Financing Agreement

(First Ho Chi Minh City Development Policy Operation)

between

SOCIALIST REPUBLIC OF VIETNAM

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between SOCIALIST REPUBLIC OF VIETNAM ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (a) the actions which Ho Chi Minh City ("HCMC") has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; (b) the Recipient's maintenance of an adequate macroeconomic policy framework; and (c) HCMC's maintenance of an appropriate expenditure program, sustainable debt and appropriate fiscal arrangements with the Recipient.

The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of one hundred twenty-five million Dollars ($125,000,000), as such amount may be converted from time to time through a Currency Conversion ("Credit").

2.02. The Front-end Fee is one quarter of one percent (¼ of 1%) of the Credit amount.

2.03. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.
2.04. The Interest Charge is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.09 (e) of the General Conditions.

2.05. The Payment Dates are March 15 and September 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with Schedule 2 to this Agreement.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation and confirms HCMC’s identical commitment. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient shall, and shall cause HCMC to, exchange views with the Association from time to time, at the request of either party, on: (i) the Recipient’s macroeconomic policy framework; (ii) HCMC’s expenditure program, debt, and fiscal arrangements with the Recipient; and (iii) the progress achieved by HCMC in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall, and shall cause HCMC, to furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall, and shall cause HCMC to, promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program, including any action specified in Section I of Schedule 1 to this Agreement.
ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension is that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness is that the Association is satisfied with: (a) the adequacy of the Recipient’s macroeconomic policy framework; (b) the progress achieved by HCMC in carrying out the Program; and (c) HCMC’s maintenance of an appropriate expenditure program, sustainable debt and fiscal arrangements with the Recipient.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Minister, or a Vice Minister, of the Ministry of Finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient’s address is:

Ministry of Finance
28 Tran Hung Dao
Hanoi, Vietnam; and

(b) the Recipient’s Electronic Address is:

Facsimile:

(84-24) 2220 8020
6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

Facsimile:
1-202-477-6391
AGRED as of the Signature Date.

SOCIALIST REPUBLIC OF VIETNAM

By

Authorized Representative

Name: TRAN XUAN HA
Title: Vice Minister
Date: 30/3/2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: OUSMANE DIENG
Title: Country Director
Date: 30/03/2020
SCHEDULE 1

Program Actions; Availability of Credit Proceeds

Section I. Actions Taken Under the Program

The actions taken by HCMC under the Program include the following:

A. Integrated and transparent spatial information for urban management

1. HCMC has issued Decision No. 6179/QD-UBND, dated November 23, 2017, adopting a plan for the development of HCMC as a smart city, and adopted Plan No. 1008/KH-UBND, dated March 14, 2018, for the establishment of a shared data warehouse and development of an open data ecosystem.

2. HCMC’s Department of Planning and Architecture has disclosed vector-based zoning plans of the Central Business Districts and Thu Duc District on-line, as evidenced by the official website of the HCMC’s Department of Planning and Architecture visited on April 19, 2019.

B. Strengthened management of public assets and liabilities

3. HCMC has instructed the Steering Center of Flood Control Program to take the lead in the development of a tariff schedule for wastewater and water drainage services using the cost-recovery approach set forth in Decree 80, as evidenced by its Decision No. 6261/QD-UBND, dated November 30, 2016.

4. HCMC has issued Decision No. 3555/QD-UBND, dated July 7, 2017, assigning the management of state-owned commercial housing assets to the House Management and Construction Supervision Center.

5. (a) HCMC has issued Decision No. 2885/QD-UBND, dated June 5, 2017, establishing a task force for subnational debt management; and (b) HCMC’s Department of Finance has issued Decision No. 1689/QD-STC, dated March 21, 2019, adopting the operational regulations for the IT, Statistics, and Subnational Debt Management Division.
C. Enhanced delivery of priority municipal services

6. HCMC’s Department of Planning and Investment has issued: (a) Plan No. 8308/KH-SKHDT, dated September 5, 2017, consolidating procedures related to business seal issuance and registration; and (b) Decision No. 15/QD-SKHDT, dated January 9, 2018, enhancing on-line processing for business registration; both aimed at shortening time to start a business.

