 for the Program” means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011, revised July 2014.
5. “CY” means calendar year.
6. “Directorate for Roads of Vietnam” or “DRVN” means the Recipient’s Directorate for Roads of Vietnam authorized by the Prime Minister pursuant to Decision Number 60/2013/QD-TTg dated October 21, 2013; or any successor thereto.
7. “Disbursement Linked Indicator” or “DLI” means an indicator set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of which a DLI is to be measured and “Disbursement Linked Indicators” or “DLIs” means, collectively, more than one, or said indicators (as the context may require).
8. “Disbursement Linked Result” or “DLR” a result set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the **Program Financing** allocated to said result may be withdrawn in accordance with the provisions of said Section; and “Disbursement Linked Results” or “DLRs” means, collectively, more than one, or all said results (as the context may require).
9. “General Conditions” means the General Conditions for the Program or the General Conditions for the Project (as defined herein), as applicable.
10. “General Conditions for the Program” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

11. “General Conditions for the Project” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section III of this Appendix.
12. “Ministry of Transport” or “MOT” means the Recipient’s Ministry of Transport or any successor thereto.
13. “National Strategy for Rural Transport Development” or “NSRTD” means the Recipients’ National Strategy for Rural Transport Development by 2020 with vision to 2030, approved by the Minister of Transport under Decision Number 1509/QD-BGTVT dated July 8, 2011 as authorized by the Prime Minister under Official Letter Number 5099/VPCP-KTN dated July 28, 2009, which objectives include achieving targeted rates of connectivity/accessibility of communes by motorized transport, and pavement of, and maintenance funding for district and commune roads.
14. “People’s Committee” means the local government of each Participating Province, or any successor thereto.
15. “Program for Local Bridge Construction” or “PLBC” means the Recipients’ Program for Local Bridge Construction to ensure traffic safety in ethnic minority areas in the period of 2014 - 2020 , approved by Prime Minister, pursuant to Decision Number 2529/QD-TTg dated December 31, 2015, which objectives include the construction of bridges in targeted villages and communes with missing or unsafe links, and facilitating access to social services and other facilities within the local road network, all in poor or ethnic communities.
16. “Operation” means the Program and the Project (as defined herein) jointly conceived as interrelated to each other, and reflected in the Vietnamese language as “Dự án Xây dựng Cầu dân sinh và Quản lý tài sản đường địa phương” as set forth in Decision Number 330/QD-TTg dated March 02, 2016 issued by the Prime Minister, having an English language reference to the title page of this Agreement, namely “Results-based Operation for Local Bridge Construction and Road Asset Management”.
17. “Operations Manual” means the manual adopted by MOT pursuant to Decision Number 656/QD-BGTVT, dated March 07, 2016, which sets forth guidelines, policies, procedures and requirements for the implementation of the Operation, including the Program Action Plan and additional measures to strengthen the Recipient’s procurement, financial management, anticorruption, environmental and social systems, as the same may be amended from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such Manual.

18. “Participating Provinces” means the provinces selected by the Recipient to participate in the carrying out of Program activities and “Participating Province” means any one of such provinces.
19. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” dated January 2011, revised July 2014.
20. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated March 11, 2016 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
21. “Program” means the activities described in Part I of Schedule 1 to this Agreement.
22. “Program Action Plan” or “PAP” means the action plan approved by the Prime Minister, pursuant to Official Letter Number 1396/VPCP-QHQT, dated March 04, 2016, which plan is part of the OM and is designed to strengthen the Program Fiduciary, Environmental and Social Systems, as said plan may be amended from time to time with the agreement of the Association.
23. “Program Fiduciary and Environmental and Social Systems” means the Recipient’s systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
24. “Project” means the activities described in Part II of Schedule 1 to this Agreement.
25. “Safeguards Policies” means Association’s operational policies and procedures, set forth in the Association’s operational manual and identified as OP/BP 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50, and 7.60, as said manual is published under [www.Worldbank.org/opmanual](http://www.Worldbank.org/opmanual).
26. “VND” means the lawful currency of the Recipient.

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

The modifications to the General Conditions for the Program are as follows:

1. Wherever used throughout the General Conditions, the term “the Project” is modified to read “the Program”, the term “the Project Agreement” is modified to read “the Program Agreement”, the term “Project Implementing Entity” is modified to read “the Program Implementing Entity”, the term “Project Report” is modified to read “Program Report”; and the term “Eligible Expenditures” is modified to read “Program Expenditures”.

2. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
3. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
4. In Section 2.02 (originally numbered as Section 2.03), the heading “*Applications for Withdrawal or for Special Commitment*” is replaced with “*Applications for Withdrawal*”, and the phrase “or to request the Association to enter into a Special Commitment” is deleted.
5. The section originally numbered as Section 2.04, *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
6. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed “Program Expenditures” in accordance with paragraph 1 of this Section II), is modified to read: “(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Financing in accordance with the provisions of the Legal Agreements;”.
7. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: “To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association.”
8. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: “Notwithstanding any allocation of an amount of the Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
9. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge*. The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing

Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.

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

10. Section 6.01, Cancellation by the Recipient, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Financing Balance.”
11. Paragraph (d) of Section 6.03, Cancellation by the Association, entitled “Misprocurement”, is deleted, and subsequent paragraphs are relettered accordingly.
12. Section 6.04, Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.
13. In the **Appendix, Definitions**, all references to Section numbers are modified, as necessary, to reflect the modifications set forth above. In addition, the definition of the term “Special Commitment” set forth in paragraph 50 is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.
14. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
15. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”
16. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
17. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service

Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).

### **Section III. Modifications to the General Conditions for the Project**

The modifications to the General Conditions for the Project are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

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

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

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

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

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

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).