7. HCMC has issued Decision No. 79/QD-UBND, dated January 9, 2018, assigning the management of integrated operation of all modes of public transport to the Management Center of Public Transport (“MCPT”), and HCMC’s Department of Transport has issued Decision No. 2294/QD-SGTVT, dated May 11, 2018, regulating the organization and operation of MCPT.

Section II. Availability of Credit Proceeds

A. General.

1. The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

2. The Recipient shall make proceeds of the Credit available to HCMC under a subsidiary agreement between the Recipient, through its Ministry of Finance, and HCMC, under terms and conditions acceptable to the Association (“Subsidiary Agreement”).

3. The Recipient shall exercise its rights and carry out its obligations 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.
B. Allocation of Credit Amounts. The Credit is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Credit proceeds. The allocation of the amounts of the Credit to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Credit Allocated (expressed in Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>125,000,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>125,000,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied with: (a) the adequacy of the Recipient’s macroeconomic policy framework; (b) the Program’s progress as being carried out by HCMC; and (c) HCMC’s maintenance of an appropriate expenditure program, sustainable debt, and appropriate fiscal arrangements with the Recipient.

D. Deposit of Credit Amounts.

1. The Recipient, within forty-five (45) days after the withdrawal of the Credit from the Credit Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the equivalent of the Credit proceeds will be credited; (c) the record that an equivalent amount has been accounted for in HCMC’s budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Audit. Upon the Association’s request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case, not later than four (4) months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the account referred to in Section 2.03 (a) of the General Conditions and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is April 30, 2020.
SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Credit and the percentage of the total principal amount of the Credit payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Installment Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each March 15 and September 15</td>
<td>3.33%</td>
</tr>
<tr>
<td>Beginning September 15, 2024</td>
<td></td>
</tr>
<tr>
<td>through September 15, 2038</td>
<td></td>
</tr>
<tr>
<td>On March 15, 2039</td>
<td>3.43%</td>
</tr>
</tbody>
</table>
APPENDIX

Definitions

1. “Central Business Districts” means HCMC’s existing core districts as specified in Decision No. 6708/QD-UBND, dated December 29, 2012, or any successor thereto.


3. “Department of Finance” means HCMC’s department responsible for finance, or any successor thereto.

4. “Department of Construction” means HCMC’s department responsible for construction, or any successor thereto.

5. “Department of Planning and Architecture” means HCMC’s department responsible for planning and architecture, or any successor thereto.

6. “Department of Planning and Investment” means HCMC’s department responsible for planning and investment, or any successor thereto.

7. “Department of Transport” means HCMC’s department responsible for transport, or any successor thereto.


9. “IT, Statistics, and Subnational Debt Management Division” means the division of the same name within HCMC’s Department of Finance, established pursuant to Decision No. 20/2018/QD-UBND, dated May 30, 2018, or any successor thereto.

10. “Ho Chi Minh City” or “HCMC” means the Recipient’s city of the same name, as represented by its People’s Committee; or any successor thereto; and the Program Implementing Entity for purposes of the General Conditions.
11. "House Management and Construction Supervision Center" means the center established within HCMC's Department of Construction, pursuant to Decision No. 3555/QD-UBND, dated July 7, 2017, or any successor thereto.

12. "Management Center of Public Transport" or "MCPT" means the center established within HCMC's Department of Transport, pursuant to Decision No. 79/QD-UBND, dated January 9, 2018, or any successor thereto.

13. "People's Committee" means the local government at the city level, or any successor thereto.

14. "Program" means the program of objectives, policies, and actions set forth or referred to in the letter dated April 18, 2019 from HCMC to the Association declaring HCMC's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the Program's objectives.

15. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

16. "Single Withdrawal Tranche" means the amount of the Credit allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

17. "Steering Center of Flood Control Program" means the center established within HCMC's People's Committee, pursuant to Decision No. 1121/QD-UBND, dated March 14, 2008, or any successor thereto.

18. "Thu Duc District" means the HCMC's district of the same name, or any successor thereto.